

**A MAPPING STUDY OF
MEDIA CONCENTRATION AND OWNERSHIP
IN TEN EUROPEAN COUNTRIES**

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PREFACE

The growth of media companies and trends towards concentration raise serious issues as to their impact on the independence and diversity of media products in the Netherlands. At the request of the Dutch government the Commissariaat voor de Media (Dutch Media Authority) has developed a monitor to identify and describe these trends. Through the Mediamonitor, a project that provides both an annual report and website, the Commissariaat analyses the effects of media concentration on the supply of content including news and information.

Since 2001 two reports have been published on media concentration in the Netherlands as part of the Mediamonitor. These reports contain an inventory of sectors that are of importance in the democratic life of the public in that they supply news and information. In this respect the reports cover both the print industry (newspapers and magazines) and television and radio. The Commissariaat has also commissioned studies on the cable sector and the Internet in the Netherlands from external research institutions. The third Mediamonitor report is due in September 2004.

In the reports we assess the levels of concentration in the media sector against the previous year. They provide a background introduction covering trends and developments in the Dutch media sector and an assessment of levels of concentration of the suppliers of news and information. More specifically we look at the number of companies operating in the broadcasting and publishing markets and their market shares. We also assess programming and editorial concentration in the context of the overall number of programmes and titles available in any one market. Finally, the reports assess the diversity of the media markets in the Netherlands. This analysis includes national and regional media allowing in-depth analysis of the media markets in the Netherlands. The results from the Mediamonitor are employed to assess future developments and policies and it is presented to the State Secretary for Media and Culture.

International companies own a large number of media companies in Europe and the Netherlands is no exception to this rule. Although these companies are part of an international strategic plan, in practice they must also meet with the regulatory requirements of nation states. Across Europe there is a wide range of instruments employed by national authorities that include both rules that work to prevent dominant positions forming in media markets as well as proactive instruments to support diversity and pluralism across the region.

To obtain a clearer sense of media concentration in the Netherlands the Commissariaat voor de Media has commissioned this report, which is an international comparative analysis of the media markets in a number of European countries. The countries have been selected either for their geographical size or because of the similarity of their media sectors to the situation in the Netherlands. The countries covered are: Belgium, France, Germany, Italy, Spain, Switzerland, Sweden and the UK. The media researcher David Ward has provided the study.

We hope that this international comparative study marks a new step in understanding the phenomenon of media concentration in a period when "who owns which voice" becomes increasingly important. Transparency and openness is key to a plural media sector that supports the democratic process in Europe and it is only through increased awareness that we are in a position to better judge future media developments and safeguard the high quality and independence of the information the public receive through the media sector.

Hilversum, May 2004
Commissariaat voor de Media

prof. dr. Jan van Cuilenburg, Chairman
mr. Inge Brakman, Commissioner

INTRODUCTION AND EXECUTIVE SUMMARY

1.0

One of the mainstays of media regulation throughout Europe has been concerned with maintaining a plurality of outlets and operators throughout the media industry. To this end certain limits and thresholds have traditionally been employed by governments to ensure that each market, and the sector overall, consist of a diverse number of operators so that the public have access to a broad range of services. The recognition that media markets should remain open and plural to enable fair competition and the perceived importance of the media in the democratic and social life of the public have converged to provide legal frameworks across Europe. These ensure that excessive market concentration does not threaten the possibility of competitive and plural media markets.

This report was commissioned by the Commissariaat voor de Media and the consultant was requested to map out the market share and ownership structures of the media in ten European countries to cover the national and regional press, radio and television sectors. The objective of the report is to provide an overview of the state of play on the degree of media concentration in these countries and to develop certain benchmarks on a comparative level.

To this end it has provided data on market shares and an analysis of the range of operators in these markets in the following media sectors:

- The national press
- The regional press
- Radio broadcasting
- Television broadcasting

A series of national reports provide the background for the comparative part of the study. Although the national reports are set out to account for the differences in the individual national and regional markets, and the various characteristics of these markets, the report has sought to employ a degree of harmonisation in order to provide a consistent framework for comparative purposes.

The main findings of the report are the following:

- A wide range of regulatory instruments is employed in the countries to ensure that media markets remain plural. At the same time, competition policy is becoming an increasingly central mechanism for assessing whether a merger or acquisition involving a media company will have a detrimental effect on the sector. The instruments employed by the ten countries in the broadcasting sector range from ceilings for market share that any one broadcaster is allowed (and traditionally in Italy financial ceilings) and diversity in terms of shareholders (France) to less media-specific rules that are built on the idea of maintaining fair competition in markets. In some cases there are special provisions for mergers or acquisitions involving media companies (the UK); in other cases the media are subject to the same competition rules as any other industrial sector.
- The majority of countries in the study, which have set limits on market shares for the media industry, are witnessing concentration levels that are reaching the established ceilings and there is a lack of effective instruments to deal with the issue of increased market presence brought about by performance.
- Levels of concentration differ considerably in the ten countries as well as in the different sectors within each country investigated in this report. High concentration in one sector may be complemented by a moderate degree of concentration in another sector in the same country. However, calculations of media concentration show that in nearly all sectors included in the report concentration levels are increasing.
- During the past decade there has been increasing concentration of ownership throughout Europe; and this raises considerable pluralism issues. In the majority of countries in this study

the press sector consists of a handful of newspaper groups that dominate the sector, despite the fact that there are thousands of titles available across Europe.

- The television and radio industries have also witnessed growing concentration in the respective markets as companies have grown through superior performance or through acquisition and merger. In most television and radio markets a strong public service broadcaster has retained significant market power. Since the introduction in the 1980s of commercial broadcasting in most of the countries covered by this study, there has been an increasing presence of a small number of large groups, which now dominate the commercial radio and television sectors.

The report consists of a map of media concentration and ownership in ten countries that represent a wide spectrum of different markets in Western Europe. It is not intended to be an exhaustive study of all the European markets and media concentration remains a crucial issue right across East and Western Europe. The countries have, however, been selected to represent a cross section of the markets across West Europe and includes markets ranging from the largest ones to the smallest as well as Europe's strongest markets and the most internationalised ones.

The data on markets is for the year-end 2002/2003 and has been collected from industry and regulatory sources and is the most current full data available. It has been formatted to enable comparisons to be drawn between the countries and markets.

Exchange rates have been calculated as at January 2004.

COMPARATIVE OVERVIEW

2.0 Introduction

For the past two decades there has been a constant push towards concentration in media markets as companies have grown either from superior performance or more commonly merger or acquisition to increase economies of scale, exploit new markets and opportunities and generally increase their activities within individual media sectors and across media sectors. This move has been facilitated by a greater degree of liberalisation of the newspaper and radio and television sectors. Consolidation has happened rapidly in the radio and television sectors, where historically spectrum scarcity has meant that only a limited amount of companies have had access to the airwaves resulting in very limited competition in these markets. Even in markets where spectrum has become more abundant this appears to have done little to encourage a greater range of operators on these markets and they are, across the region highly concentrated markets. In each country a few major companies dominate the commercial television markets. Although the radio sector demonstrates a greater degree of pluralism than the television sector it is also highly concentrated.

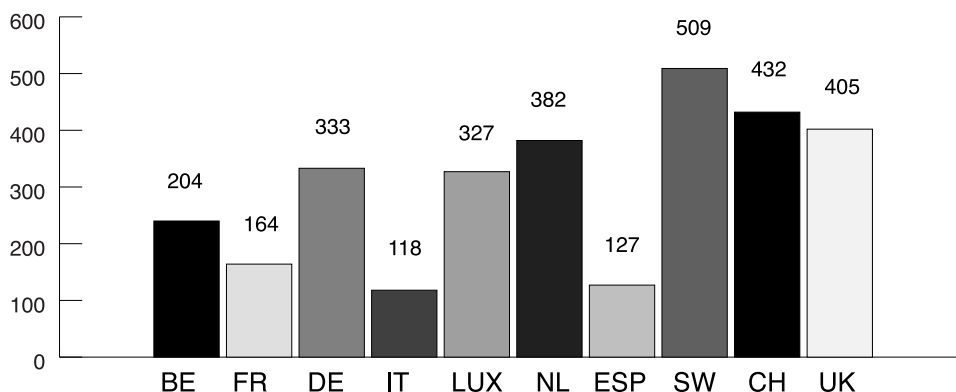
The newspaper sector has also witnessed high degrees of consolidation over the past decade in an industry that has witnessed long-term decline in its readership base and increasing competition for advertising revenues from other mediums. Despite the fact that there are literally 1000s of titles across the ten countries covered in this report there are, in each market, a handful of companies that dominate these markets.

2.1 Media concentration

2.1.1 The newspaper sector

The size of the newspaper markets differs considerably, not only in terms of population and demographic trends. There is also a large difference in readership rates, ranging from a low in Italy to a high in Sweden. The Swedish press enjoy four times as many readers per 1,000 inhabitants as the Italian press; the average for the ten countries is 294.4 readers per 1,000 inhabitants.

Chart 2.0: Newspaper readership per 1,000 inhabitants 2002



Source: WAN World Press Trends 2003

The markets also differ considerably in terms of their overall structure. In the majority of the ten countries there is a strong regional press industry and a very small national sector. In Germany, France, Spain and Sweden the strong regional affinities and preferences of readers ensure a strong and dynamic local and regional newspaper market. In Belgium, Luxembourg and Switzerland the newspaper market, mirroring the television market, divides along linguistic lines. Only in the Netherlands and the UK is there a significant national market for newspapers. Although Italy has a national newspaper market this has failed to mature.

Furthermore, there are differences in the content of newspapers. In Italy the sports press is a significant player in the market, and in other markets a national daily sports newspaper does not exist. Likewise, the popular tabloid sector, which is strong in some markets such as the UK, does not have a significant presence in other countries.

The national newspaper sector

Although the national markets in France and Germany are largely undeveloped in relative terms there are small national newspaper markets in each of the countries. The only countries in the report that have developed national markets are the Netherlands and the UK. (Although Italy has a national market, due to the lack of a comparatively developed readership base it is weak).

Table 2.1: Market share of national daily newspaper market 2002 (includes regional titles that have national market) (%)

Country	Market leader	2nd ranking group	3rd ranking group	C3	Rank score
France	26.0	24.0	20.0	70.0	4
Germany	72.4	8.0	7.0	87.4	2
Italy	19.1	18.6	7.1	44.8	5
The Netherlands	54.5	40.6	3.1	98.2	1
United Kingdom	32.3	19.5	18.8	70.6	3

Note: German newspapers that are national and regional have been included in both national and regional press tables. Italy has been calculated based on national and regional market.

C3 = sum of three largest market shares

0-35: low concentration

36-55: moderate concentration

56+: high concentration

According to the C3 ranking the most concentrated national market is the Netherlands one with a score of 98.2 per cent, comprised of two players: PCM Uitgevers NV with 54.5 per cent and De Telegraaf with 40.6 per cent market share, making the Netherlands unique in the countries in this report for the degree of concentration in the newspaper market.

Germany also has a highly concentrated national market due to the popular title Bild and the lack of a significant national market for other titles that have low market shares on a national level. This must, however, be seen in the context of the very low market share of the national market in Germany with a newspaper sector that has a highly regional focus. The lack of a popular national tabloid in France leads to a more balanced market share between the leading companies and although the market remains highly concentrated this is less so than in the majority of other countries in Table 2.1.

The only other major national market is the UK where the top two groups have a market share of 51.8 per cent of circulation. However, when the top three groups' market share is calculated this represents 70.6 percent of market share; still a highly concentrated market, but well below that of the Netherlands and one that enjoys a far larger newspaper market. Italy has the most plural of the national newspaper markets with a range of newspaper groups in the market.

The regional newspaper sector

Across Europe the most significant part of the press sector in terms of sales and turnover is the regional press. The strong regional markets in Belgium, France, Germany, Spain, Sweden and Switzerland and the subsequent lack of developed national newspaper markets in these countries, makes the national press second to the regional and local newspaper markets on a pan-European overview.

In terms of ownership and concentration the markets are also significantly different from one another, especially given the linguistic markets that have evolved in Belgium, Luxembourg and Switzerland. Although there are national newspaper markets in Italy, the Netherlands and the UK these countries also have strong regional newspaper markets.

Companies have tended to adopt strategies of horizontal integration through significant chain ownership across individual countries, so that, despite the presence of literally thousands of regional and local titles across Europe, a number of select press groups now dominate most of the markets.

Table 2.2: Market share of regional newspaper market 2002 (includes language markets) (%)

Country	Market leader	2nd ranking group	3rd ranking group	C3	Rank score
BE FL	35.4	32.4	20.1	87.9	4
BE (French speaking)	47.2	27.0	18.1	92.3	2
France	16.9	16.4	13.4	46.7	7
Germany	17.9	5.4	4.6	27.9	10
Luxembourg	65.6	25.3*	5.6	96.5	1
The Netherlands	52.6	22.7	12.8	88.1	3
Spain	19.8	16.7	10.8	47.3	6
Sweden	24.1	15.3	6.1	45.5	8
Switzerland	11.9	10.7	9.3	31.9	9
United Kingdom	23.1	15.4	13.1	51.6	5

* *Editpress Luxembourg market share includes the sales of Le Quotidien in which it holds a 50 per cent stake.*

Note: The methods used to collect data on market share of regional newspapers in Italy are not compatible for comparative purposes. France is based on the share of the top 20 newspapers. Market share calculations for Germany include both national and regional newspapers. This is of significance only with regard to the market leader, which has two national titles (accounting for 14.8 per cent of the national market), while the remaining four groups only have regional newspapers. Because information on regional relevant markets is unavailable the C3 index is based on the national market.

C3 = sum of three largest market shares

0-35: low concentration

36-55: moderate concentration

56+: high concentration

According to the market share of the top three companies in the regional newspaper markets the smaller markets of Belgium, Luxembourg and the Netherlands have the highest levels of concentration. In these countries the top three companies enjoy a market share ranging from a high in Luxembourg of 96.5 to over 87 per cent in Flemish-speaking Belgium. A second group of France, Spain, Sweden and the UK have moderate degrees of concentration according to the C3 index degree. A final group of Germany and Switzerland have low degrees of concentration. In terms of market leaders Luxembourg has the group with the highest market shares with the Saint-Paul Luxembourg group holding 65.6 per cent of the market. The level of concentration is reinforced by the significant position of Editpress, which holds a further 25.3 per cent of circulation. This results in two groups having a combined share of the circulation of over 90 per cent. A group of countries follow Luxembourg including the Netherlands and the French-speaking region of Belgium. In these countries

the two leading press groups enjoy a market share of 75.3 per cent (the Netherlands), 74.2 per cent (French-speaking Belgium).

In Spain and the UK the market leader enjoys a market share of 19.8 and 23.1 per cent respectively. These are followed by a number of strong competitors, which have a market share ranging from a little under eight per cent to 17 per cent of the market. In this second group the top five press groups control a majority market share and in the UK this consists of the top five groups enjoying 73.2 per cent of the circulation and in Spain 63.9 per cent. France also belongs to this second group and a similar pattern of concentration is evident. The second-tier regional and local markets in Sweden also represent a significant number of titles catering to the regions. Although small in terms of circulation per newspaper, they represent an important part of the overall regional press industry.

The final group consists of Germany and the highly fragmented Swiss market. Germany's press sector is highly regional in focus and although it has one dominant player, the lack of a number of significant competitors with more than five per cent share of circulation means that there are far more players in the market overall.

As Table 2.2 illustrates five groups in both linguistic communities in Belgium, Luxembourg and the Netherlands control the whole, or virtually the whole market share and these are understood to be the most concentrated markets in the ten countries. A second tier of Spain, Sweden and the UK has a market concentration according to the top three groups of between 45 and 52 per cent. The final group of countries demonstrating low degrees of concentration comprises Germany and Switzerland where the top five press groups enjoy less than 60 per cent of circulation.

2.1.2 The broadcasting sector

The television sector

Although all the countries in this report display a high degree of concentration in their television sectors, the countries can be divided into three groups.

Due to the highly internationalised markets of French-speaking Belgium, Luxembourg and Switzerland the major players in the markets (with the exception of the public broadcasters and in Luxembourg RTL), are the French, German and Italian public and commercial broadcasters, which cater to the various linguistic communities. As a consequence the public broadcasters remain key players and tend to dominate the domestic markets. These markets are virtually monopolies on a domestic and national level and because of their linguistic proximity to neighbouring countries competition comes from French, German and Italian broadcasters. An exception is the Flanders market, which remains highly domestic in orientation. Table 2.3 below provides an overview of the market shares of the leading broadcasters and the C3 calculation for each market. Luxembourg does not have a public service broadcaster and the leading group is RTL. The French and Italian-speaking Swiss markets also lack significant domestic commercial broadcasters, as the broadcasters from the surrounding countries dominate this sphere and, given their position it is unlikely that a domestic entrant would build a viable business model to act as an alternative to the status quo.

Table 2.3: Audience share of major television companies 2002/2003

Country	Public service broadcaster(s)	1st ranking commercial group	2nd ranking commercial group	C3	Rank score
BE FL	37.9	29.7	6.8	74.4	11
BE (French-speaking)	18.7	23.3	4.4	-	7
France	36.6	31.5	12.6	80.7	9
Germany	44.4	24.7	21.8	90.9	6
Italy	44.7	44.0	-	88.7	5
Luxembourg	0.00	28.2	-	-	1
The Netherlands	37.6	27.4	19.6	84.6	8
Spain	30.7	21.4	19.3	71.4	12
Sweden	43.0	25.0	11.4	79.4	10
CH (German-speaking)	34.9	11.6	5.4	-	4
CH (French-speaking)	32.6	-	-	-	3
CH (Italian-speaking)	35.3	-	-	-	2
United Kingdom	36.5	23.7	9.7	69.9	13

Note:

*ZDF and ARD combined.

Italy based on market share of two companies only.

†Includes regional public service broadcasters.

United Kingdom excludes Channel 4 from the public service broadcasting category and represents the audience share of the BBC only.

The ranking for the highly internationalised markets of Belgium (French-speaking community), Luxembourg and the Swiss regions have been calculated according to the market share of the domestic broadcasters only and the foreign broadcasters have been excluded. The domestic markets in these countries are virtually monopolies. All other markets have been calculated based on the top three company market share.

Note on rank score for all tables: the lower the score a country is assigned, the higher it is ranked according to the concentration in the media markets i.e. a score of 13 indicates the lowest level of concentration in the market according to the sum of the three largest market shares.

C3 = sum of three largest market shares

0-35: low concentration

36-55: moderate concentration

56+: high concentration

A second group of countries consisting of Italy followed by Germany, the Netherlands and Sweden demonstrate the highest degrees of concentration outside the internationalised markets above, according to the index. From this second group the duopoly in Italy represents the highest degree of concentration with two players RAI and Mediaset carving up the market on an almost equal basis. The third group consists of the Flemish-speaking community of Belgium, Spain and the UK with a C3 index score of between 69 and 75. These markets, although demonstrating less concentration than in the above two groups remain highly concentrated according to the C3 index calculation.

The major differences in the audience share of each of the markets are the market shares of the most popular commercial broadcaster. Despite a decline in the audience share of the public sector broadcasters in the majority of markets where public broadcasters are established they remain the leading players in the television industry. French-speaking Belgium is the only region where the public

service broadcaster is not the market leader as the RTL Group enjoys a greater market share than the RTBF channels. The general rule in the markets that are not highly fragmented along linguistic lines is that the public service broadcaster plus two other major broadcasters dominate the market. Only in the countries that are divided along linguistic lines with a high degree of international television is this rule broken, with the exception of the duopoly situation in Italy and in the UK where FIVE has an important market niche. Although from a domestic view the linguistic markets are extremely concentrated due to the high market share of broadcasters from France, Germany or Italy, these markets provide a range of television channels from a number of broadcasters.

With the exception of these internationalised markets Italy has the most concentrated television market, with RAI and Mediaset dominating the market, in terms of audience and revenue shares. The majority of countries that have a 2 + 1 market and a strong domestic market are, however, also dominated by just three groups in each market. In the case of the Netherlands the public broadcaster plus the two main commercial operators enjoy 84.6 per cent audience share. France also has high levels of concentration and the three main players command a little above 80 percent of audience share.

The least degree of concentration in the television sector is in the UK where three main players - the BBC, ITV and Channel 4 - have a combined market share of 69.9 percent of the audience, making it the most plural market with a further 30.1 per cent of audience share commanded by other broadcasters, though this is mainly enjoyed by the fifth terrestrial channel, FIVE, and the channels offered by BSkyB that somewhat increases the overall level of concentration.

Distribution

Traditionally, the Benelux countries have led the way in multi-channel television through the high penetration of cable throughout the region. These countries and Germany and Switzerland have over 80 per cent of households with a minimum of 20 channels. In countries that have not traditionally had high levels of multi channel penetration, households that subscribe to multi-channel television are, however, growing, although in Italy and Spain multi-channel television services are growing markedly more slowly than in France and the UK. The low take up of multi channel television services in Italy and Spain and a strong free-to air market for television services means that these markets are comparatively under performing and the recent financial difficulties experienced by operators in these markets has led to the merger of competing operators.

Table 2.4: Multi-channel households % (> 20 channels) 2002/2003

	80-100	60-79	40-59	< 40
Belgium	√			
France			√	
Germany	√			
Italy				√
Luxembourg	√			
The Netherlands	√			
Spain				√
Sweden		√		
Switzerland	√			
United Kingdom			√	

Little difference in the structure of media concentration can be linked to more channels as in markets where there is a high degree of multi-channel households the levels of media concentration are not significantly different from other markets with medium levels of multi-channel penetration. Indeed, in some cases the level of concentration is higher where multi-channel television penetration is above 90 per cent. In these countries, although there are more channels, and a greater number of niche channels, on one hand the niche channels have extremely small audience shares and on the other hand channels are grouped together under the roof of one company. The smaller niche channels therefore do not challenge the incumbent generalist channels that retain their prominent positions in these markets.

The radio sector

In the majority of the countries the public service broadcasters have an even greater market share of the radio audience than their television counterparts, especially in the markets with a high degree of international television, as there is a far stronger domestic market for radio services in these countries. France and Spain are the only countries covered in this report where the listener share of public radio stations is markedly below that of the public service television services. In the Flemish part of Belgium and Italian-speaking community of Switzerland public service radio has an extremely high market share. To a lesser extent this is the case for the French-speaking community of Belgium, Switzerland, Germany, Sweden and the UK, with public service radio services being the dominant ones in the market.

The most successful public service radio broadcasters in terms of market shares are in Flanders and the Italian-speaking community of Switzerland, with each possessing more than 80 per cent of listener share. The significant listener share of the public service radio stations means that the market for commercial radio stations is small and in some cases below 20 per cent of total listener share.

The diversity of the commercial radio markets in French-speaking Belgium, France, Italy, the Netherlands and Sweden are remarkably similar in terms of the market shares of the leading commercial radio groups. Typically, the market leader has between 24 and 29 per cent of the listener share and two strong groups follow it with a listener share of between 18.3 to 25.1 per cent for the second most prominent radio group and a third group with between 13 and 18.6 per cent of radio listener share. The UK and French-speaking community of Belgium both have quite significant radio groups, which hold fourth and fifth positions in the market as well. The top five radio groups in Germany, by contrast, are comparatively small as there are a number of operators that follow the top five and typically control between 2 and 3 per cent of national listeners.

Table 2.5: Listener share of key radio broadcasting groups 2002/2003

Country	Public service broadcaster(s)	1st ranking commercial group	2nd ranking commercial group	C3	Rank score
BE FL	80.7	7.9	2.2	90.8	1
BE (French speaking)	36.6	18.4	15.9	70.9	8
France	21.4	19.5	18.2	59.1	11
Germany	56.8	-	-	56.8	12
Italy	32.1	15.3	11.3	58.7	13
Luxembourg	0.0	52.1	12.1	74.4	7
The Netherlands	45.9	13.2	9.9	69.0	9
Spain	13.5	47.1	16.0	76.6	4
Sweden	64.0	10.0	7.0	81.0	3
CH (German- speaking)	66.8	4.4	1.9	73.1	5
CH (French-speaking)	62.8	3.0	2.3	68.1	10
CH (Italian- speaking)	81.3	2.2	2.0	85.5	2
United Kingdom	53.0	11.9	7.4	72.3	6

Notes:

France Monday- Friday, September/October 2003.

As a result of the significant degree of joint ownership by groups in the German radio sector the data for Germany is incompatible for comparative purposes. However, the position of Germany in the ranking is a fairly precise indicator of the German radio sector's level of media concentration.

The Netherlands public service broadcasters category includes regional broadcasters.

C3 = sum of three largest market shares

0-35: low concentration

36-55: moderate concentration

56+: high concentration

According to the C3 calculation the most concentrated radio markets are in Flemish-speaking Belgium, the Italian-speaking region of Switzerland and Sweden. In the former two of these markets the public broadcasters have extremely high market shares. A second group of countries with an index score of between 68 and 76 have a lesser degree of concentration, but nevertheless are calculated as having high degrees of concentration. This group includes Luxembourg, the Netherlands, Spain, French-and German-speaking Switzerland and the UK.

A final group consisting of France, Germany and Italy have high/moderate degrees of concentration in the radio market. In France and Spain the relatively weak performance of the public broadcasters contribute to reducing these levels. In Germany the highly regional sector also allows for a greater degree of pluralism. However, the complex ownership structure of the radio sector in Germany to some extent makes a precise assessment extremely difficult.

However, these levels of concentration need to be put in context of the overall market shares. As Table 2.5 illustrates, with the exception of France and Spain the nearest competitor to the public service radio services is generally far behind. In Belgium, the Netherlands, Sweden, Switzerland and the UK the closest competitor to the public radio stations is at the very best 50 percent below the market share of the public broadcaster and in most cases this is far more extreme. An example is Sweden where although the leading commercial radio broadcaster has 27.7 per cent of listener share in the commercial radio market, when the share of audience is included for SR this falls to ten per cent of the overall radio market. Only in Spain does one commercial radio group dominate the radio sector and the public service radio stations perform well below the average across the ten countries.

2.1.3 Summary

Table 2.6 categorises each market according to the level of concentration based on the C3 calculation in the relevant sectors. As the table illustrates, there is a great deal of anomaly between the levels of concentration and the different sectors.

Table 2.6: Concentration on media markets in ten European countries (C3)

<i>Country</i>	<i>Population 2002 (000s)*</i>	<i>Regional press</i>	<i>National press</i>	<i>Television</i>	<i>Radio</i>
BE FL	-	87.9	-	74.4	90.8
BE (French speaking)	10,309.7	92.3	-	-	70.9
France	59,337.9	46.7	70.0	80.7	59.1
Germany	82,440.3	27.9	87.4	90.9	56.8
Italy	56,993.7	-	44.8	88.7	58.7
Luxembourg	444.1	96.5	-	-	71.6
The Netherlands	16,105.3	88.1	98.2	84.6	69.0
Spain	40,409.3	47.3	-	71.4	76.6
Sweden	8,909.1	45.5	-	79.4	81.0
CH (German- speaking)	-	-	-	-	73.1
CH (French-speaking)	7,261.2	31.9	-	-	68.1
CH (Italian- speaking)	-	-	-	-	85.5
United Kingdom	58,921.5	51.6	70.6	69.9	72.3

*Eurostat

C3 = sum of three largest market shares

0-35: low concentration

36-55: moderate concentration

56+: high concentration

In Luxembourg and the other markets with fragmented linguistic markets concentration in the television sector is extremely high due to the lack of a range of domestic operators. Apart from these countries the most significant concentration in the television sector is in Italy, where the thresholds set to ensure media pluralism have become redundant in the face of the RAI/Mediaset duopoly.

Overall the radio sector demonstrates greater degrees of diversity than the television sector and, with the exception of Spain there are a greater number of operators in the radio sector with a wider distribution of market share than in television. This is supported by a strong position for public broadcasters and, in the majority of countries, the public radio broadcasters retain an extremely strong presence. To a lesser extent, the radio industry has also witnessed increasing concentration as the key players have expanded horizontally to form radio networks through regional chains, mirroring trends in the regional press in the majority of countries.

In the newspaper sector there are a number of different market structures in the ten countries. There are the regional markets based on strong geographic lines such as in Germany, France and Sweden and the regional linguistics markets, an example of which is Switzerland. Unlike television, the press in the countries with a number of different linguistic communities has a far stronger domestic market, though this does not reduce the levels of concentration as the markets demonstrate high levels of concentration, with the regional market leader in Luxembourg enjoying 65.6 per cent share of circulation.

Although concentration in the national newspaper sector in Germany and France is high, this must be put in the context of a very weak national market and the strength of regional newspapers. Only in the Netherlands and the UK is there a mature national newspaper market and these markets demonstrate higher levels of concentration than the equivalent regional markets. In the Netherlands the high levels of concentration in the national market consists of two companies controlling newspapers with a combined market share of 95.1 per cent - an effective duopoly. In the UK, although the market is highly concentrated a C3 score of 70.6 suggests this is well below the concentration levels in the Netherlands.

According to the market share of the top three companies in the regional newspaper markets Belgium, Luxembourg and the Netherlands have the highest levels of concentration. In these countries the top three companies enjoy a market share ranging from a high in Luxembourg of 96.5 to over 87 per cent in Flemish-speaking Belgium. A second group of Sweden, Spain and the UK also have high degrees of concentration according to the C3 index degree. With low degrees of concentration in Germany and Switzerland (with the latter of these two calculated on a national basis).

Throughout the past decade there has been a trend towards more liberalisation of the radio and television markets across all ten countries covered in this report and during this period there has been a number of significant mergers and acquisitions. From a pan-European perspective the merger of CLT/RTL and Bertelsmann/UFA is the most significant particularly in the smaller Benelux markets where it has strengthened RTL's activities in the sector. At times pan-European or global strategies have supported national champions such as the RTL Group and Vivendi, which have expanded across national markets. They have also expanded in their domestic markets through performance or, more commonly, through merger or acquisitions.

Since the introduction of commercial television from the mid-1980s onwards there has been considerable expansion in the sector in all of the ten countries. This has been paralleled by the growth of large commercial broadcasting groups that, in some cases, have become international players operating across the culture industries. The two most notable in terms of size are Vivendi and the Bertelsmann/RTL Group.

Table 2.7: Activities of the top commercial media companies operating in the ten selected countries

<i>Company</i>	<i>Media-related turnover Mil (2002)</i>	<i>Press activities</i>	<i>TV activities (includes pay-TV and distribution)</i>	<i>Radio activities</i>	<i>Countries in which active</i>
Vivendi	19,558	-	Yes	-	Belgium
	-	-	Yes	-	France
	-	-	Yes	-	Germany
	-	-	Yes	-	Netherlands
	-	-	Yes	-	Spain
	-	-	Yes	-	Sweden
Bertelsmann	14,612	-	Yes	Yes	Belgium
	-	-	Yes	Yes	France
	-	Yes	Yes	Yes	Germany
	-	-	Yes	Yes	Luxembourg
	-	-	Yes	Yes	Netherlands
	-	-	Yes	-	Spain
	-	-	Yes	-	Switzerland
	-	-	Yes	-	UK
Lagardere	3,746	-	Yes	Yes	Belgium
	-	Yes	Yes	Yes	France
	-	-	Yes	-	Luxembourg
	-	-	Yes	-	Switzerland
BSkyB	3,622	-	Yes	-	Italy
	-	-	-	Yes	Netherlands
	-	Yes	Yes	Yes	UK
TF1*	2,325	-	Yes	-	Belgium
	-	-	Yes	-	France
	-	-	Yes	-	Luxembourg
	-	-	Yes	-	Switzerland
Mediaset	2,316	-	Yes	-	Italy
	-	-	Yes	-	Spain
	-	-	-	-	Switzerland
SBS	-	-	Yes	-	Belgium
	-	-	Yes	Yes	Netherlands
	-	-	Yes	Yes	Sweden

Revenues calculated to include all media activities and sourced from Nordicom 2003. Number of countries calculated according to the ten countries covered in this report. Assets include related companies. * Does not include Eurosport.

Column two of Table 2.7 details the relevant company turnover for media-related activities only, including television, radio and publishing as well as associated media activities. The global company Vivendi and the Bertelsmann group have far larger turnovers than any of the media companies based in Europe and the major groups have interests in a range of countries. Bertelsmann has the widest range of assets and operates on all of the markets with the exception of Italy and Sweden. In many

cases it also operates parallel radio services and in Germany it also controls a major publishing group. Vivendi's expansion has been most notable in North America and although it is still active in six of the countries in this report and its overall media related turnover exceeds that of Bertelsmann, in reality Bertelsmann remains the most significant media company in Europe.

Although the most significant growth has been in the commercial sector, as these companies have extended their activities both geographically and within and across different media sectors, the public broadcasters remain key actors in the television industry with ARD, the BBC and RAI amongst the top largest media companies according to turnover.

It is likely that the trend towards concentration will continue in the coming decade especially as governments relax ownership restrictions to account for the changing radio and television landscape and the increasing digitalisation of networks. As the case of Italy has demonstrated, the consumer base for multi-channel television may not be big enough in the short term to meet the costs incurred by operators of platform competition. This is likely to provide a powerful argument for the industry for greater flexibility in ownership rules. It is important in this respect that governments adopt long-term as well as short-term strategies to ensure that pluralism is maintained in the markets, as once concentration has accelerated, it is difficult to see how this might be reversed.

The regional and national newspaper sectors have also witnessed considerable degrees of consolidation in the majority of countries covered by this report. In some countries this has resulted in very high levels of concentration, especially in the small and medium sized markets, in which the C3 calculation indicates the dominance of two or three companies, who are unchallenged by any serious competitors.

The following tables give an overview of the newspaper, radio and television markets in the ten countries covered in this report. They include the C3 ranking, leading players in the markets and an outline of the market shares of these leading players.

Table 2.8: Market characteristics of television sector (domestic broadcasters)

Country	BE (Fr)	BE(FI)	FR	DE	IT	LUX	NL	ESP	SW	CH (De)	CH (Fr)	CH (It)	UK
3 top companies (by market shares)													
1	RTL	VRT*	France Télévisions* TF1	ARD* RTL	RAI* MEDIA-SET	RTL	Publieke Omroep* RTL/HMG	RTVE*	SVT*	SRG*	SRG*	SRG*	BBC*
2	RTBF*	VMM						Mediaset	Bonnier	-	-	-	ITV
3	AB3	SBS	RTL/Suez	PRO. 7	-	-	SBS	Antena 3	MTG	-	-	-	C4
Number of generalist public service channels	2	2	3	3	3	0	3	2	2	2	2	2	2
Number of commercially funded channels with above 5% market share	2	3	2	3	3	1	3	2	3	-	-	-	3
C3	-	74.4	80.7	90.9	88.7		84.6	71.4	79.4	-	-	-	69.9

* Indicates public service broadcaster.

Table 2.9: Market characteristics of analogue radio markets

Country	BE (Fr)	BE(F)	FR	DE	IT	LUX	NL	ESP	SW	CH (De)	CH (Fr)	CH (It)	UK
3 biggest companies (based on market share)													
1	RTBF*	VRT*	Radio France* NRJ	ARD*	RAI*	RTL	Publieke Omroep* News Corp. Classic FM	SER Uniprex	SR* Rix FM	SRG* Tamedia AG Goldbach	SRG*	SRG*	BBC* GWR Capital
2	RTL	VMM	RTL	RTL	Elemidia	DNR					-	-	
3	Contact	Radio Contact	RTL	-	Finelco	RSC		RNE*	Mix Megapol		-	-	
Number of public radio stations	5	5	4+1 regional with 40 network affiliates	58	4	-	6 national+ 15 regional+ at+ 287 local	4	4+ 26 regional outlets	3	4	3	5 national +43 regional and local stations
C3	70.9	90.8	59.1	56.8	58.7	71.6	69.0	76.6	81.0	73.1	68.1	85.5	72.3

*Indicates public service broadcaster.

Table 2.10: Market characteristics of national press

Country	France	Germany	Italy	NL	UK
3 top companies (based on market share)					
1	Amaury	Axel Springer	RCS	PCM Uitgevers	News Corporation
2	Socpresse	SZV	Gruppo Editoriale L'Espresso	NV Holdingmaatschappij de Telegraaf	Trinity Mirror
3	Le Monde	VFAZ	Il Sole 24 Ore	Reformatiorisch Dagblad	Daily Mail & General Trust
Total number of active companies	10	-	-	4	8
Number of titles	13	8	204	7	11
C3	70.0	87.4	44.8	98.2	70.6

*UK excludes the Scotsman title. Italy includes national and regional titles. Italy calculated as national and regional market. HFM owns 25 per cent of Amaury.

Table 2.11: Market characteristics of the regional press

Country	BE (Fr)	BE(FI)	FR	DE	LUX	NL	ESP	SW	CH (All)	UK
3 biggest companies (based on market share)	1	Rosel & Cie SA	VUM	Ouest France	Axel Springer	Saint-Paul Luxembourg	Wegener	Bonnier AG	Schibsted	Trinity Mirror
	2	SA IPM	De Persgroep	HFM	WAZ	Editpress Luxembourg	Grupo Prisa	Schibsted AB	Ringier	Newsquest
	3	VUM	De RUG	Socpresse	SZV	Kommunistische Partei	Grupo Recoletos	Tidnings AB Stampen	NZZ	Northcliffe
Number of titles	9	12	73	381	6	21	100 (Approx.)	84	216	1286
C3	92.3	87.9	46.7	27.9	96.5	88.1	47.3	45.5	31.9	51.6

Note: German titles have both a regional and national market that overlaps and all newspapers have been included in this category. Because of the small size of the Luxembourg market the language markets have been classified as one market. UK includes regional and local titles.

Table 2.12: Multi channel television households 2002/2003

<i>Country</i>	<i>Cable households (Mil)</i>	<i>Satellite households (Mil)</i>
Belgium	3.9	.29
France	5.5	3.6
Germany	20.6	13.8
Italy	.13	2.4
Luxembourg	.03	.14
Netherlands	6.2	-
Spain	.81	2.1
Sweden*	3.3	1.2
Switzerland	2.0	.85
UK	2.1	7.3

Note: *Calculation for Sweden is based on population.

2.2 Regulatory instruments

Governments employ a wide range of regulatory instruments that aim to guarantee media diversity and by this very fact attempt to militate against concentration of ownership. However, although all the ten countries have provisions to ensure plural media markets, the methods used as well as the framework within which media concentration is regulated vary considerably. In a highly dynamic market this is a consequence of the diverse market conditions in the different countries and the different approaches taken to the media sector in general by policy-makers.

The approach to concentration in the newspaper and broadcasting sectors is perhaps an anomaly grounded in the historical development of the press and the restricted capacity of airwaves available for radio and television services that has legitimised a greater degree of state regulation. As multi-channel television and digital radio increasingly extend to a wider public there will be persuasive arguments for instruments that encourage companies to expand into new areas of the media industries and a greater degree of cross-media ownership may be expected. However, due to the importance of the mass media in the social and political life of the population it is unlikely that restrictions will be totally lifted, as the rationale for rules limiting the market share of companies in the media industry remain largely unchanged by current developments in technology.

The instruments employed by the ten countries in the broadcasting sector range from ceilings for market share that a broadcaster is allowed (and traditionally in Italy, financial ceilings) and diversity in terms of shareholders (France) to less media-specific rules that are built on the concept of retaining fair competition in markets. In some cases there are special provisions for mergers or acquisitions involving media companies (UK); in other cases the media fall within the same competition rules as any other industrial sector.

Competition policy has become a growing part of this overall regulatory framework as any merger or acquisition in the media industry today involves a set of economic considerations of the impact on the nature of the market under review. The competition authorities are therefore likely to play an increasing role in determining the levels of market concentration in the media sector; and, in some cases, this will be undertaken together with the relevant regulatory authority.

Table 2.13: Regulatory instruments for media concentration

Country	Belgium FL	Belgium French-sp	France	Germany	Italy	LUX	Netherlands	Spain	Sweden	CH	UK
Media	Press TV Radio Cross-media	Press TV Radio Cross-media	Press TV Radio Cross-media	Press TV Radio Cross-media	Press TV Radio Cross-media	Press TV Radio Cross-media	Press TV Radio Cross-media	Press TV Radio Cross-media	Press TV Radio Cross-media	Press TV Radio Cross-media	Press TV Radio Cross-media
Competition policy	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓
Thresholds				✓ ✓ ✓ ✓	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓	✓ ✓	✓			✓
Specific rules for media	Have not been invoked Have not been invoked Have not been invoked	Have not been invoked Have not been invoked Have not been invoked	✓ ✓ ✓ ✓	No special rules for media in competition law; restrictions on various forms of media ownership in national television as well as on cross-media ownership at state level or below.	Television thresholds have been surpassed	Maximum 25 per cent ownership rule for radio networks in sector-specific legislation (law on electronic media)	Maximum of one FM-frequency with government defined program guidelines, together with one FM-frequency without guidelines to each operator of radio networks	✓	Cross-media ownership restrictions as part of sector-specific legislation (broadcasting law)		

BELGIUM

3.0 Introduction

The Belgian media sectors demonstrate a number of trends in a complex federal country divided on cultural and linguistic lines. The newspaper sector in both main linguistic communities has declined in recent years. The parallel television and radio markets in the country serving the different communities demonstrate very different dynamics. Whilst the French-speaking community's television market is highly internationalised due to the strong position of French public and commercial broadcasters the Flemish system has remained more domestically focused. The radio sector in both communities also reflects these differences with markedly different trends in the market.

3.1 Media concentration

3.1.1 The newspaper sector

The Belgian newspaper industry has been in steady decline since the 1950s. This decline is more marked in Belgium than in the majority of West European countries as its press sector is comparatively weak in contrast to European countries of a similar size. The impact of this decline has therefore been fairly pronounced as the number of newspapers serving each of the country's linguistic communities has roughly halved since 1950. This has been paralleled by consolidation in the sector, particularly of the publishing houses.

Table 3.0: Development of the Belgian newspaper market 1950-2000

	<i>Flemish speaking community</i>		<i>French speaking community</i>		<i>Belgium (Total)</i>	
	<i>Titles</i>	<i>Publishers</i>	<i>Titles</i>	<i>Publishers</i>	<i>Titles</i>	<i>Publishers</i>
1950	19	14	31	19	50	33
1980	12	7	21	9	33	16
2000	10	4	13	3	23	7

Source: Bens and Ros 2002

The low level of public engagement with the press has also affected its economic viability. In this regard, the Belgian media sector has affinities with the Southern European countries, where the press enjoys a far weaker position compared to other media. Despite the existence of a system of direct and indirect press subsidies, which includes a guaranteed amount of government advertising spend each year, the percentage of advertising enjoyed by the press is far below the EU average.

Table 3.1: Share of national advertising revenue according to media 2002

	<i>EU (%)</i>	<i>Belgium (%)</i>
Press	45.1	33.7
TV	38.7	44.1
Outdoors	7.7	9.6
Radio	6.2	10.8
Internet	1.3	0.6
Cinema	1.0	1.2

Source: Carat Crystal 2002

As of 2004 the Belgian newspaper market has 23 major titles; 12 serve the Flemish-speaking community in the northern part of the country, another nine are targeted at the French-speaking

community, and one (Grenz-Echo) caters to the needs of the German-speaking minority. The final title is the free sheet Metro. In recent years, several newspapers have been re-launched in an attempt to re-engage readers

Table 3.2: Daily newspaper circulation (titles) (Flanders) 2002

<i>Title</i>	<i>Circulation</i>	<i>Group</i>	<i>Share 2002 (%)</i>
Het Laatste Nieuws/De Nieuwe Gazet	341,257	Aurex NV	27.0
Het Nieuwsblad/De Gentenaar	241,120	VUM NV	19.1
Gazet van Antwerpen	140,089	de RUG NV	11.1
Het Belang van Limburg	114,469	de RUG NV	9.1
Het Volk	112,301	VUM NV	8.9
De Standaard	93,500	VUM NV	7.4
		West Vlaamse Media	7.4
Krant van West Vlaanderen	93,477	Groep NV	
De Morgen	68,359	Uitgeverij De Morgen NV	5.4
Financieel Economische Tijd	59,144	Uitgeversbedrijf Tijd NV	4.7
Total	1,263,716		100

Source: CIM 2003

The biggest newspaper in Flanders is the tabloid Het Laatste Nieuws, which has been the leading title since 1993 when it began to outsell its main competitor, Het Nieuwsblad. The former is controlled by Aurex NV, a subsidiary of the De Persgroep, and the latter by VUM NV. The Aurex titles have outperformed the titles of the VUM group in recent years.

The third major player in the newspaper industry is de Regionale Uitgeversmaatschappij (de RUG), a company that came into being in 1997 when the publishing house Concentra acquired a stake in De Vlijt, which publishes Gazet van Antwerpen. Today, de RUG owns 99.75 per cent of the shares of De Vlijt, making it the major publishing arm of Concentra alongside CUM, which is jointly owned by the mother company and de RUG.

The titles with the biggest sales are the tabloids. De RUG, together with Rossel & Cie SA, also owns the free sheet Metro, which is published in Flemish and French and is the only title that has enjoyed an increase in circulation in recent years. The only other independent newspaper in Flanders is the financial newspaper Financieel-Economische Tijd.

Table 3.3: Group market share of daily newspaper market (Flanders) 2002

<i>Group</i>	<i>Circulation</i>	<i>Share (%)</i>
VUM	446,921	35.4
De Persgroep	409,616	32.4
de RUG	254,558	20.1
Roularta Media Group	93,477	7.4
De Tijd	59,144	4.7
Total	1,263,716	100

Source: CIM 2003

VUM and De Persgroep together control more than two-thirds of average daily circulation. De Rug also enjoys a strong position and combined, the three groups command 87.9 per cent of the market. The concentration is accentuated as the remaining groups publish more specialised titles and do not represent direct competition to the leading titles.

Whilst there has been some positive growth in the Flemish newspaper market on the part of at least some newspapers during the last decade (despite a contraction in overall market size), the French-speaking part of the country has witnessed a substantial decline throughout the entire period, with the exception of the tabloid *La Dernière Heure*, published by CNC SA, which is owned by SA d'Information et de Production Multimedia (SA IPM).

Table 3.4: Newspaper circulation (titles) (French-speaking community) 2002

<i>Title</i>	<i>Circulation</i>	<i>Group</i>	<i>Share (%)</i>
Sud Presse	159,967	Rossel & Cie SA	24.9
Le Soir	130,495	Rossel & Cie SA	20.3
Vers l'Avenir	115,998	Medi@bel	18.1
La Dernière Heure/Les Sports	112,000	CNC S.A.	17.5
La Libre Belgique/Gazette de Liège	61,463	SA IPM	9.6
L'Echo	28,765	Editeco SA	4.5
Nord Eclair - Éditions belges	20,241	Socpresse SA	3.2
Grenz Echo	12,382	SA Grenz Echo	1.9
Total	641,311		100

Note: Excludes Metro.

Source: CIM 2003

Sud Presse, a network of regional newspapers, achieves the highest overall circulation with close to 160,000 copies sold daily. The second leading paper is *Le Soir*, which is also owned by Rossel & Cie SA. Another grouping of regional papers, *Vers l'Avenir*, ranks third, with a circulation of approximately 116,000 copies - slightly more than that of *La Dernière Heure*.

The remaining four titles have a limited impact on the overall market. Among them is *L'Echo*, the only other French-language newspaper. *L'Echo* faces severe economic difficulties, as does SA IPM's second title, *La Libre Belgique*, and the Belgian edition of the regional French daily *Nord Éclair*, which is owned by Socpresse SA, a subsidiary of the French publishing group Hersant.

Table 3.5: Group market share of daily newspaper market (French-speaking community) 2002

<i>Group</i>	<i>Circulation</i>	<i>Share (%)</i>
Rossel & Cie SA	302,844	47.2
SA IPM	173,463	27.0
VUM	115,998	18.1
Editeco SA	28,765	4.5
Hersant	20,241	3.2
Total	641,311	100

Note: Excludes Metro.

Source: CIM 2003

In 1996, the owners of the German-language newspaper *Grenz Echo* entered into an agreement with Rossel & Cie SA, which resulted in the latter acquiring a 50 per cent stake in the operating company SA Grenz Echo. The acquisition of this majority stake has further increased the company's leading position in an already highly concentrated market, which it shares with SA IPM and VUM Media. The latter holds the controlling stake in Medi@bel, of which Editions l'Avenir is the publishing arm and produces *Vers l'Avenir*. Together, the three companies control a share of the market that is even larger than that held by the three largest Flemish newspaper publishers - 93 per cent. The major difference is that Rossel & Cie SA has a greater degree of market share, with 47.2 per cent of market share.

In September 2003 the Belgian Competition Council received notification that Rossel & Cie SA, in cooperation with the De Persgroep, intends to take over Editeco SA. The SA IPM group has appealed to the Competition Council to reject the application as it would leave Rossel & Cie SA with more than half of the French-speaking community's daily newspaper market. A rejection of the planned takeover is unlikely to alter the situation in the market radically in terms of pluralism, as the main contenders for the title are other press groups operating in the market. Despite its falling circulation figures, L'Echo is still an economically sound enterprise, thus being one - or rather the last - title for a possible takeover.

3.1.2 The broadcasting sector

The television sector

Flanders

The break-up of the domestic broadcasting monopoly in northern Belgium brought about by the introduction of Belgium's first commercial broadcaster, VTM, in 1989 led to a huge migration of viewers from the public broadcaster, BRT. During the period immediately following VTM's launch there was a huge shift in audience viewing, which led to the public broadcaster's average audience share dropping below 25 per cent. Following an all-time low of 18 per cent audience share in 1995, BRT underwent major restructuring in 1997 and, as part of this process, was rebranded as VRT (Vlaamse Radio en Televisie Omroep). The new entity, organised as a public limited company since 1997, has achieved an annual average growth in audience share of about 4.6 per cent. It has been complemented by a second public service channel, which is shared between the children's channel Ketnet and the highbrow one Canvas.

Table 3.6: Audience viewing share (channel) (Flanders) 1997-2003 (%)

	1997	1998	1999	2000	2001	2002	2003
VTM	28.8	27.2	27.2	26.7	27.2	25.4	23.5
VRT-TV1	21.3	21.1	22.6	23.4	25.0	26.4	27.9
VT 4	8.8	9.2	8.2	7.9	6.4	6.3	6.8
VRT- Ketnet / Canvas	6.5	9.2	8.0	8.3	8.5	9.6	10.0
VTM-Kanaal 2	6.5	5.6	5.9	7.7	7.3	6.4	6.2
Nederland 1	1.9	2.0	2.0	1.9	1.9	1.8	1.7
Nederland 2	1.9	1.8	1.7	2.0	2.0	2.0	1.7
Nederland 3	1.2	1.2	1.2	1.1	1.1	1.2	1.1
Others	23.1	22.7	23.2	21.0	20.6	20.9	21.1
Total	100	100	100	100	100	100	100

VRT is the public service broadcaster.

Source: Audimétrie 2003

Reform of the public broadcaster has ensured that VRT enjoys a strong market share. At the same time, VTM has seen a decline in its market share, though the VTM and Kanaal 2 channels operated by the VMM group, which is jointly owned by De Persgroep and the Roularta Media Group, still command nearly 30 per cent of audience share.

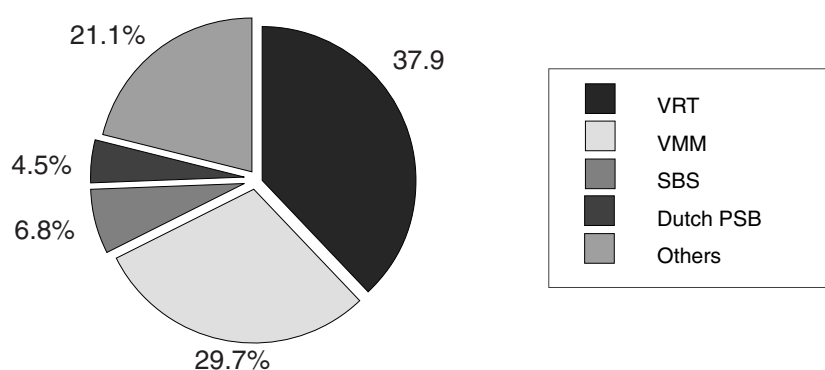
Table 3.7: Television broadcasting group share (Flanders) 2003

Channel	Market share (%)	Group
VRT-TV1	27.9	VRT
VTM	23.5	VMM
VRT-Ketnet / Canvas	10.0	VRT
VT 4	6.8	SBS Belgium NV
Kanaal 2	6.2	VMM
Nederland 1, 2 &3	4.5	Dutch public service broadcasters
Others	21.1	
Total	100	

Source: Audimétrie 2003

Not only has VRT managed to reclaim the number one position with its flagship channel TV1, it has also succeeded in developing its second channel, which exceeds the audience share of its closest competitors by a margin of at least three percentage points.

Chart 3.0: Television broadcasting group share (Flanders) 2003



Source: Audimétrie 2003

Due to the close linguistic ties between northern Belgium and the Netherlands, the Dutch public service channels Nederland 1, 2 and 3 have a combined audience share of 4.5 per cent in Belgium. The last major channel targeting the Flemish audience is the formerly UK-based VT 4, which is owned by the SBS group and operated by its local subsidiary SBS Belgium NV. Despite its ambition to achieve a 13 per cent audience share, the closest the operator has come to achieving this was 9.2 per cent, recorded in 1998. Since then, the channel's audience share has declined by 3.8 per cent on average each year, leaving it at 6.8 per cent in 2003.

There are also ten licensed regional broadcasters in Flanders. These are concentrated around the main cities. No data are available on the market share of these broadcasters.

The French-speaking community

There are far more foreign broadcasters offering channels in the southern region of Belgium than in the north. Traditionally, competition has come from the Luxembourg-based RTL Group, with its RTL TVI channel, the French commercial broadcaster TF1 and the public service channels France 2 and 3. When the legal framework for broadcasting was reformed in 1987 in order to introduce national private channels, RTL TVI was issued with a domestic broadcasting licence. The channel was followed by the introduction of Club RTL in 1995. In 2001, the number of private broadcasters catering to the

French-speaking community increased with the introduction of AB3, a generalist channel produced by the Belgian company YTV SA, itself founded in August 2000.

Table 3.8: Audience viewing share (channel) (French-speaking community) 1997-2003 (%)

	1997	1998	1999	2000	2001	2002	2003
RTL TVI	19.9	19.5	18.4	18.1	18.1	18.1	17.9
TF1	16.5	17.4	16.7	16.9	16.9	16.6	16.1
La Une	16.0	16.6	17.1	17.7	17.7	16.3	15.3
France 2	10.6	9.6	10.1	10.1	10.1	9.7	9.8
France 3	6.6	6.6	6.3	6.9	6.9	7.4	7.0
Club RTL	3.9	4.9	4.8	5.6	5.6	5.2	5.4
Canal+	2.7	2.1	1.9	1.5	1.5	0.8	0.8
La Deux	2.3	2.5	3.1	3.4	3.4	3.4	3.5
AB3						3.6	4.4
Others	21.5	21.1	21.6	19.8	19.8	18.9	19.8
Total	100	100.3	100	100	100	100	100

Note: *La Une* and *La Deux* are public service channels.

Source: Audimétrie 2003

The French-speaking community's public service broadcaster RTBF also underwent restructuring in 1997 (and again in 2003), following a year in which the company recorded a deficit of €6.4 million. At the same time, the arrangement whereby advertising revenue was divided between RTBF (40 per cent) and RTL (60 per cent) ended. All the large channels have witnessed a decline in their audience share, with a small increase in popularity of their second channels.

Market share is relatively stable, with the exception of two trends: 1) the decline in the pay-television operator Canal+, whose audience share dropped below one per cent in 2003; and 2) the launch of AB3, a channel offering a broad mix of programming, including some of the most popular talk shows in southern Belgium. Within three years the channel has achieved an important market niche.

Table 3.9: Television broadcasting group share (French-speaking community) 2003

Group	Market share (%)	Channels
RTL	23.3	RTL TVI, Club RTL
RTBF	18.7	La Une, La Deux
France Télévisions	16.7	France 2, France 3
TF1	16.1	TF1
YTV	4.4	AB3
Vivendi Universal	0.8	Canal+
Others	19.8	
Total	100	

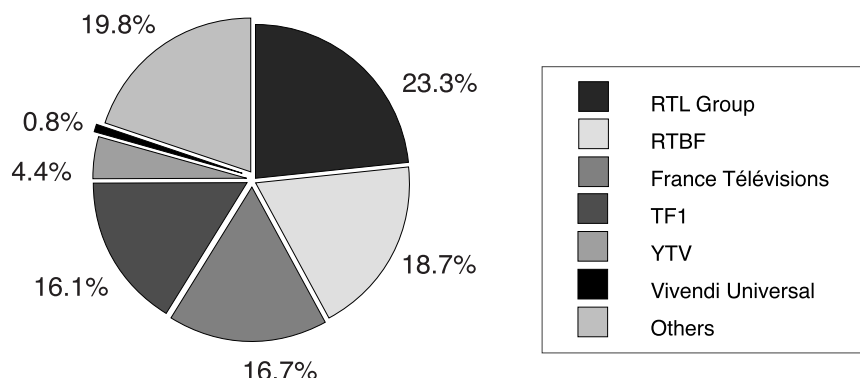
Note: YTV is owned by Jeebee Media (62.6%), Mediafi (12.4%) and the French AB group (25%). In December 2003, Vivendi sold off its stake in Canal+ Belgique to the association of Walloon cable operators ACM (68.1%), public investor Socofe (16.9%) and venture capitalist company Deficom (15%).

Source: Audimétrie 2003

In terms of group share, RTL is the most significant broadcasting group; its two channels have a combined market share of 23.3 per cent. The French-speaking community's public broadcaster, French public broadcaster France Télévisions and France's leading commercial broadcaster TF1 all have significant market shares. Together, the French broadcasters enjoy 32.8 per cent of audience share.

The four main groups control nearly 75 per cent of market share, with only one other channel recorded as having a market share greater than one per cent. However, the success of YTV and AB in establishing AB3 demonstrates that there is room in the market for new players.

Chart 3.1: Television broadcasting group share (French-speaking community) 2003



Source: Audimétrie 2003

These channels are complemented by regional channels, which have been part of the French-speaking community's television sector since 1976 when the first local broadcasters were established as part of a government-financed pilot project. Today, there are 12 local broadcasters serving the five French-speaking provinces, which are financed from a combination of advertising, sponsorship and government subsidies. Unlike the situation in Flanders, there is no involvement by major French-speaking media groups in regional or local television.

Advertising and television revenues

The two major commercial channels, VTM and RTL TVI, have the largest share of advertising revenues, although VTM has a significantly greater share than any other operator. Three channels maintain 9-10 per cent market share, including the public channel RTBF, Kanaal 2 and SBS's VT4.

Table 3.10: Share of gross television advertising revenue per channel 2002 (All Belgium)

Channel	Market share (%)	Group
VTM	36.6	VMM
RTL TVI	18.9	RTL Group
La Une	10.4	RTBF
VT 4	10.1	SBS
Kanaal 2	9.7	VMM
Club RTL	4.5	RTL Group
TV1	1.7	VRT
La Deux	0.6	RTBF
Canvas/Ketnet	0.3	VRT
Canal+	0.2	Vivendi
Others	7.0	-
Total	100	

Source: IPB 2003

When group share of advertising is considered, the dominance of the major private broadcasters becomes even more pronounced as VMM alone attracts close to 50 per cent of gross television advertising revenues. The RTL Group accounts for another quarter, with SBS enjoying a growing

share of advertising revenues, leaving the market effectively in the hands of three companies and the public channels.

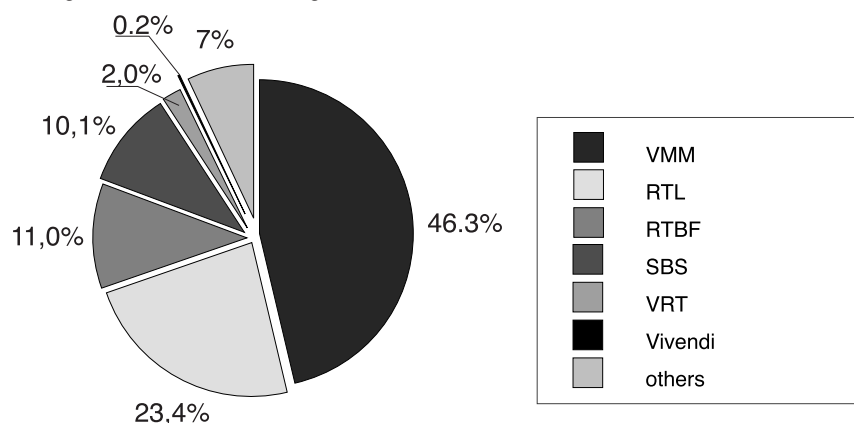
Table 3.11: Group share of gross television advertising revenue 2002

Group	Market share (%)
VMM	46.3
RTL Group	23.4
RTBF	11.0
SBS	10.1
VRT	2.0
Vivendi	0.2
Others	7.0
Total	100

Source: IPB 2003

Taking into account the advertising revenue generated by the SBS-owned VT 4, three groups control nearly 80 per cent of the market: VMM is the leading group followed by the RTL Group and the public service broadcaster RTBF that ranks third, with slightly more than one tenth of the market.

Chart 3.2: Group share of gross television advertising revenue 2002



Source: IPB 2003

Distribution

Satellite and digital terrestrial

Cable penetration exceeds 90 per cent in Belgium. The high number of cable households, coupled with a tradition of placing a tax on satellite dishes and extremely low terrestrial coverage, means that cable is effectively the only major delivery network.

Table 3.12: Delivery source for television services 2003

Delivery platform	TV households (Mil)	Market share (%)
Cable	3.91	91.1
Satellite	0.29	6.8
Terrestrial	0.09	2.1
Total	4.29	100

Source: SES Astra 2003

A DVB-T pilot project was launched in 2001 in the French-speaking part of the country at the initiative of RTBF. In the Flemish part of the country, the public service broadcaster VRT has started transmitting its radio and television programmes via DVB-T, and is planning to provide e-government services under the brand name of e-VRT, using DTT technology.

Cable networks

The ownership structure of the Belgian cable market is fragmented and features a variety of ownership constellations ranging from public ownership at the municipal level to so-called 'mixed inter-municipal companies', that is, public/private partnerships between a number of municipalities and private operators. There is also private ownership of the networks.

Table 3.13: Cable subscribers by operator third quarter 2002

<i>Operator</i>	<i>Subscribers</i>	<i>Group</i>	<i>Market share (%)</i>
Aiesh	14,971	Aiesh	0.4
ALE	310,843	ALE	8.0
Brutele	286,489	Brutele	7.4
Coditel Brabant	139,139	Coditel	3.6
Gaselwest MixtICS	318,004	MixtICS (Telenet)	8.2
Havi TV	93,659	Municipality	2.4
Ideatel	137,088	Municipality	3.5
Igeho	94,146	Electrabel	2.4
Imea MixtICS	42,756	MixtICS (Telenet)	1.1
Inatel	132,041	Mixed intermunicipal company (Electrabel)	3.4
Integan	209,318	Municipality	5.4
Interelectra	295,599	Municipality	7.6
Interest	24,309	Mixed intermunicipal company (Electrabel)	0.6
Intergem MixtICS	202,661	MixtICS (Telenet)	5.2
Intermosane	52,195	Mixed intermunicipal company (Electrabel)	1.3
Interteve MixtICS	70,409	MixtICS (Telenet)	1.8
Iveka MixtICS	124,587	MixtICS (Telenet)	3.2
Iverlek MixtICS	293,642	MixtICS (Telenet)	7.6
PBE	55,047	Municipality	1.4
Seditel	103,558	Mixed intermunicipal company (Electrabel)	2.7
Simogel	22,765	Mixed intermunicipal company (Electrabel)	0.6
Telekempo MixtICS	67,274	MixtICS (Telenet)	1.7
Telelux	87,902	Mixed intermunicipal company (Electrabel)	2.3
Tevelo MixtICS	27,801	MixtICS (Telenet)	0.7
Teveoost MixtICS	256,359	MixtICS (Telenet)	6.6
Tevestwest MixtICS	174,521	MixtICS (Telenet)	4.5
UPC	127,316	United Pan-Europe Communications (UPE)	3.3
VEM	14,605	Municipality	0.4
Wolu TV	19,705	Municipality	0.5
WVEM	83,527	Municipality	2.2
Total	3,882,236		100

Source: Informa Media Group 2003

Despite the variety of legal entities that own the networks, there has been consolidation in the cable sector so that now one dominant player controls a significant market share of the delivery market.

Table 3.14: Cable industry ownership (group share) third quarter 2002

<i>Group</i>	<i>Subscribers</i>	<i>Market share (%)</i>
Telenet	1,578,014	40.6
Electrabel	516,916	13.3
Brutele	286,489	7.4
Coditel	139,139	3.6
UPC	127,316	3.3
Municipalities	1,234,362	31.8
Total	3,882,236	100

Source: Informa Media Group 2003

Serving 40 per cent of Belgian cable homes, Telenet is more than three times larger than its closest competitor, Electrabel, which is a subsidiary of the French energy conglomerate Suez. Suez sold its share in the Belgian cable operator Coditel in September 2003, before raising its stake in Electrabel to above 50 per cent in December. Brutele, Coditel and UPC together hold close to 15 per cent of the market; about one third of the market remains in the hands of Belgian municipalities.

Television ownership

Both of the Belgian public service broadcasters are public limited companies, the shares of which are allotted to their respective communities. The most popular private channel in Flanders is VTM, owned jointly by the publishing groups De Persgroep and Roularta Media Group through the holding company Vlaamse Media Maatschappij (VMM NV). VMM also produces Kanaal 2, which ranks fifth in terms of audience popularity. Both companies hold shares in other television enterprises: in addition to its participation in VMM, De Persgroep owns a 50 per cent stake in regional broadcaster ATV (the other half being owned by de RUG), while Roularta has full control of the regional broadcaster Focus Televisie and the special interest channel Kanaal Z, produced by its subsidiary, Belgian Business Television. Finally, de RUG holds approximately three-quarters of the regional television operator Televisie Limburg and 87.5 per cent in Kanaal 3. The only international company involved in the Flemish television sector is SBS Broadcasting, which owns VT 4 via its local subsidiary SBS Belgium NV.

Table 3.15: Television ownership (Flanders) 2003

<i>Owner</i>	<i>Stocks (%)</i>	<i>Operator</i>	<i>Channel</i>
De Persgroep	50.0	Vlaamse Media Maatschappij	VTM
Roularta Media Group	50.0		Kanaal 2
De Persgroep	50.0	Antwerpse Televisie maatschappij	ATV
de RUG NV	50.0		
de RUG NV	74.1	Televisie Limburg NV	TVL (TV Limburg)
Others	25.9		
de RUG NV	87.5	Kanaal 3 NV	Kanaal 3
Others	12.5		
Roularta Media Group	100	Belgian Business Television NV	Kanaal Z
Roularta Media Group	100	Focus Televisie NV	Focus TV
SBS	100	SBS Belgium NV	VT 4

Source: Company data 2003

In the French-speaking part of the country, AB 3 is operated by the local Youth Television Channel which is jointly owned by Belgian media companies Jeebee Media (62.6 per cent) and Mediafi (12.4 per cent), and the French broadcasting group AB (25 per cent). A consortium consisting of the RTL Group owns the RTL branded channels RTL TVI and RTL Club. Audiopresse operates as part of the French-speaking community's major newspaper publishers, CNC SA, SA IPM, Rossel & Cie SA and Medi@bel.

This ownership structure dates back to a government decision according to which the RTL Group would be granted a broadcasting licence on condition that it would allow the publishing houses to participate in the undertaking. As a result, the newspaper companies have enjoyed an additional source of revenue. This has been a welcome supplement during a period of declining advertising income. RTL's management, however, has become dissatisfied with the current arrangement and it has suggested that the arrangement might force it to relocate its broadcasting operation to Luxembourg where it also holds a broadcasting licence. Finally, the French multimedia group Lagardère operates in the French-speaking market with a localised version of its music channel MCM, operated by its subsidiary, MCM Belgique SA which forms part of the Lagardère Active Broadcast family.

Table 3.16: Television ownership (French-speaking community) 2003

<i>Channel</i>	<i>Operator</i>	<i>Owner</i>	<i>Stock (%)</i>
AB 3	YTV	Jeebee Media AB Groupe Mediafi	62.6 25.0 12.4
RTL TVI, Club RTL	TVI SA	RTL Audiopresse	66.6 33.4
MCM Belgique	SA MCM Belgique	Lagardère Active Broadcast	100

Source: Company data 2003

The radio sector

Flanders

Mirroring the television sector, the radio landscape in the Flemish community reflects the rivalry between the public service broadcaster VRT and its commercial competitor VMM.

Table 3.17: Radio listener share (Flanders) March-June 2003

<i>Channel</i>	<i>Listeners</i>	<i>Group</i>	<i>Market share (%)</i>
Radio 2	1,435,065	VRT	28.4
Radio Donna	1,264,474	VRT	25.1
Radio 1	810,876	VRT	16.1
Studio Brussel	403,339	VRT	8.0
Q-Music	275,684	VMM	5.5
Klara	157,335	VRT	3.1
Radio Contact	110,754	Radio Contact	2.2
4FM	93,689	4FM Groep N.V.	1.9
TOP Radio	71,382	VMM	1.4
Radio Mango	49,551	VMM	1.0
Others	367,622	-	7.3
Total	5,039,771		100

Source: CIM 2003

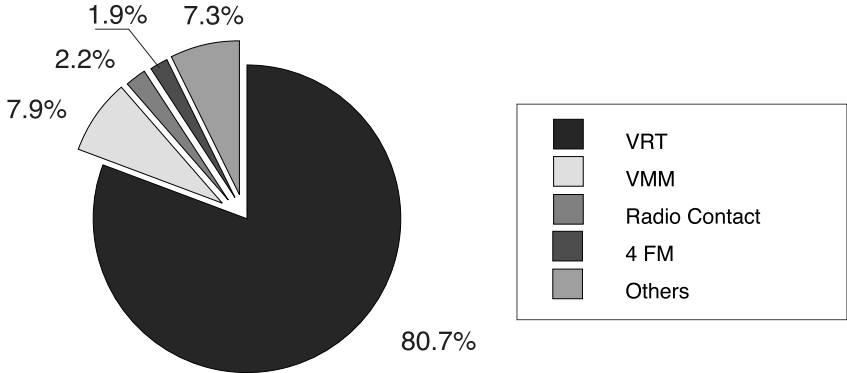
Although the foundations for private radio broadcasting were laid in 1987 with the adoption of new cable regulation, it took almost 15 years before Q-Music and 4FM were licensed, two commercial radio stations operated by the Flemish television joint venture VMM and a consortium consisting of the communications group Deficom and 4FM Holding respectively, for there to be some competition to the entrenched position of VRT, after the regional Radio Mango and TOP Radio networks owned by VMM had failed to achieve any significant market presence. VRT dominates the radio sector and its stations together enjoy over 80 per cent of listener share.

Table 3.18: Radio group share of listeners (Flanders) March-June 2003

<i>Group</i>	<i>Listeners</i>	<i>Market share (%)</i>
VRT	4,071,089	80.7
VMM	396,617	7.9
Radio Contact	110,754	2.2
4FM	93,689	1.9
Others	367,622	7.3
Total	5,039,771	100

Source: CIM 2003

Chart 3.3: Radio group share of listeners (Flanders) March-June 2003



Source: CIM 2003

The French-speaking community

The radio market in the French-speaking community is far more fragmented than in Flanders. RTBF has a similar number of stations to its counterpart VRT, but in the radio market faces competition from both domestic and foreign commercial stations and the leading group, RTL, is far less dominant than VRT in the respective markets.

Table 3.19: Radio listener share (French-speaking community) March-June 2003

<i>Channel</i>	<i>Listeners</i>	<i>Group</i>	<i>Market share (%)</i>
Bel RTL	594,772	TVI SA	16.5
Fréquence Wallonie	443,957	RTBF	12.3
Radio Contact	431,476	Contact group	12.0
La Première	416,743	RTBF	11.6
Radio 21	231,320	RTBF	6.4
NRJ	210,481	CGSFM Sa	5.9
Radio Nostalgie	207,036	Nostalgie	5.8
Fun Radio	175,151	SA Sofer	4.9
Brussels Capitale	114,941	RTBF	3.2
Musique 3	109,023	RTBF	3.0
Contact 2	100,483	Contact group	2.8
RTL France	68,208	RTL	1.9
Europe 1	54,002	Lagardère Active	1.5
France Inter	47,466	Broadcast	1.3
Contact +	38,774	Radio France group	1.1
Sud Radio	7,589	Contact group	1.0
Others	313,647	Delvallée family	8.7
Total	3,595,069		100

Source: CIM 2003

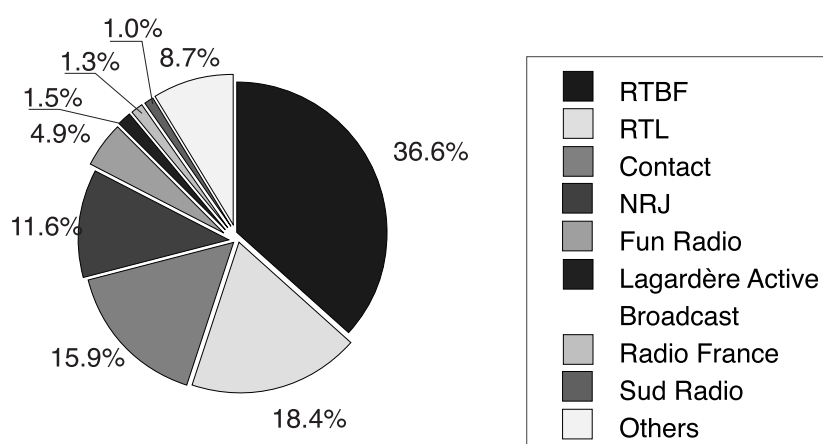
The most popular station is the RTL-owned Bel RTL, which has a market share of 16.5 per cent. Apart from the RTL Group and public service broadcaster RTBF, the Contact group also enjoys a strong presence in the French-speaking community's radio market with its three different channels. Furthermore, French radio groups play an important role with NRJ, Radio Nostalgie and Fun Radio enjoying market shares of between five and six per cent. Finally, the French public service station France Inter and its commercial competitor Europe 1 hold modest audience shares of 1.3-1.5 per cent of the French-speaking community radio market.

Table 3.20: Radio group share of listeners (French-speaking community) March-June 2003

<i>Group</i>	<i>Listeners</i>	<i>Market Share (%)</i>
RTBF	1,315,984	36.6
RTL	662,980	18.4
Contact	570,733	15.9
NRJ	417,517	11.6
Fun Radio	175,151	4.9
Lagardère Active Broadcast	54,002	1.5
Radio France	47,466	1.3
Delvallée family	37,589	1.0
Others	313,647	8.7
Total	3,595,069	100

Source: CIM 2003

Chart 3.4: Radio group share of listeners (French-speaking community) March-June 2003

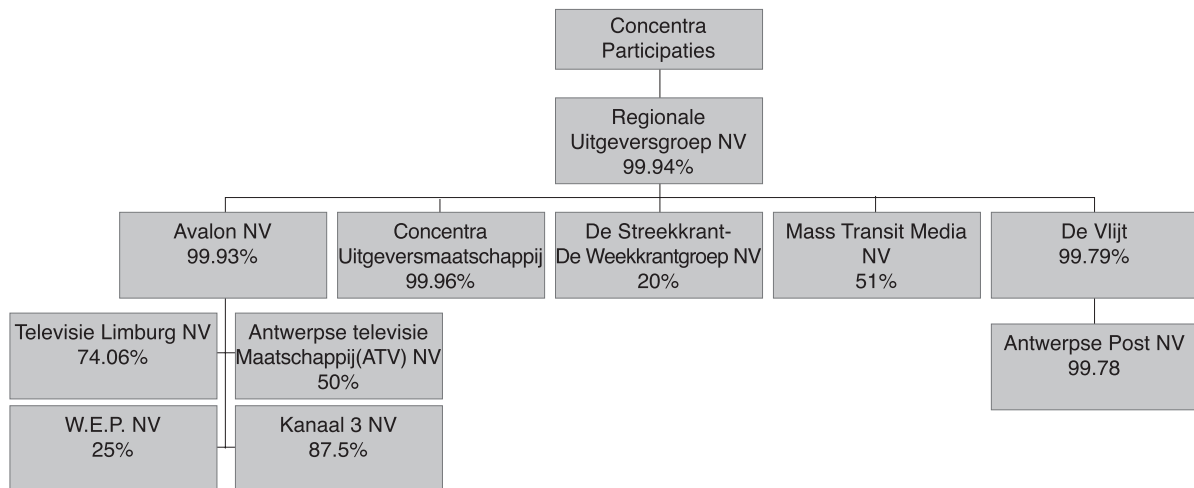


In terms of group share, RTBF's radio stations together enjoy a total of 36.6 per cent of market share. Its closest competitor, the RTL Group, commands half this with its channels RTL and RTL France. The Contact group, with its three stations, and the NRJ group, which owns both NRJ Belgium and Radio Nostalgie, also enjoy a listener share of above ten per cent. Taken together, the largest four groups thus control more than 80 per cent of the market, a slightly higher degree of concentration than in the French-speaking market for television, yet significantly less than the concentration levels in the Flemish radio industry identified above.

3.1.3 Cross media ownership

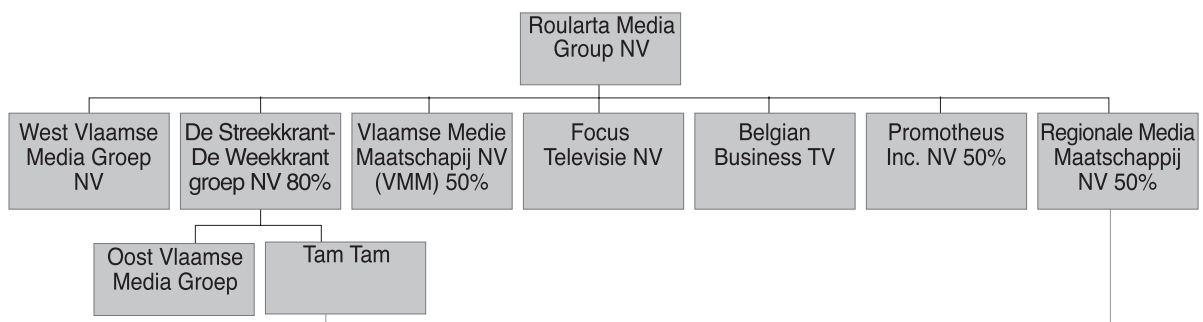
Cross-media ownership is a common and persistent feature of the Belgian media landscape, with the distribution of media assets among companies following a geographical divide. Most inter- and intra-group structures are confined to the northern part of the country; in the French-speaking community the only example of cross-media expansion is the joint ownership of Audiopresse by the main publishing houses. This may have something to do with the limited size of the market as well as with an historical predisposition for companies remaining within their core businesses rather than pursuing cross-media strategies.

Chart 3.5: Structure of Concentra NV



The Flemish companies not only buy assets in other companies, they also actively seek cooperation with each other by way of joint ownership of third companies. Examples include the De Persgroep and Roularta Media Group's joint venture TVM, the involvement of de RUG and De Persgroep in the regional TV broadcaster ATV and the participation of de RUG in the Roularta-controlled De Streekkrant De Weekkrant-groep NV. This link is further strengthened by the joint ownership of the regional television advertising agency RTVM, of which de RUG, de Persgroep and Roularta hold 33.3 per cent each.

Chart 3.6: Structure of Roularta Media Group



Conclusion

The regional newspaper sector in both communities has experienced considerable attrition during the post war period. This has been paralleled with high degrees of consolidation in the sector, which is further compounded by low public engagement with the daily press that leads to weak economic performance. These factors mean that Belgium has one of the highest degrees of regional press concentration in the countries in this report according to the sum of the three biggest company shares in the market.

Table 3.21: Summary

<i>Belgium</i>	<i>Television</i>		<i>Radio</i>		<i>Regional press</i>	
<i>3 top companies (by market shares)</i>	<i>French Speaking</i>	<i>Flemish Speaking</i>	<i>French Speaking</i>	<i>Flemish Speaking</i>	<i>French Speaking</i>	<i>Flemish Speaking</i>
1	RTL	VRT	RTBF	VRT	Rosjel & Cie SA	VUM
2	RTBF	VMM	RTL	VMM	SA IPM	De Persgroep
3	AB3	SBS	Contact	Radio Contact	VUM	De RUG
<i>Number of generalist public service channels</i>	2	2	-	-	-	-
<i>Number of commercially funded channels with above 5% market share</i>	2	3	3	1	-	-
<i>Number of public service radio stations</i>	-	-	5	5	-	-
<i>Number of titles</i>	-	-	-	-	12	9
<i>C3</i>	-	74.4	70.9	90.8	92.3	87.9

The television sectors in the two main communities demonstrate very different trends in terms of the overall market. At the same time, despite the large differences in the composition of the television sector concentration remains high in both regions. The Flemish-speaking community's television sector is considerably more diverse than in its counterpart and the strong performance of the public channels of VTR is complemented with an equally strong domestic commercial broadcaster. The French public and private channels in the French-speaking television market reduces the opportunities for domestic players considerably in this part of Belgium. This results in a highly concentrated market with the public broadcaster RTBF and the RTL Group (which was issued with a domestic licence in 1987) enjoying unchallenged positions in the television sector.

There is a reversal of this situation in the radio sector, where the French-speaking radio sector has less concentration than in the Flemish-speaking market. This is largely a result of the entrenched position of the public service radio broadcaster in the Flemish-speaking market. The French-speaking community therefore has a less concentrated, but more competitive market as the public broadcaster enjoys a significantly smaller market share than its counterpart in the Flemish-speaking radio market. Concentration is calculated as high in both the radio and television markets.

3.2 Summary of ownership rules

Media ownership and concentration are regulated by competition law, which is established on the national level and complemented by the relevant broadcasting laws of the Flemish- and French-speaking communities. The Belgian authorities have not yet taken advantage of the exemption granted under Article X of the Merger Control Regulation to establish a national regime governing media concentration as part of its anti-trust law, by introducing thresholds aimed at safeguarding media pluralism. As a result, the media sector is subject to the same notification rules as any other sector and is not marked for any special provisions.

Despite the absence of rules in competition law to account for the specific character of the media sector, both the major Belgian communities have developed legal instruments that aim to safeguard media pluralism. In Flanders, the licensing regime is constructed to prevent any legal person applying for a broadcasting licence from holding more than one licence at any level of the licensing regime - local, regional, national or cable broadcasting. Although employing the licensing system as a way of maintaining a degree of pluralism, a report by the Flemish regulator, the Vlaams Commissariaat voor de Media, published in 2000 suggested that the system falls short, as it cannot prevent mergers or cooperation agreements giving one operator control over another licensee as long as the latter retains a distinct legal personality.

Legislation in the French-speaking part of the country, on the other hand, does not limit the number of licences that a given company may hold. Existing ownership structures are regulated in so far as section 6(2) of the French-speaking community's Broadcasting Act obliges each applicant for a licence to disclose any interests they hold in the media industry. Furthermore, all changes in the ownership structure of licensed broadcasters have to be submitted to the Conseil Supérieur de l'Audiovisuel (CSA) within one month from the entering into force of any such change. Where a natural or legal person possesses, directly or indirectly, more than 24 per cent of the capital in two different broadcasters (radio or television), or where a number of broadcasters attributable to such a person achieve an audience share of more than 20 per cent in the French-speaking community, a 'significant position' is presumed on behalf of that person.

Following the finding of such a position, the authority will launch an investigation into the degree of pluralism broadcasters offer in the market. The aim of the investigation is to identify whether the holding of a 'significant position' in the French-speaking community's television or radio market infringes the right of the public to have access to a plural broadcasting sector. If, following the authority's investigation, such an infringement is found to exist; the regulator will contact the company in question in order to reach an agreement on measures to be taken to redress the situation. If no agreement is reached within six months, or the party to the agreement fails to abide by the conditions imposed, the CSA is authorised to apply one of the sanctions laid down in the Broadcasting Act. These range from suspension of the licence to complete withdrawal of the licence.

FRANCE

4.0 Introduction

The French media sector is characterised by a strong regional press sector and competitive television and radio industries. The television sector has been very stable over the past decade in terms of market share, despite the growth of Vivendi as a global player in the audiovisual industry. France is unique in West Europe as it was the first, and at the time of writing, only country in Europe to privatise one of its public service television channels TF1. Its radio sector is one of the least concentrated in Europe.

4.1 Media concentration

4.1.1 The newspaper sector

In 2001, 8.7 million people read a daily national newspaper, i.e. 18.5 per cent of the French population over 15, and 18.5 million people read a regional paper everyday, i.e. 38.8 per cent of the population over 15 (EUROPQN). There are currently about 86 daily titles in France with 7.5 million copies sold daily. Of these 86 titles, 13 are national and 73 regional or local dailies (Diffusion contrôle/OJD 2003).

Table 4.0: Newspaper circulation (top 20) 2002 (daily press)

Title	2002	2001	Change (%)	Group	Share (%)
Ouest France	764,731	773,471	-1.13	Groupe Ouest France	14.41
Le Monde	361,254	358,963	0.63	Le Monde	6.81
Le Parisien	360,505	361,559	-0.29	Amaury	6.79
Le Figaro	345,080	352,662	-2.15	Socpresse	6.50
L'Equipe	321,153	359,593	-10.69	Amaury	6.05
Sud Ouest	320,735	336,411	-4.66	Groupe Sud Ouest	6.05
La Voix du Nord	307,191	319,624	-3.89	Groupe Voix du Nord*	5.79
Le Progrès-La Tribune	253,961	264,708	-4.06	Socpresse	4.79
Le Dauphiné Libéré	252,549	260,198	-2.94	Socpresse	4.76
La Nouvelle République du Centre-Ouest	238,560	244,576	-2.46	NRCO	4.50
La Montagne	206,813	211,941	-2.42	Centre France – La Montagne	3.90
L'Est Républicain	204,344	208,983	-2.22	Groupe Est Républicain	3.85
La Dépêche du Midi	202,333	207,606	-2.54	La Dépêche	3.81
Dernières Nouvelles d'Alsace	198,847	201,078	-1.11	Groupe Est Républicain	3.75
Le Télégramme de Brest	186,518	187,474	-0.51	Le Télégramme	3.52
La Provence	162,260	169,267	-4.14	Hachette Filipacchi Médias**	3.00
Midi Libre	159,289	163,239	-2.42	Le Monde***	
Le Républicain Lorrain	156,400	165,713	-5.62	Le Républicain lorrain	2.95
Libération	156,077	163,089	-4.30	Libération	2.94
Aujourd'hui en France	147,143	143,632	2.33	Amaury	2.77
Total					100

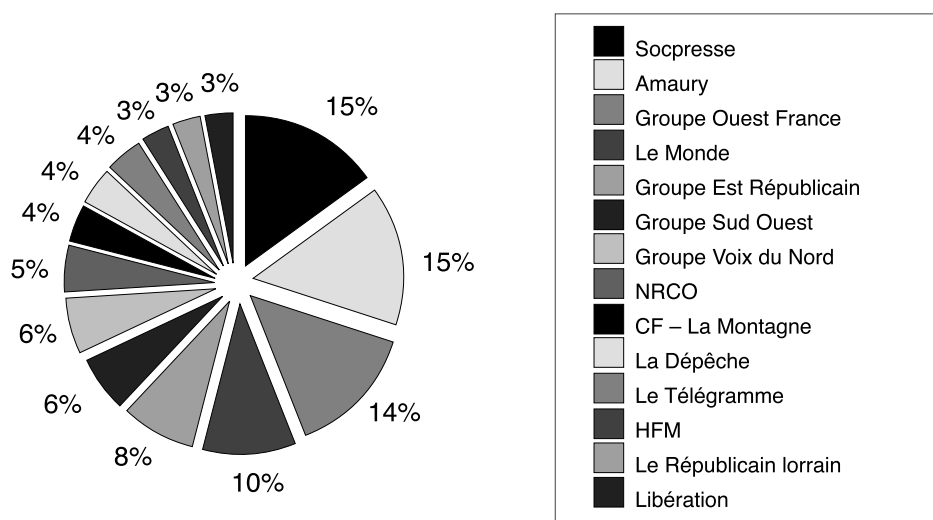
Notes: * 50 per cent of the group Voix du Nord is owned by Socpresse.

**Lagardère Media group owns the Hachette Filippachi Medias group.

*** Via company Press Europe Regions.

Source: Diffusion contrôle/OJD 2003, Stratégies les chiffres clés 2003

Chart 4.0: Group share top 20 dailies 2002



Source: Diffusion contrôlé/OJD 2003, Stratégies les chiffres clés 2003

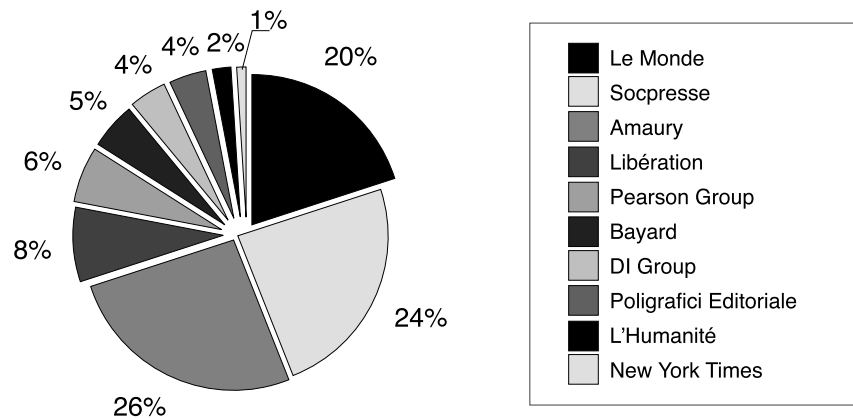
The French press has a strong regional and local focus and, although there is a handful of what might be classified as national newspapers, these have a fairly small circulation in the context of total sales. An indicator of the strength of the regional press is that the regional newspaper Ouest France is the top-selling newspaper, with 2,336,000 regular readers (SPQR/IPSOS) and 42 local editions distributed in Normandy, Brittany and the Loire. Among the top 20 newspapers, 15 are regional, with 5.6 million copies sold daily. The third top-selling national newspaper, L'Équipe, is a sports paper.

Table 4.1: Circulation of national daily press 2002

Title	2002	2001	Change (%)	Group	Share (%)
Le Monde	361,254	358,963	0.63	Le Monde	19.45
Le Figaro	345,080	352,662	-2.15	Socpresse	18.58
L'Équipe	321,153	359,593	-10.69	Amaury	17.29
Libération	156,077	163,089	-4.30	Libération	8.40
Aujourd'hui en France	147,143	143,632	2.33	Amaury	7.92
Les Echos	117,498	124,336	-5.50	Pearson Group	6.33
La Croix	91,499	85,947	5.72	Bayard	4.93
Paris Turf	87,113	94,925	-8.23	Socpresse	4.69
La Tribune	80,706	86,068	-6.23	DI Group	4.35
France Soir	77,432	100,443	-22.91	Poligrafici Editoriale	4.17
L'Humanité	45,949	46,862	-1.95	L'Humanité	2.47
Internat. Herald Tribune	26,217	29,859	-12.20	New York Times	1.41
Total					100

Source: Diffusion contrôlé 2003/ Stratégies Les chiffres clés 2003

Chart 4.1: Group share of national daily press 2002



Source: Diffusion contrôle 2003/ Stratégies Les chiffres clés 2003

Three main groups dominate the national daily newspaper market. At the beginning of the 1990s the Hersant group controlled about 30 per cent of the overall circulation of daily newspapers in France. After the death of the group's owner Robert Hersant, in 1996, the group suffered a severe crisis and was divided into two branches, Socpresse (30 per cent owned by Serge Dassault) and France Antilles. Socpresse's most popular paper is Le Figaro, the fourth best-selling daily. Socpresse owns a range of dailies in the west and north of France and is also very strong in the Sunday newspaper market. France Antilles produces daily newspapers in the French West Indies and also in the east of France. Through its subsidiary Comareg, it also controls 155 free papers.

The Amaury group (25 per cent owned by Hachette Filippachi Medias group) owns the dailies Le Parisien and Aujourd'hui en France and 34 per cent of the regional daily La République du Centre. Its main activities are focused in the central region of France as well as the areas around Paris. It has a strong focus on sports with its daily L'Équipe, several sports magazines such as France Football and Vélo Magazine and the sports channel l'Équipe TV. The third group is Le Monde, which owns the second best-selling daily and is also very active in the south-west of France with its daily Le Midi Libre. Its declared objective is to create a network of 'independent' dailies to counterbalance the influence of Hersant and the Hachette group in the regional daily press.

Table 4.2: Circulation of daily regional newspapers (top 20) 2002

<i>Title</i>	<i>2002</i>	<i>2001</i>	<i>Change (%)</i>	<i>Group</i>	<i>Share (%)</i>
Ouest France	764,731	773,471	-1.13	Groupe Ouest France	16.93
Le Parisien	360,505	361,559	-0.29	Hachette Filipacchi Médias*	7.98
Sud Ouest	320,735	336,411	-4.66	Groupe Sud Ouest	7.10
La Voix du Nord	307,191	319,624	-3.89	Groupe Voix du Nord **	6.80
Le Progrès-La Tribune	253,961	264,708	-4.06	Socpresse	5.62
Le Dauphine Libéré	252,549	260,198	-2.94	Socpresse	5.59
La Nouvelle République du Centre-Ouest	238,560	244,576	-2.46	La NRCO	5.28
La Montagne	206,813	211,941	-2.42	Centre France – La Montagne	4.58
L'Est Républicain	204,344	208,983	-2.22	Groupe Est Républicain	4.52
La Dépêche du Midi	202,333	207,606	-2.54	La Dépêche	4.48
Dernières Nouvelles d'Alsace	198,847	201,078	-1.11	Groupe Est Républicain	4.40
Le Télégramme de Brest	186,518	187,474	- 0.51	Le Télégramme	4.13
La Provence	162,260	169,267	-4.14	Hachette Filipacchi Médias*	3.59
Midi Libre semaine	159,289	163,239	-2.42	Le Monde	3.53
Le Républicain Lorrain	156,400	165,713	-5.62	Le Républicain lorrain	3.46
Nice Matin	133,641	140,941	-5.18	Hachette Filipacchi Médias*	2.96
L'Union – L'Ardennais	118,365	121,612	-2.67	France Antilles	2.62
L'Alsace - Le Pays	107,476	109,691	-2.02	Groupe Alsace–Le Pays	2.38
Le Courrier de l'Ouest	97,723	99,636	-1.92	Socpresse	2.16
Var Matin	84,414	88,614	-4.74	Hachette Filipacchi Médias*	1.87
Total					100

Notes:

*The Hachette Filipacchi Medias group is owned by Lagardère Media group.

** 50 per cent of the group Voix du Nord is owned by Socpresse.

Source: Diffusion contrôlée 2003

Table 4.3: Circulation of daily regional newspapers (top 20) group share 2002

<i>Group</i>	<i>Share (%)</i>
Groupe Ouest France	16.93
Hachette Filipacchi Médias	16.40
Socpresse	13.37
Groupe Est Républicain	8.92
Groupe Sud Ouest	7.10
Groupe Voix du Nord	6.80
La NRCO	5.28
Centre France – La Montagne	4.58
La Dépêche	4.48
Le Télégramme	4.13
Le Monde	3.53
Le Républicain lorrain	3.46
France Antilles	2.62
Groupe Alsace – Le Pays	2.38
Total	99.98

Source: *Diffusion contrôlée 2003*

Table 4.3 shows the existence of large regional press groups built around a leading regional title. The consolidation of such groups (with complex structures) accelerated in the 1980s and 1990s, in particular with the crisis at Hersant. Autonomous titles, i.e. titles that are not associated editorially or financially to a group, are rare and are mostly small and found at the level of the départements.

Ouest France group, together with its top-selling newspaper, owns about 60 paid local newspaper titles. The group also has interests in SPIR Communications, which publishes about 150 free papers across France. Through its subsidiary Plurihebdo, it also owns approximately 40 weekly newspapers.

There are about 12 large regional press groups, such as Ouest France and La Voix du Nord, which can be considered as multimedia press groups through their majority interests or subsidiaries in a variety of areas, including radio, printing works, advertising sales divisions and multimedia products. They are also active in local television, e.g. the press group Centre-France owns Clermont Première and Centre France TV.

Table 4.4: Circulation of Sunday newspapers (top six) 2002

<i>Title</i>	<i>Circulation</i>	<i>Group</i>
Le Progrès Dimanche	350,829	Socpresse
Le Dauphine Libéré Dimanche	346,740	Socpresse
Sud Ouest Dimanche	285,068	Groupe Sud Ouest
Dimanche Ouest France	257,558	Groupe Ouest France
Centre France Dimanche	238,540	Centre France – La Montagne
La Dépêche du Dimanche	236,358	La Dépêche
Total	1,715,093	

Source: *Diffusion contrôlée 2003*

There were 33 Sunday titles in 2002. The total circulation of Sunday papers (paid circulation in France per copy) amounts to 3.6 million copies. Socpresse is very strong in the Sunday newspaper market, and owns the top two titles. Following the trend in the daily press the top six Sunday titles are all regional. This may change as the Le Monde group launched its Le Monde Week End in January 2004. According to Le Monde, the first edition sold over 275,000 copies.

Table 4.5: Share of advertising revenue within the media sector 2002

Type of media	(Mil) €	2002/2001 (%)	Market Share (%)
National dailies	455	-14.3	4.8
Regional dailies	1,008	0.3	10.6
Magazines	1,613	-2.5	17.0
Specialised press	620	-11.6	6.5
Free press	892	0.7	9.4
Regional weeklies	120	0.8	1.3
Total press	4,708	-3.9	49.6
Advertising spots TV	2,761	1.7	29.0
Sponsorship	160	5.2	1.7
Total television	2,921	1.9	30.7
Outdoor	1,085	3.9	11.4
National advertising radio	551	10.0	5.8
Local advertising	162	5.9	1.7
Total radio	713	9.0	7.5
Cinema	74	3.0	0.8
Total	9,501	-1.2	100

Source: IREP 2003

Although 50 per cent of advertising revenue in the media sector goes to the press, magazines have the highest market share and national dailies receive only 4.8 per cent of total advertising revenue.

Free sheets first appeared in 2002 in France. 20Minutes and Metro now compete in Paris and Metro is currently distributed in the three biggest cities - Paris, Lyons and Marseilles - and was launched in January 2004 in Toulouse. Further local editions are planned. Metro France claims a circulation of 470,000 copies.

Trade Unions such as Le syndicat du Livre CGT and competitors from the traditional press have attempted to stifle the launch of the free sheets. In Paris and Marseilles the union has disrupted the distribution of the papers, despite the fact that, comparatively, the free sheets have low circulations. Though the turnover of the daily free press increased by 1.4 per cent in 2002, it constitutes less than 0.3 per cent of the total turnover of the daily press for general and political information.

4.1.2 The broadcasting sector

The television sector

Table 4.6: Audience share of main channels 1995-2003 (%)

Channel	1995	1996	1997	1998	1999	2000	2001	2002	2003
TF1	37.3	35.4	35.0	35.3	35.1	33.1	32.7	32.7	31.5
France 2	23.8	24.2	23.7	22.5	22.3	23.3	21.1	20.8	20.5
France 3	17.6	17.7	17.1	17.0	16.3	16.9	17.1	16.4	16.1
M6	11.5	11.9	12.7	12.9	13.6	11.9	14.0	13.2	12.6
Canal+	4.4	4.5	4.5	4.6	4.3	4.1	3.6	3.5	3.7
Others	5.4	6.4	7.1	7.7	8.4	10.7	11.5	13.4	15.6
Total	100	100	100	100	100	100	100	100	100

Note : France 5 data unavailable.

Source: Médiamat/Médiamétrie 2003

Even though during the past decade TF1 has witnessed a gradual decline in its audience share it remains the dominant commercial broadcaster in the market. The audience share of the public channels France 2 and France 3 has also declined, though to a lesser extent than TF1. Of the public service channels France 2, the general entertainment channel, led the field in 2003 with 20.5 per cent of audience share, while the regional channel France 3 was viewed by 16.1 per cent of the audience. The third public channel, France 5, which shares a terrestrial frequency with the Franco-German cultural channel Arte, has a 4.8 per cent share and an educational remit. M6's audience share has remained stable and has even increased slightly over recent years. The audience peak in 2001 was due to the 'Loft Story' programme, the French equivalent to 'Big Brother'. Canal+, which was the world's first subscription terrestrial channel in 1984, has lost some of its audience share, but retained a 3.7 per cent share in 2003. Cable and satellite channels are constantly growing in terms of market share.

Table 4.7: Group television audience share 2003

<i>Group</i>	<i>Market Share (%)</i>
TF1	31.5
France télévisions	36.6
RTL/ Suez	12.6
Canal +	3.7
Others	15.6
Total	100

Source: *Médiamat/Médiamétrie 2003*

Table 4.8: Share of advertising revenue 2001 and 2003

<i>Channel</i>	<i>2001 (%)</i>	<i>2003 (%)</i>
TF1	54.6	54.6
M6	22.9	22.4
France 2	11.3	12.0
France 3	8.0	8.0
Canal +	2.5	2.2
Other	0.7	0.8

Source: *Informa Media Group 2003 and TF1 2003*

The share of advertising revenue reflects the leading position of TF1, which enjoyed a 54.6 per cent share in 2003. M6 is in second position and received 22.9 per cent of advertising revenues in 2003. Public channels are financed by a combination of licence fee and advertising revenue, which is fixed in their terms of reference (Cahier des Missions et des Charges). Canal+ mostly relies on subscription, as illustrated in Table 4.9.

Table 4.9: Breakdown of revenues for television sector in (€ 000s) 2002

	<i>France 2</i>	<i>France 3</i>	<i>TF1</i>	<i>M6</i>	<i>Canal+</i>
Public (licence fee)	596,313	741,899	-	-	-
Subscription	-	-	-	-	1,438
Advertising/sponsorship	378,152	268,637	14,242	5,667	73
Others	45,300	59,909	11	141	71
Total	1,019,765	1,070,445	14,352	5,807	1,582

Source: *Les Bilans des chaînes Année 2002 and CSA 2003*

While 58.5 per cent of France 2's revenues came from the licence fee in 2002 (an increase of 2.4 per cent over the previous year), almost 70 per cent of France 3's revenues came from public sources. Both channels' revenues from advertising and sponsorship increased considerably in 2002, with a rise of 7.8 and seven per cent respectively.

Distribution

Digital terrestrial, satellite and cable television

The licences for DTT multiplexes were issued by the CSA on a channel-by-channel basis. Twenty-three channels were issued with licences in October 2002 as well as seven public channels, and the platform is scheduled to begin services at the end of 2004. Existing analogue broadcasters, TF1, M6 and Canal+, control the majority of these channels. However, five new entrants - AB group, Bolloré, Lagardère, NRJ and Pathé - will also have access to DTT, increasing the range of operators in the field. On 21 October 2003, the CSA also issued licences to four multiplex operators - Nouvelles télévisions numériques, Compagnie du numérique hertzien, Société opératrice du multiplex R4 (Multi 4) and SMR6. The remaining two licences for the public and local channels are still to be issued.

5.5 million households subscribed to a package of at least 15 thematic channels in 2002, which represents 22.2 per cent of French households and a ten per cent increase compared to 2001. Over 90 channels are available on cable and satellite platforms. Seven niche channels - Canal J, Canal Jimmy, Ciné Cinéma, Eurosport France, MCM, Paris Première and Planète câble - represent 30 per cent of the turnover of all niche channels and 27 per cent of advertising revenue.

Satellite has shown strong growth as the main competitor platform to terrestrial television. There are two satellite platforms in France - Canal+ and TPS - and there has been speculation that the two might merge. It is unclear whether the parties will go ahead and, if they do, whether the national and European competition authorities would sanction such a merger. CanalSatellite is France's leading satellite operator, with 2.3 million subscribers reported at year-end 2002 compared with TPS, which recorded 1.4 million.

ABSat established itself as the third satellite platform in 23 December 2003, but soon returned to its core business as a provider of thematic channels for digital pay-television. It now provides 18 thematic channels for digital pay-television: a fiction channel, AB1, a sports channel, AB Moteurs, a youth channel, Mangas, three music channels, RFM TV, Musique Classique and Zik, six movie channels, Action, Ciné Comic, Ciné Polar, Ciné Box, Ciné FX and XXL, six nature and leisure channels, Animaux, Chasse et Pêche, Encyclopédia, Escales, Fit TV and Toute l'Histoire. AB also has a 65 per cent share in RTL9 France's most popular cable and satellite channel.

Five operators shared most of the French cable market enjoying 90 per cent of cable subscriptions in 2002. Noos, with 1,089,803 subscribers (30 per cent of connected households), France Télécom Câble had just over 850,000 subscribers (24 per cent), NC-Numéricâble (21 per cent) 752,380, UPC France 533 600 (15 per cent) and Est Vidéo-Communication 143,266 (4 per cent). In 2002 the total number of cable subscribers was 3,577,545 - a growth of almost nine per cent on the previous year. The cable penetration rate is over 40 per cent.

Television ownership

TF1 started as a public broadcaster until the French government privatised it in 1987. It has retained a strong presence in the French television sector. It was awarded a new ten-year licence by the CSA in 1997. Its main owner is the French conglomerate building giant Bouygues, which has 41.2 per cent of its capital and 41.4 per cent of voting rights.

Table 4.10: Ownership of TF1 2003

<i>Shareholder</i>	<i>Capital (%)</i>	<i>Voting rights (%)</i>
Bouygues	41.2	41.4
Société Générale	1.5	1.5
Total core shareholding	42.7	42.9
Others France	25.1	25.3
Including personnel	3.7	3.8
Treasury shares	0.6	0.0
Europe	20.1	20.2
Others	6.8	6.9
Total	100	100

Source: TF1 company data 2003 (30 June 2003)

In recent years, TF1 has extended its assets across the entire television sector in France. As Chart 4.2 shows, the TF1 group is active in publishing and distribution, Internet, thematic channels, audiovisual and cinematographic production, audiovisual rights and digital television.

Structure of TF1 group

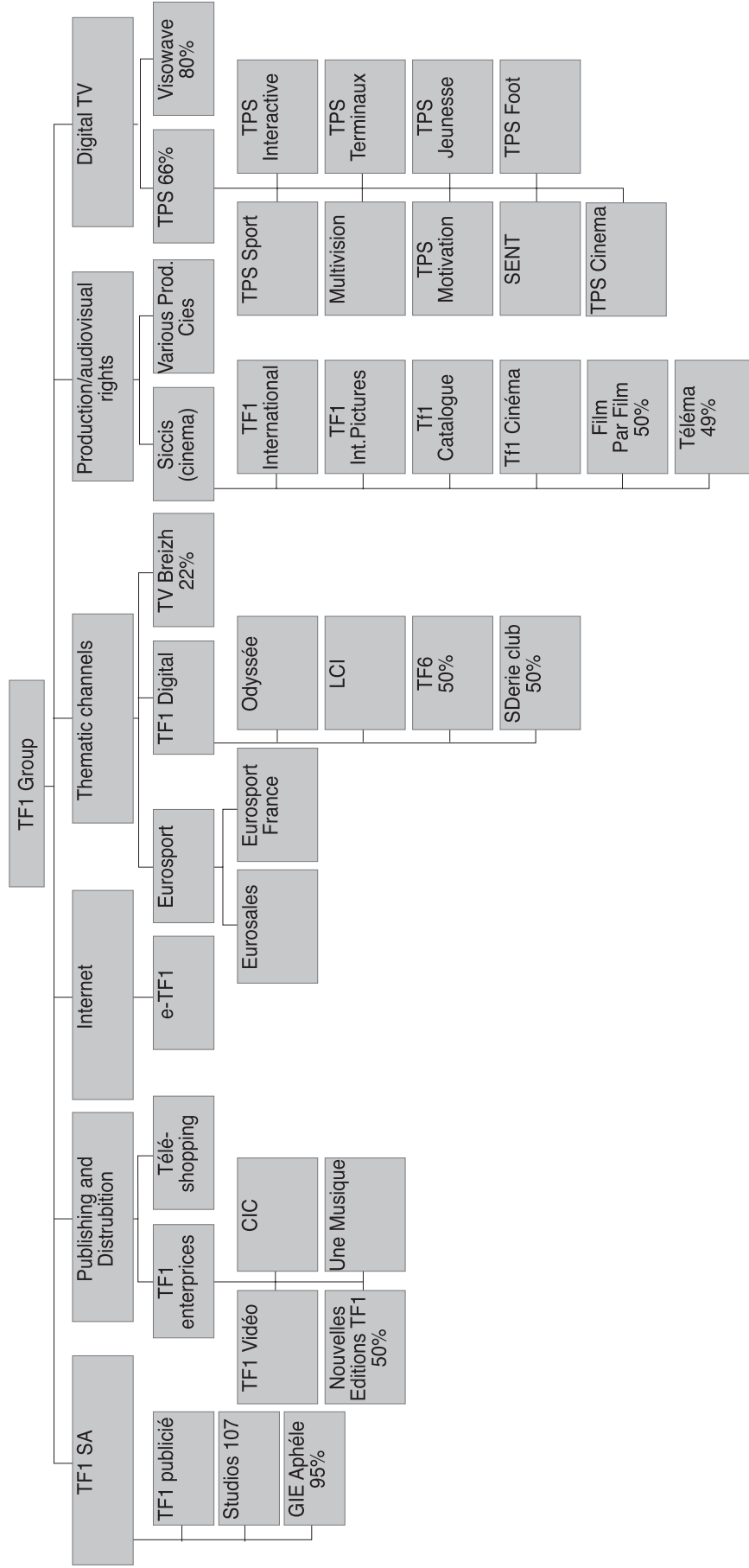


Chart: 4.2
 Note: *This branch has been simplified.
 Source: TF1 Company data 2003

Its thematic channels include Eurosport, Odyssee (documentaries), LCI (information channel), TF6 (50 per cent share) and Série Club (50 per cent share) as well as interests in the Breton channel Breizh TV. TF1 also holds 66 per cent of the shares in the digital satellite platform Télévision par satellite (TPS). TF1 has been allocated five channels on DTT, TF1, Eurosport France, LCI, TF6 and indirectly, through its majority share in TPS, TPS Star as a pay-TV channel.

M6

M6 started as a music channel and was re-launched as a general interest channel shortly afterwards. It continues to target the youth audience. Its main two shareholders are the RTL Group with a 47.5 per cent stake and Suez with 37.62 per cent. Suez officially informed the CSA in October 2003 that it intends to sell its interest in M6. The CSA is currently negotiating with the RTL Group and wishes to retain the status quo as to the percentage of shares and voting rights owned by the RTL Group in order to maintain a balance between M6 shareholders. RTL has stated that it intends to increase its stake in the channel. In January 2004 no agreement had been arrived at between the regulator and the company.

Table 4.11: M6 ownership structure

<i>Shareholder</i>	<i>Shareholding (%)</i>
RTL Group	47.5 (34% voting rights)
Suez	37.6
Others (incl. audience/public)	13.6
Autocontrôle	1.2
Total	100

Source: *Les Bilans du CSA Année 2002 and M6 2003*

Canal+

When Vivendi Universal took control of the Canal+ group, complex financial and legal arrangements were necessary to comply with the legal provisions limiting foreign ownership to 20 per cent of shares and the threshold of a maximum of 49 per cent share of ownership of any terrestrial channel. Although the Canal+ group is a subsidiary of Vivendi, Canal+ SA (the licence holder) is a distinct legal entity with 48.5 per cent of its shares owned by the Canal+ group. The CSA also required guarantees that the autonomy of Canal+ would be respected.

On 10 January 2002, following the merger between Vivendi Universal and the US group USA Networks, the CSA requested that the French government refer the case to the Conseil d'Etat (the highest administrative Court) for an interpretation of the foreign ownership provisions. The Court confirmed that Article 20 of the 1986 Law applied to companies established in Europe provided that 20 per cent of their capital is owned or controlled by entities or individuals from outside the EU. The Court also stated that 'control' was to be understood as the ownership of the majority of shares.

Table 4.12: Canal+ SA Ownership structure 2002

<i>Shareholder</i>	<i>Capital (%)</i>	<i>Voting rights (%)</i>
Groupe Canal+ SA*	48.5	48.6
Société Générale	7.3	7.3
Goldman Sachs	7.2	7.2
K Capital Partners	4.1	4.1
Centurus Alpha Master Fund	5.3	5.3
Crédit Suisse First Boston	3.0	3.0
Personnel	0.2	—
Autocontrôle/ public (others)	24.4	24.5
Total	100	100

Note: *Groupe Canal+SA is 100 per cent owned by Vivendi Universal.

Source: Les Bilans du CSA Année 2002 and Canal+ October 2003

The media assets of the Canal+ group are divided into terrestrial pay-TV with its flagship channel, digital pay-TV and cable through its subsidiary NC Numéricâble, as well as other activities. The Canal+ group also owns a 65.9 per cent share of the digital satellite platform CanalSatellite. In terms of the DTT platform, of the five pay channels proposed by Canal+, the CSA selected three: Canal+, Sport+ and I-Télé.

Satellite and cable ownership

France has two competing digital satellite platforms, Télévision par Satellite (TPS) and CanalSatellite.

TPS was launched on 16 December 1996 and is currently owned by TF1 and M6. Until mid-2002 it was owned by TF1 (50 per cent), M6 (25 per cent) and Suez (25 per cent). TPS used to have an exclusive satellite carriage deal for the French public channels, but this has since been withdrawn. It carries 200 television channels and 44 radio channels.

Table 4.13: TPS ownership structure

<i>Shareholder</i>	<i>Shareholding (%)</i>
TF1	66
M6	34
Total	100

Source: Company data 2003

CanalSatellite was launched a few months prior to TPS on 27 April 1996 and is owned jointly by Lagardère (34 per cent) and Group Canal+ (66 per cent). Its service is built around its core premium channel, a mix of movies and sport. CanalSatellite distributes over 200 channels, including 14 movie channels, 11 sports channels, 17 documentary channels, 13 youth channels, 18 entertainment channels, 12 music channels and 13 general interest and information channels.

Table 4.14: CanalSatellite ownership structure

<i>Shareholder</i>	<i>Shareholding (%)</i>
Group Canal +	66
Largardère	34
Total	100

Source: Company data 2003

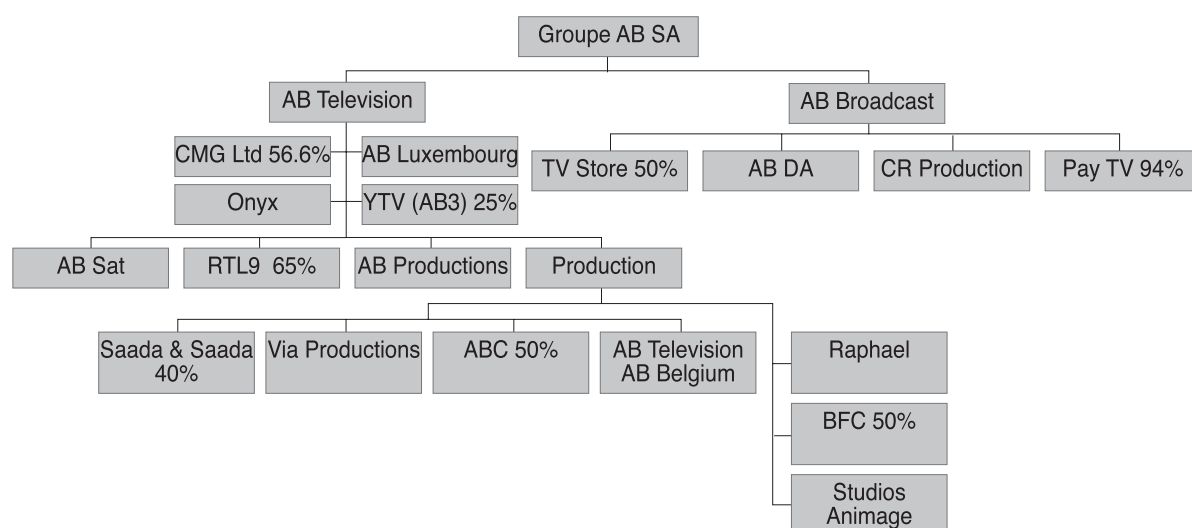
AB Group is owned by JLC Holding and Claude Berda. AB group's activities are organised into three business areas: thematic channels, television programming and merchandising.

Table 4.15: AB group ownership structure

Shareholder	Shareholding (%)
JLC holding	5.2
Claude Berda	76.8
Public	15.9
Others	2.1
Total	100

Source: Company data 2003

Chart 4.3: Media assets of AB S.A.



Source: Company data 2003

Five operators share most of the French cable market: Noos, owned by Suez (50.1 per cent) NTL (27 per cent) and Morgan Stanley (22.9 per cent), France Télécom Câble, NC-Numéricâble, a 100 per cent subsidiary of Canal+, UPC and Est Vidéo-Communication. Even though about ten per cent of cable subscriptions are in the hands of other smaller players, the scope for development of the top three cable operators is limited owing to the legal restrictions setting a maximum limit of eight million people potentially served by an operator. The AVICAM (Association des Villes pour le Câble et le Multimedia), the cable trade association, has suggested extending this ceiling to 15 million households.

The radio sector

The radio broadcaster with the largest listener share in France is the national commercial station RTL, followed by the generalist public service radio stations France Inter and the private national station Europe 1. Commercial music radio services had a total audience share of 39.1 per cent, with NRJ the leading station in 2002 and 2003.

The share of audience is calculated on an output-based methodology based on the nature of the radio service broadcast. The categories used by Médiamétrie are General, Music, Themed and Local.

Table 4.16: Radio listener share September/October 2003

<i>Stations</i>	<i>Share (%)</i>
General radio stations	37.3
Europe 1	7.4
France Bleu (RF)	5.7
France Inter (RF)	9.1
RMC INFO	2.6
RTL	11.9
Music radio stations	39.1
Chérie FM	4.3
Europe 2	4.2
Fun Radio	3.5
MFM	1.1
Nostalgie	5.4
NRJ	7.7
RFM	3.0
Rire et Chansons	2.1
RTL2	2.8
Skyrock	4.9
Themed radio stations	7.6
France Culture (RF)	0.9
France Info (RF)	4.6
France Musiques (RF)	1.1
Radio Classiques	0.6
Local stations	2.7
Les independents (89)	8.5
Total	97

Source: *Enquête 75 000 and Médiamétrie 2003*

Public service radio is provided by Radio France, which broadcasts four national stations - France Inter, France Musiques, France Culture and France Info as well as France Bleu - broadcast on a regional network composed of 40 stations. FIP (France Inter Paris) and Le Mouv (pop music radio) broadcast in a few big cities.

Table 4.17: Radio listener share September/October 2002 and 2003 (Monday-Friday)

	<i>2003 (%)</i>	<i>2002 (%)</i>
Public	22.6	22.6
Commercial	71.8	71.9
Associations	2.2	1.8
Others	3.4	3.7
Total	100	100

Note: *Includes overseas territories.*

Source: *Panel Radio 2002/2003 and Médiamétrie 2003*

The CSA classifies private radio into five categories: Non-commercial radio (category A), commercial local or regional radio, which does not broadcast any identified national programmes (category B), commercial local or regional which broadcasts the programme of a national themed network (category C) themed stations (category D) and general national stations (category E). The five categories aim at guaranteeing diversity and balance in the radio landscape for each region.

In terms of ownership, three main groups - NRJ, Lagardère and RTL - which own several national networks each dominate the commercial radio market. NRJ started broadcasting mainstream pop music in 1981 and was immediately successful. NRJ is now broadcast on 250 frequencies in France and 80 frequencies abroad. The group owns four national networks - NRJ, Chérie FM, Rires et Chansons and Nostalgie. NRJ TV is one of the channels selected by the CSA for digital terrestrial television. Lagardere Active owns three national networks, Europe 1, Europe 2 and RFM. The RTL Group owns the audience share leader RTL as well as Fun Radio and RTL2.

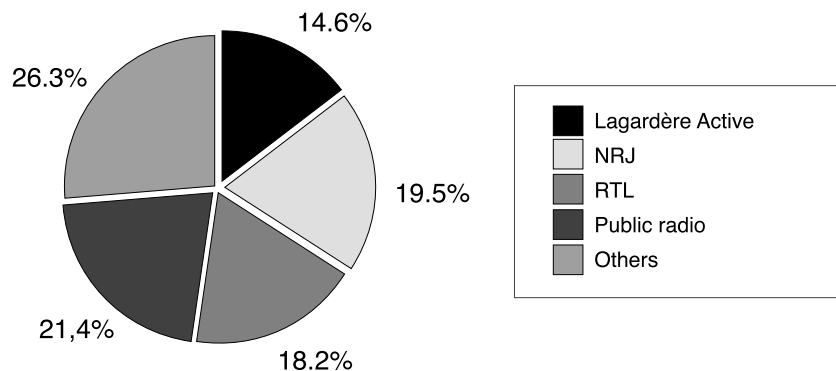
Legal provisions prevent further expansion of these three groups, which establishes a limit of 150 million inhabitants potentially covered by an individual group. Other players are RMC (Radio Monte-Carlo), Skyrock and Radio Classique. In past cases the CSA has enforced the threshold and in one case the NRJ group withdrew from an attempt to acquire the national commercial radio station RMC as its coverage would have exceeded the audience threshold, so that, in order to take over RMC, it would have had to divest itself of some of its other radio assets.

Table 4.18: Ownership of the main private radio networks 2003

Group	Stations
Lagardère Active	Europe 1 Europe 2 RFM
NRJ Group	Chérie FM Nostalgie NRJ
RTL Group	Rire et Chansons Fun Radio RTL RTL2

Source: Company data 2003

Chart 4.4: Listener share by group 2003 (Monday-Friday September/October)



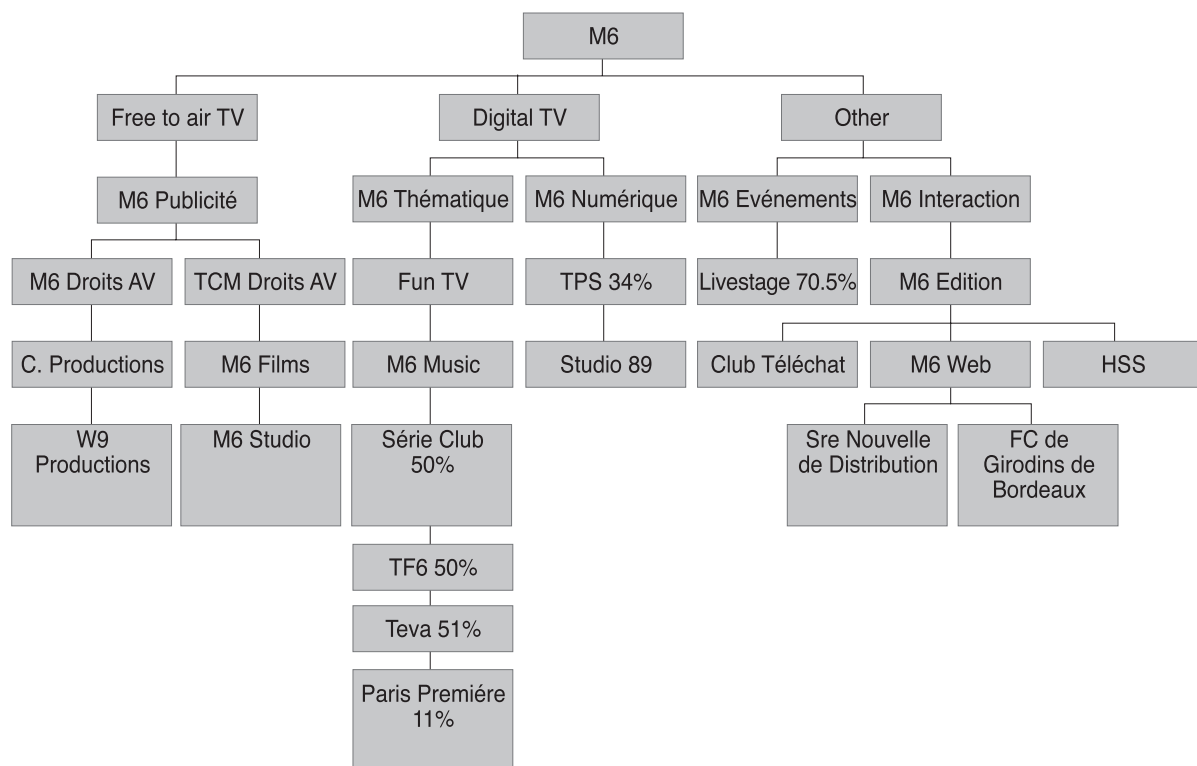
Source: Enquête 75 000 and Mediamétrie 2003

4.1.3 Cross media ownership

Cross-media ownership provisions have been laid down to prevent the consolidation of multimedia holdings and are based on the so-called ‘two out of four rule’. However, the current French rules apply exclusively to television, radio, cable and daily newspapers. New media activities such as the Internet are not included. Ownership or control of other vertically integrated activities in the field of media, such as press agencies, publishing, cinema, music, distribution, etc., is not regulated. The two biggest multimedia holdings in France are Lagardère and Vivendi.

The media assets of M6 can be divided between free-to-air television with its flagship channel M6, digital pay-TV and other activities such as the Internet with M6 Web. M6 also has a share of 26 per cent in the digital satellite platform Télévision Par Satellite (TPS). Three channels were selected by the CSA for DTT distribution, M6 for free TV, M6 Music and TF6 for pay television.

Chart 4.5: Media assets of M6



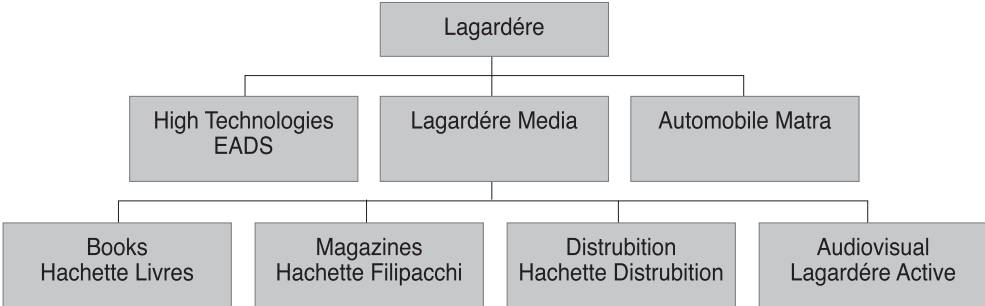
Source: M6 company data 2003

Lagardère (formerly MMB until 1992) was originally a regrouping of the media assets of the Matra group. Matra merged with Hachette in 1992 and Lagardère ultimately took control of Matra Hachette in 1994. Lagardère Media includes interests in books, press, distribution and Lagardere Active. In the field of publishing, Hachette Livre’s assets were significantly increased in 2002 when it took over Vivendi Universal Publishing. Hachette Livre is currently the second biggest publisher in France.

Hachette Filipacchi Médias (HFM) is particularly strong in the field of woman’s magazines, television journals and people press with the magazines Elle, Télé 7 Jours and Paris Match. HFM also owns several daily newspapers in the south-east of France, including La Provence and Nice Matin, and launched the free sheet Marseilleplus in an attempt to compete with Metro in 2002. Hachette Distribution Services is the third branch of Lagardère Media and controls the distribution of newspapers and other media products, e.g. through the media outlets Relay and Virgin Megastores.

Lagardère Active groups together the activities of the group in the field of television, radio, advertising sales divisions and new media. Its television interests include five music channels (MCM, MCM2, MCM International, Mezzo and MCM Belgium), two youth channels (Canal J and TiJi), a weather channel (La Chaîne Météo) and Match TV (News/people channel).

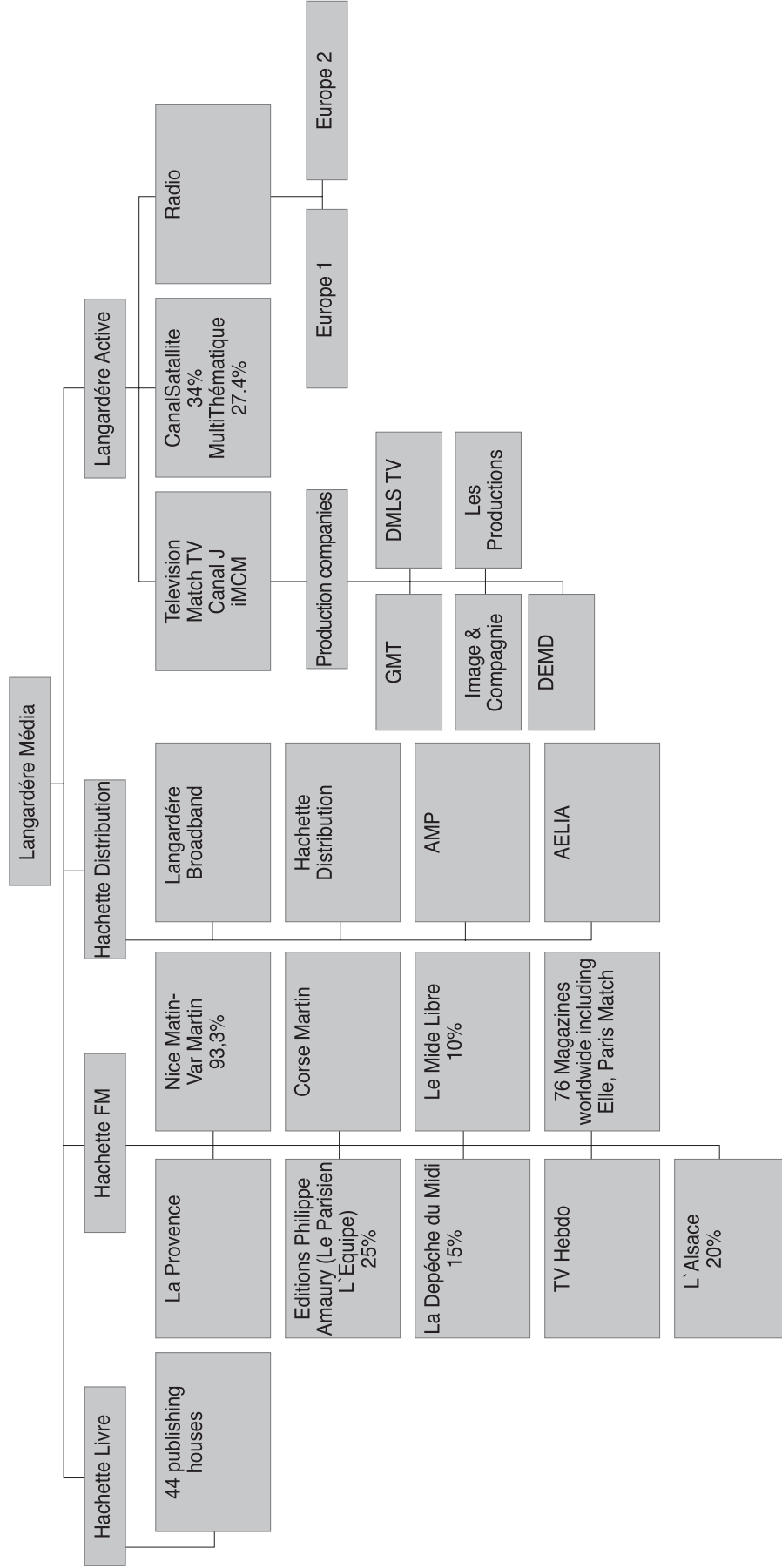
Chart 4.6: Structure of Lagardère



Source: Lagardère company information 2003

The group also has a 34 per cent share of CanalSatellite and a 27.4 per cent share in MultiThématiques. The CSA selected three of the five channels proposed by the group for DTT distribution - a free channel, iMCM, and two pay-TV channels, Canal J and Match TV. Lagardère also owns three national radio networks, Europe 1 (general), Europe 2 and RFM (music).

Chart 4.7: Media assets of Lagardère



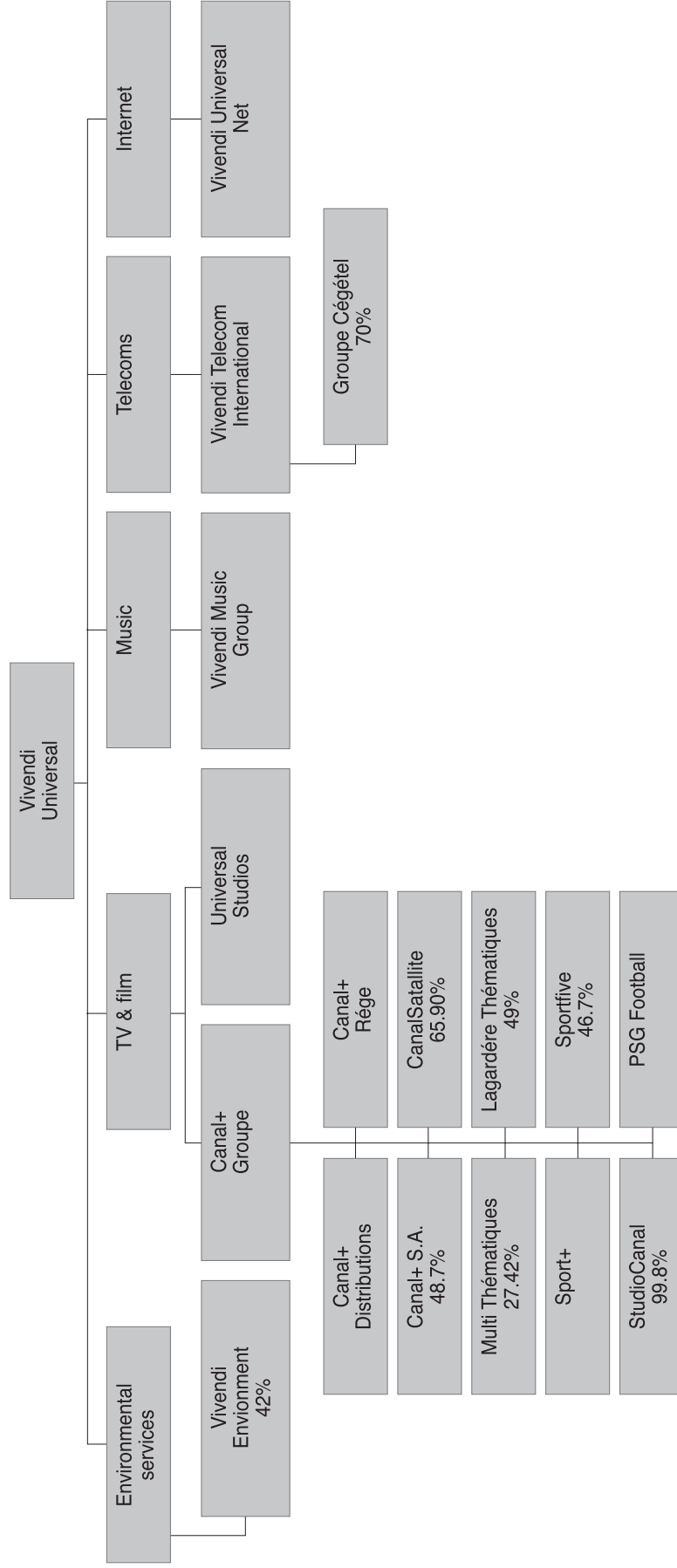
Note: *Lagardère and TF1 are currently discussing the merger of two channels: TV Breizh and Match TV.
Source: Company data 2003

Originally a water utility company, La Compagnie Générale des Eaux was established in the nineteenth century and changed its name to Vivendi in 1998. Vivendi and Havas, the largest publisher of books and business information titles, merged in 1998. In 2000, Vivendi Canal+ and the Canadian company Seagram merged to create Vivendi Universal.

Vivendi Universal is active in the fields of television through its subsidiary Canal+ Group, film with Universal studios, music with Universal Music Group, telecommunications with Vivendi Telecom international, which has interests in the French Cégétel Group, and the Internet with Vivendi Universal Net.

The publishing branch, Vivendi Universal Publishing (VUP), bore the brunt of the reorganisation of Vivendi after the departure of Jean-Marie Messier and the restructuring of the company's assets under his successor, Jean-René Fourtou. It was Europe's largest trade publisher and the world's second largest educational publisher. The magazines L'Express, L'Expansion and a further 14 titles were acquired by the Socpresse group, while the publishing activities are now under the control of Lagardere Active, the media branch of the Lagardère group.

Chart 4.8. Simplified Structure of Vivendi Universal



Source: Vivendi Universal company data 2003, Media Map Yearbook

Conclusion

Although there is a degree of chain ownership in the regional press market, the market shares of the leading groups according to the C3 calculation suggests a moderate degree of concentration in this market. The national press sector remains relatively small and represents a minor part of the overall newspaper market, however, concentration in this market is high.

Table 4.19: Summary

<i>France</i>	<i>Television</i>	<i>Radio</i>	<i>National press</i>	<i>Regional press</i>
3 top companies (by market shares)	1 France Télévisions	Radio France	LE Monde	Ouest France
	2 TF1	NRJ	Le Figaro	HFM
	3 RTL/Suez	RTL	L'Equipe	Socpresse
Number of generalist public television service channels	3	-	-	-
Number of commercially funded channels with above 5% market share	3	-	-	-
Number of public service radio stations	-	4+1 regional to 40 network affiliates	-	-
Number of titles	-	-	13	73
C3	80.7	59.1	70	46.7

The television sector is highly concentrated and a small number of media groups with a wide range of media assets across platforms are central players in this sector. The major channels of TF1 and M6 together with the public broadcaster France Télévisions enjoy very strong positions in the market.

There are moderate/high levels of concentration in the radio sector and these levels are below that in the television sector. The public service radio stations enjoy a lower market share than in most of the countries in this report that leads to a lower level of concentration overall. Three strong commercial groups RTL, NRJ and Lagardère all have healthy market shares and although according to the C3 calculation concentration is below average across the ten countries this should be seen in the context of the relatively weak performance of France Radio.

The French legal framework for media concentration is based on a decision of the constitutional court in 1986, which gave constitutional status to the principle of plurality of sources of information. The court stated:

The free circulation of opinion and thought, guaranteed by Art. 11 of the declaration of human rights of 1789 cannot be effective if the audience of radio and television media is not offered programmes by the public as well as the private sector, in which a variety of trends are expressed ... the objective is that listeners and viewers who are the main recipients of the freedom proclaimed by Art. 11 of the

declaration of 1789 are able to exercise their freedom of choice without private interests or public authorities imposing their own decisions or them becoming objects in a deal. (Decision n°86-217 DC of 18 September 1986)

This decision has formed the basis for the adoption of anti-merger provisions, which aim to guarantee the diversity of the shareholders of broadcasting companies that have been issued licences as well as to ensure a diversity of operators.

The legal framework governing media ownership is constituted by two laws: the modified Law of 1 August 1986 for the daily press and the modified Law of 30 September 1986 relating to freedom of communication for radio and television broadcasting. This framework is composed of complex anti-merger provisions, which are briefly described below. However - or maybe due to the complexity of the system - this framework has been described as limited in its application and scope. The anti-merger provisions apply only to the private sector; the public sector is not subject to any of the following requirements. The legal restrictions concern only horizontal and, to a certain extent, cross-media ownership. There are no limits on vertical integration.

Television broadcasting

The legal framework for regulating television ownership is based on Articles 38-42 of the modified law of 30 September 1986 relating to freedom of communication. The law was amended in 2000 to introduce a somewhat different, more liberalised regime for digital terrestrial television. Since 2000 the broadcasting regulator, the Conseil supérieur de l'audiovisuel (CSA) together with the competition authority (Conseil de la concurrence) are responsible for the issue of media concentration. The competition authority has the power to investigate mergers under the general framework of competition law in mandatory consultation with the CSA. Mergers in the broadcasting field have to comply with the anti-merger provisions relating to media falling under the remit of the CSA and with general competition law provisions, supervised by the competition council.

The French legal framework limits the number of shares an individual or legal entity may hold in different national television channels, so that an individual or company may not own more than 49 per cent of the capital or the voting rights of a television channel whose average annual audience across all platforms is greater than 2.5 per cent of the total audience of television services, pursuant to Article 39.

For a regional terrestrial broadcaster the limit on the number of shares an individual or legal entity can hold is 50 per cent. This also applies to satellite television broadcasting. Where an individual or legal entity holds stakes in two terrestrial broadcasters, it may not own more than 15 per cent of the capital of each; where it owns stakes in three such companies, it may not own more than five per cent of the capital of each. This provision does not apply to digital terrestrial television.

The second feature of the television ownership rules is the limit on the number of licences that may be held and of the area covered by the services. Further to Article 41:

- No person or legal entity may own more than one national licence for terrestrial television.
- No person or legal entity may own both a national and a local licence (with the exception of overseas territories).
- One person or legal entity may own several analogue or digital local licences if they do not cover more than six million inhabitants.
- Analogue or digital local television channels edited by one individual or legal entity may not overlap within one zone.
- One person or legal entity may own several cable licences where they do not cover more than eight million inhabitants.

While analogue terrestrial operators have been permitted to hold only one licence at the national level, two licences are permitted for satellite television services. A degree of flexibility has also been introduced for digital terrestrial television, where the same legal person may hold up to five licences.

Radio broadcasting

There are no limits on the number of shares an individual or a company may hold in different radio stations; however, the limit on the accumulation of licences does apply to the radio sector. Pursuant to Article 41, where an individual or legal entity owns several networks, or several services or a series of services broadcasting the same programme for most of the airtime of each service, the total population of the areas to which they broadcast may not exceed 150 million. It is not the audience that is counted, but the total population of the area of coverage and the inhabitants may be counted more than once. For example, France has approximately 50 million inhabitants, so three national networks covering all of France would equal 150 million inhabitants and that is the limit.

Pursuant to Article 40 of the Law of 30 September 1986, entities or individuals outside the European Union cannot hold more than 20 per cent of the capital of a company to which a terrestrial radio or television broadcasting licence in the French language has been granted. This provision also applies to digital terrestrial television.

The press

Anti-merger provisions for the press apply exclusively to daily papers. Other types of publications, such as weekly/monthly titles or magazines, are not subject to these provisions. Further to Article 11 of the Law of August 1986, an individual or legal entity is disqualified from operating or controlling a daily title containing political or general news whose total circulation is over 30 per cent of the circulation of the same type of dailies in France. It is worth noting that the 1986 Law was adopted by a conservative majority and qualified as a so-called 'pro-Hersant' law, named after the biggest press group at the time. The same provisions apply to foreign ownership, i.e. entities or individuals outside the EU may not hold more than 20 per cent of the capital of a daily paper. In order to guarantee pluralism, the press sector is also subject to complex state support mechanisms, e.g. a special fund system for investment, discounts on post and other transport, etc. State aid to the press amounted to €39 million in 2001 (World Press Trends).

Cross-media ownership

Complex rules have been drafted to prevent cross-media holdings and cross-media ownership is restricted pursuant to Articles 41-1, 41-1-1, 41-2 and 41-2-1 of the Law of 30 September 1986 at both national and regional levels.

The so-called 'two out of four rule' applies, i.e. no licence for terrestrial television, radio or cable will be issued if the holder has interests in more than two kinds of media with more than a prescribed coverage. Nationally, no more than two of the following is permitted:

- Terrestrial/digital terrestrial television station serving four million or more.
- Terrestrial radio service serving 30 million people or more.
- Cable radio/television available to six million people or more.
- Daily newspapers dealing with either political or general news with more than 20 per cent of the national circulation of such papers.

Regionally, ownership of no more than two of the following in the same area is permitted:

- Terrestrial/digital terrestrial national/regional television station(s).
- Terrestrial national/regional radio service(s) whose audience is more than ten per cent of the cumulated potential audience in the same zone (public and private operators of same nature).
- Cable broadcasting service(s) or daily regional or national newspapers dealing with either political or general news.

GERMANY

5.0 Introduction

Germany has the largest media market in Europe though the high degree of regionalism in the country is reflected in the newspaper, radio and television sectors. The newspaper sector is almost wholly regional and there is a very small national press market that in terms of market shares is low. The television sector is characterised by four strong broadcasting groups, two of which are public service broadcasters. Competition to these companies is largely absent. The commercial radio sector has a highly complex ownership structure and this is combined with very strong performance by the public radio stations.

5.1 Media concentration

5.1.1 The newspaper sector

During the past decade, the German newspaper industry has witnessed a decline in both the number of titles published and overall circulation. The number of daily newspapers has fallen by almost ten per cent from 423 to 381 titles and circulation has dropped by four million copies, from 30.8 million to 26.8 million copies sold daily.

Table 5.0: Number of daily newspapers and circulation figures 1993-2003

	<i>Number of daily newspapers</i>	<i>Annual change (%)</i>	<i>Circulation (Mil)</i>	<i>Annual change (%)</i>
1993	423		30.8	
1994	420	-0.7	30.5	-1.0
1995	414	-1.4	30.2	-1.0
1996	408	-1.4	29.9	-1.0
1997	402	-1.5	29.4	-1.7
1998	398	-1.0	29.0	-1.4
1999	393	-1.3	28.5	-1.7
2000	388	-1.3	28.3	-0.7
2001	385	-0.8	27.9	-1.4
2002	385	0.0	27.1	-2.9
2003	381	-1.0	26.8	-1.1
Total change		-9.9		-13.0

*Note: Data are for fourth quarter of each year for all Länder with the exception of 2003 data, which are for the third quarter.
Source: IVW 2003*

The German press market is highly regionalised due to the country's federal structure and the regional preferences of readers. However, there is a group of titles, including Frankfurter Allgemeine, Süddeutsche Zeitung and Die Welt that has a wider readership base and attracts readers nationwide. These titles are readily available throughout the entire country. Bild, the only tabloid that has an impact at a national level, is at the same time Germany's most popular newspaper.

Table 5.1: Circulation of national daily newspapers per title second quarter 2003

<i>Title</i>	<i>Circulation</i>	<i>Group</i>	<i>Market share (%)</i>
Bild	3,997,990	Axel Springer AG	13.9
Süddeutsche Zeitung	448,556	Süddeutsche Zeitung GmbH	1.6
Frankfurter Allgemeine Zeitung	407,944	Verlag Frankfurter Allgemeine Zeitung AG	1.4
Die Welt	253,129	Axel Springer AG	0.9
Frankfurter Rundschau	184,941	Druck und Verlagshaus Frankfurt am Main GmbH	0.6
Handelsblatt	149,247	Main GmbH	0.5
Financial Times Deutschland	100,231	Georg von Holtzbrinck GmbH & Co KG	0.3
Others (all titles)	23,217,962	Financial Times Deutschland GmbH	80.8
Total	28,760,000		100

Note: Total circulation in second quarter of 2003.

Source: IVW 2003

Despite the perceived significance of Germany's nationally distributed broadsheet titles they enjoy only a very small circulation and low sales relative to the size of the German market. Only the Süddeutsche Zeitung and Frankfurter Allgemeine Zeitung have a circulation of over one per cent of the overall market.

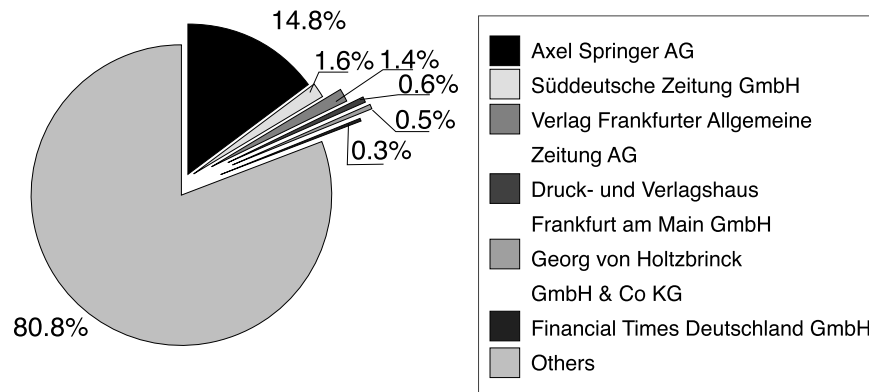
Table 5.2: National daily newspapers group market share of total newspaper market second quarter 2003

<i>Group</i>	<i>Circulation</i>	<i>Market share (%)</i>
Axel Springer AG	4,251,119	14.8
Süddeutsche Zeitung GmbH	448,556	1.6
Verlag Frankfurter Allgemeine Zeitung AG	407,944	1.4
Druck- und Verlagshaus Frankfurt am Main GmbH	184,941	0.6
Georg von Holtzbrinck GmbH & Co KG	149,247	0.5
Financial Times Deutschland GmbH	100,231	0.3
Others	23,217,962	80.7
Total	28,760,000	100

Source: IVW 2003

Collectively, the six most prestigious German newspapers command a market share of only 5.3 per cent, which is little more than one third of the daily circulation of Bild. As a result of the popularity of Bild, Axel Springer AG is the most important publishing group in Germany in terms of group share.

Chart 5.0: National daily newspapers group market share of total newspaper market second quarter 2003



Source: IVW 2003

With the exception of Druck und Verlagshaus Frankfurt am Main GmbH, which publishes the left-leaning daily Frankfurter Rundschau, all the newspaper groups producing Germany's most important national dailies listed in Table 5.2, are also significant forces in the regional newspaper market. This includes Bertelsmann subsidiary Gruner+Jahr AG und Co KG, which, although not explicitly mentioned in the table, controls 50 per cent of the company producing the German edition of the Financial Times. Table 5.3 provides an overview of the largest regional daily newspapers in Germany, which have a circulation of more than 200,000 copies daily. Table 5.18 at the end of this section provides a detailed profile of the assets and markets shares of the major newspaper groups in Germany.

Table 5.3: Regional daily newspapers circulation > 200,000 second quarter 2003

<i>Title</i>	<i>Circulation</i>	<i>Group</i>	<i>Market share (%)</i>
Westdeutsche Allgemeine Zeitung / Westfälische Rundschau / Neue Ruhr Neue Rhein Zeitung / Westfalenpost	1,087,351	Zeitungsgruppe WAZ	3.8
Ostthüringer Zeitung / Thüringische Landeszeitung / Thüringer Allgemeine	430,226	Zeitungsgruppe WAZ	1.5
Rheinische Post	427,708	Rheinisch-Bergische Druckerei	1.5
Kölner Stadtanzeiger + Kölnische Rundschau	395,291	Verlagsgruppe M. DuMont- Schauberg	1.4
Hannoversche Allgemeine Zeitung und Neue Presse Hannover	384,080	Verlagsgesellschaft Madsack GmbH & Co KG	1.3
Freie presse	376,681	Stuttgarter Zeitung Verlagsgesellschaft mbH & Co. Presse-, Druck- und Verlags- GmbH (Augsburg)	1.3
Ausburger Allgemeine	361,227	Stuttgarter Zeitung	1.3
Südwest Presse	338,754	Verlagsgesellschaft mbH & Co.	1.2
Nürnberger Nachrichten	318,465	Verlag Nürnberger Presse	1.1
Sächsische Zeitung	317,689	Gruner+Jahr AG und Co KG Verlagsgruppe M. DuMont- Schauberg	1.1
Mitteldeutsche Zeitung	295,954	Leipziger Verlags- und Druckereiges. mbH & Co. KG	1.0
Leipziger Volkszeitung	292,721	Druckereiges. mbH & Co. KG	1.0
Hamburger Abendblatt	290,965	Axel Springer AG	1.0
Münchener Merkur	283,644	Verlagsgruppe Münchener Zeitungsverlag et.al. (Ippen-Gruppe)	1.0
Die Rheinpfalz	249,980	Stuttgarter Zeitung Verlagsgesellschaft mbH & Co.	0.9
Volksstimme	247,469	Magdeburger Verlags- und Druckhaus GmbH	0.9
B.Z.	224,285	Axel Springer AG	0.8
Stuttgarter Zeitung, Stuttgarter Nachrichten, Fellbacher Zeitung	207,704	Stuttgarter Zeitung Verlagsgesellschaft mbH & Co.	0.7
Berliner Zeitung	204,453	Gruner+Jahr AG und Co KG	0.7
Total	6,734,647		23.4

Source: IVW 2003

Of the top four, three of the major regional dailies are all located in Northrhine Westphalia, which is the largest of the German Länder in terms of population. Of the 19 major daily regional titles, only four are not controlled by one of Germany's ten biggest press groups. These are the Rheinische Post (Rheinisch-Bergische Druckerei), Augsburger Allgemeine (Presse, Druck- und Verlags-GmbH (Augsburg), Nürnberger Nachrichten (Verlag Nürnberger Presse) and the Volksstimme (Magdeburger Verlags- und Druckhaus GmbH); the last, whilst not belonging to a major newspaper group, is controlled by the Heinrich Bauer Verlag, one of the largest publishers of popular magazines in Germany. Finally, the Leipziger Volkszeitung is jointly controlled by Axel Springer AG and Verlagsgruppe Madsack.

Most of the large newspaper groups control a number of regional newspapers that goes beyond what can be included in Table 5.3. To illustrate the widespread presence of these groups at both regional and national level, Table 5.4 provides an overview of the assets controlled by each of the large groups identified in the preceding analysis.

Calculating the market shares of these groups relative to the total newspaper market in Germany based on the data in Table 5.2 yields the results presented in Table 5.4. As this table demonstrates, the ten largest German newspaper groups control 47 per cent of the total newspaper market, with Axel Springer AG having a market share of 17.9 per cent. The group with the second highest market presence is the Zeitungsgruppe WAZ, which forms part of the larger WAZ group and at the same time constitutes Europe's largest publisher of regional newspapers. The company is a major force in print publishing in Germany and has recently embarked on an expansion strategy in South-East Europe.

Table 5.4: Newspaper circulation group share (total regional and national) second quarter 2003

<i>Group</i>	<i>Circulation</i>	<i>Market share (%)</i>
Axel Springer AG (AS)	5,139,925	17.9
Zeitungsgruppe WAZ (WAZ)	1,539,880	5.4
Stuttgarter Zeitung Verlagsgesellschaft mbH & Co. (SZV)	1,322,682	4.6
Georg von Holtzbrinck GmbH & Co KG (GvH)	1,022,650	3.6
Verlagsgruppe Münchener Zeitungsverlag / Zeitungsverlag TZ München / Westfälischer Anzeiger / Dirk Ippen (Ippen-Gruppe)	977,905	3.4
Verlagsgruppe M. Dumont-Schauberg (VDS)	887,151	3.1
Gruener+Jahr AG und Co KG (G+J)	751,137	2.6
Verlagsgruppe Süddeutscher Verlag GmbH (VSV)	702,959	2.4
Verlagsgruppe Frankfurter Allgemeine Zeitung GmbH (VFAZ)	696,337	2.4
Verlagsgesellschaft Madsack GmbH & Co KG (VM)	487,030	1.7
Others	15,232,344	53.0
Total	28,760,000	100.1

Source: IVW 2003

Bertelsmann's subsidiary Gruener+Jahr AG und Co KG ranks seventh as a result of its involvement in the Berlin newspaper market, and its ownership of the major Saxon newspaper, Sächsische Zeitung. The Süddeutsche Zeitung and Frankfurter Allgemeine and their publishing houses also rank as two of the ten most important German newspaper publishers with a market share of 2.4 per cent each due to their regional involvement in eastern and southern Germany.

5.1.2 The broadcasting sector

The television sector

The German television market is characterised by a wide choice of free-to-air channels and is generally recognised to be one of the most competitive in Europe. Since 1984, when the first licences were granted to commercial broadcasters, the number of both public service and private channels has risen.

Table 5.5: Development of television audience share by channel 1995-2002 (%)

Channel	1995	1996	1997	1998	1999	2000	2001	2002	Company
RTL	17.6	17.0	16.1	15.1	14.8	14.3	14.7	14.6	RTL Group
ZDF	14.7	14.4	13.4	13.6	13.2	13.3	13.2	13.9	ZDF
SAT.1	14.7	13.2	12.8	11.8	10.8	10.2	10.1	9.9	ProSiebenSat.1 Media AG
ARD	14.6	14.8	14.7	15.4	14.2	14.3	13.9	14.3	ARD
ARD 3	9.7	10.2	11.2	12.3	12.6	12.7	13.2	13.4	ARD
PRO 7	9.9	9.5	9.4	8.7	8.4	8.2	8.0	7.0	ProSiebenSat.1 Media AG
RTL 2	4.6	4.5	4.0	3.8	4.0	4.8	4.0	3.8	RTL Group
Kabel 1	3.0	3.6	3.8	4.4	5.4	5.5	5.0	4.5	ProSiebenSat.1 Media AG
VOX	2.6	3.0	3.0	2.8	2.8	2.8	3.1	3.3	RTL Group
DSF	1.3	1.1	1.2	1.1	1.3	1.2	1.0	0.9	EM.TV/ Karstadt Quelle AG
Eurosport	1.2	1.2	1.1	1.1	1.1	1.0	0.9	0.8	Télévision Française
3sat	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	ARD, ORF, ZDF, SRG-SSR
n-tv	0.3	0.3	0.5	0.6	0.7	0.7	0.7	0.6	RTL Group
ARTE	0.2	0.3	0.3	0.3	0.3	0.3	0.4	0.3	ARTE G.E.I.E.
SuperRTL		2.1	2.3	2.9	2.8	2.8	2.8	2.4	RTL Group
KIKA					1.3	1.2	1.2	1.1	ZDF/ARD
9 Live					1.0	1.0	0.5	0.4	ProSiebenSat.1 Media
PHOENIX					0.3	0.4	0.5	0.5	AG/ IAC InterActive Corp.
Nickelodeon		0.2	0.4						ZDF/ARD
Others	4.7	3.7	4.9	5.2	4.1	4.4	5.9	7.4	Viacom
Total	100	100	100	100	100	100	100	100	

Source: AGF-GfK 2003

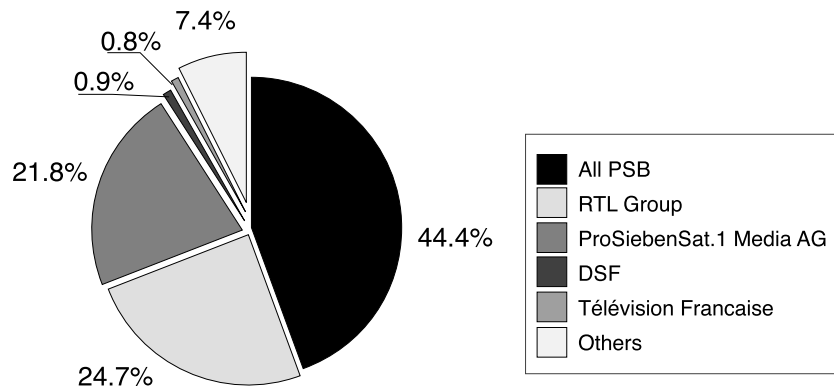
The public service channels of ARD and ZDF, despite a small decline in their viewing share of 0.3 and 0.8 percentage points respectively, have retained a significant market share and the only commercial channel to enjoy a market share of over ten per cent in 2002 is RTL. Increasing competition in recent years, with the introduction of new commercial channels, as well as two public service niche channels, has largely affected commercial broadcasters, some of which are showing a small decline in their audience share as the number of channels has grown and consumers are presented with more choice.

The regional channels produced by the members of ARD (ARD 3) have enjoyed positive growth and outperform other channels. Public service niche channels such as PHOENIX, KIKA, 3sat and ARTE have also established themselves as an important part of the television landscape, albeit with relatively small market shares, ranging from 0.3 to 1.1 per cent of the overall market.

In terms of group share, four major players - the first three of which enjoy a group share of more than 20 per cent each - dominate the market. The ARD network and its third channel command on average almost 27.7 per cent of the audience. The RTL Group's channels enjoy a combined market share of 24.7 per cent. ProSiebenSat.1 Media AG is closely behind, with 21.8 per cent. The fourth of the

major players is the public service broadcaster, ZDF that has the smallest market share of the big four, achieving an average audience share of 13.9 per cent for its ZDF channel. Together, the public broadcasters and the two leading groups hold a market share of 90.9 per cent, including the niche channels provided by ARD and ZDF.

Chart 5.1: Television broadcasting group share of audience 2002



Source: AGF-GfK 2002

Even though German television viewers have a wide choice of free-to-air channels the German television market is highly concentrated, with two public broadcasters and two commercial groups controlling 90.9 per cent of the market. The only real competition to the four groups comes from special interest channels - two sports channels and music channels.

Advertising and television revenues

Despite negative growth in 2001 and 2002, the advertising market has grown by 18 per cent since 1997, with the television market performing slightly better than other sectors with a total growth of 20.1 per cent during this period. Television is also the most important medium for advertisers and, in 2002, generated almost twice as much advertising revenue as the newspaper or magazine sectors.

Table 5.6: Distribution of gross television advertising revenue by channel 2002

Channel	Market share (%)	Group
RTL	29.4	RTL Group
PRO 7	20.1	ProSiebenSat.1 Media AG
SAT 1	19.8	ProSiebenSat.1 Media AG
RTL II	5.4	RTL Group
KABEL 1	5.2	ProSiebenSat.1 Media AG
VOX	4.7	RTL Group
DSF	3.0	EM.TV/Karstadt Quelle AG
ARD	2.6	ARD
SUPER RTL	2.3	RTL Group/Disney
ZDF	2.1	ZDF
VIVA	2.0	VIVA Media AG
Others	3.2	Various
Total	99.8	

Source: Nielsen Media Research 2003

ProSiebenSat.1 Media AG and the RTL Group together hold the most significant share of total advertising revenues enjoyed by the sector. Although the public broadcasters have access to advertising revenues, this is limited by regulatory measures, and they remain marginal actors in the overall share of advertising revenues. The provisions of the Interstate Treaty concerning advertising on public television limit the average duration of daily advertising for ARD and ZDF to 20 minutes and prohibit advertising after 8 p.m. as well as on national holidays. There is a total ban on advertising on ARD's third channels.

Table 5.7: Group share of gross television advertising 2002

<i>Group</i>	<i>Market share (%)</i>
ProSiebenSat.1 Media AG	45.1
RTL Group	41.8
DSF	3.0
ARD	2.6
ZDF	2.1
VIVA Media AG	2.0
Others	3.2
Total	99.8

Source: Nielsen Media Research 2003

With approximately 87 per cent of the market in the hands of channels controlled by ProSiebenSat.1 Media AG and the RTL Group, the television advertising market is largely unchallenged, since the closest competitor, DSF commands only three per cent of the advertising market.

Distribution

Satellite and digital terrestrial

Cable is the dominant delivery platform for television services, with 56.7 per cent of households linked to the cable network. Satellite also plays an important role: 38 per cent of German homes receive television services by satellite. Terrestrial transmission plays a small role, covering slightly more than five per cent of the television population.

Table 5.8: Television delivery in Germany 2003

<i>Delivery platform</i>	<i>TV households (Mil)</i>	<i>Market share (%)</i>
Cable	20.63	56.7
Satellite	13.81	38
Terrestrial	1.92	5.3
Total	36.36	100

Source: SES Astra 2003

Digital penetration in Germany is still undeveloped. In 2003 approximately one tenth of Germany's television households received digital television services, of which 55 per cent received digital television via satellite.

Table 5.9: Digital service penetration in Germany 2003

	<i>TV households (Mil)</i>	<i>Market share (%)</i>
Digital service households	3.77	10.4
Digital satellite	2.1	5.8

Note: The total number of German television households in 2003 was approximately 36.4 million.

Source: SES Astra 2003

Cable ownership

Following the sale in 2003 of the remaining parts of the infrastructure held by Deutsche Telekom to three investors - APAX, GS Capital Partners and Providence Equity Partners - the German cable industry is divided between four main players. Kabel Deutschland GmbH is the largest of these and serves ten million households in a number of Länder. The other players - Ish, Kabel BW and Iesy Hessen - are also considerable actors and serve different regions of Germany.

Table 5.10: Cable ownership in Germany 2003

Operator	Federal states covered	Cable homes connected (Mil)	Ownership	Market share (%)
Kabel Deutschland GmbH	Bavaria, Lower Saxony, Hamburg, Berlin, Thuringia, Saxony, Saxony-Anhalt, Brandenburg, Rhineland-Palatinate, Schleswig-Holstein, Mecklenburg-Vorpommern, Bremen	10,000,000	APAX, GS Capital Partners, Providence Equity Partners	48.5
Ish GmbH & Co. KG	Northrhine-Westphalia	4,200,000	Consortium led by Deutsche Bank, Citi Group	20.4
Kabel BW GmbH & Co. KG	Baden-Württemberg	2,200,000	Consortium led by Blackstone Group, CDP Capital Communications, Bank of America Equity Partners	10.7
Iesy Hessen GmbH & Co. KG	Hessen	1,239,522	Consortium led by Apollo Management, Pequot Capital Management, L.P.	6.0
Others	Various	2,990,478	Various	14.5
Total		20,630,000		100

Source: SES Astra, ECCA and company data

Television ownership

RTL

The RTL Group, which is controlled by Bertelsmann has a complex ownership structure that includes a number of different shareholders holding interests in its different channels. The most significant shareholder is CLT-UFA, which is a subsidiary of the Luxembourg-based RTL Group. Super RTL, which offers family-oriented programming with special emphasis on children's television, is owned by RTL together with Buena Vista International Television Investments, a subsidiary of the Walt Disney Group. Buena Vista has a significant influence on the channel's programming due to Disney's large library of cartoons and children's programmes. Disney also has interests in RTL II as a result of its 50 per cent share in Tele-München Fernsehen GmbH & Co. Medienbeteiligungs-KG, the other half of which is held by the Munich-based television production company Tele-München Fernsehen GmbH & Co. Produktionsgesellschaft. The remaining two shareholders, with 31.5 and 1.1 per cent of capital respectively, are two of Germany's largest magazine publishers, Heinrich Bauer Verlag and Hubert Burda Media GmbH.

Table 5.11: Ownership of RTL-affiliated channels 2003

<i>Channel</i>	<i>Operator</i>	<i>Owner</i>	<i>Shares (%)</i>
RTL	RTL Television GmbH	CLT-UFA S.A.	95.15
		RTL Group Verwaltungs und Holding GmbH	4.85
RTL II	RTL 2 Fernsehen GmbH & Co. KG	CLT-UFA S.A.	35.90
		Tele-München Fernsehen GmbH & Co. Medienbeteiligungs-KG	31.50
		Kommanditgesellschaft Heinrich Bauer Verlag	31.50
		Burda GmbH	1.10
Super RTL	RTL DISNEY Fernsehen GmbH & Co. KG	CLT-UFA S.A Buena Vista International (BVI) Television Investments, Inc.	50
			50
VOX	VOX Film- und Fernseh GmbH & Co. KG	RTL Television GmbH	49.90
		UFA Film und Fernseh GmbH	49.80
		DCTP Entwicklungsgesellschaft für TV-Programm mbH	0.30
n-tv	n-tv Nachrichtenfernsehen GmbH & Co. KG	RTL Television GmbH	48.60
		CNN/Time Warner Beteiligungs-oHG	49.80
		Verlag Norman Rentrop	1.60

Source: KEK and company reports 2003

Pro Sieben SAT.1

SAT.1 and PRO 7 are the flagship channels of the ProSiebenSAT.1 media group, which came about as the result of a merger in 2000. It has remained a subsidiary of the group following the change in ownership of the main group from Leo Kirch to an American consortium led by Haim Saban in 2003. The transaction also included Kabel 1 and News channel N24. The group is also involved in the quiz and games channel 9 Live, which has been on air since 2001, when it replaced the now defunct tm3. H.O.T. Networks Germany is a subsidiary of New York-based IAC Interactive Corp. (formerly USA Interactive), which is jointly owned by Vivendi Universal (13 per cent), Liberty Media Corporation (approximately 20 per cent) and former CEO of Vivendi Universal, Barry Diller (approximately 70 per cent).

Table 5.12: Ownership of Pro Sieben SAT.1 affiliated channels 2003

<i>Channel</i>	<i>Operator</i>	<i>Owner</i>	<i>Shares (%)</i>
SAT.1	SAT.1 SatellitenFernsehen GmbH	ProSiebenSAT.1 Media AG	100
PRO 7	ProSieben Television GmbH	ProSiebenSAT.1 Media AG	100
KABEL 1	Kabel 1 K 1 Fernsehzen GmbH	ProSiebenSAT.1 Media AG	100
N24	N24 Gesellschaft für Nachrichten und Zeitgeschehen mbH	ProSiebenSAT.1 Media AG	100
9 Live	NEUN LIVE Fernsehen GmbH & Co. KG	H.O.T. Networks AG	48.6
		ProSiebenSAT.1 Media AG	48.4
		Christiane zu Salm-Salm	3.0

Source: KEK and company reports 2003

Special interest channels

Apart from the generalist channels, some of the most successful private television channels in Germany in terms of viewer ratings are the special interest channels Deutsches SportFernsehen and Eurosport. The German Eurosport operator Eurosport Media GmbH is a subsidiary of Télévision Française S.A. DSF is owned by a consortium consisting of EM.TV and Merchandising and Karstadt Quelle AG (Sport Media Holding) and the sports investor Hans Dieter Cleven, who also owns the controlling stake in the German ski manufacturer Vökl.

Table 5.13: Ownership of DSF 2003

Shareholders	Shareholding (%)
Dr. Hans Dieter Cleven	18.9
Sport Media Holding GmbH	81.1

Source: KEK 2003

In the music television market the competition between MTV (Viacom) and Viva is intense, with the latter slightly ahead in terms of ratings. VIVA is the oldest existing German music television channel. Time Warner is its majority shareholder following the acquisition of a stake from EMI in August 2002. The remaining capital shares are divided between one of the founders of the channel, Helge Sasse, which controls Die Initiatoren KGs 1 to 4, and the former shareholders of BRAINPOOL AG (J. Grabosch, M. Keß and R. Günther), which was incorporated into the VIVA business portfolio in early 2002. Finally, VIVA's Chief Executive Officer, Dieter Gorny, holds a minority share, as does the London-based investment firm Schroder Investment Management. Various minor investors own about one fifth of shares.

Table 5.14: Ownership of VIVA 2003

Shareholders	Shareholding (%)
Warner Music Group Germany GmbH & Co. Holding oHG	30.6
Vivendi Universal Vertrieb GmbH	15.3
Die Initiatoren Eins Kapitalbeteiligungs KG	3.2
Die Initiatoren Zwei Kapitalbeteiligungs KG	2.5
Die Initiatoren Drei Kapitalbeteiligungs KG	9.8
Die Initiatoren Vier Kapitalbeteiligungs KG	3.3
Jürgen Grabosch	3.7
Martin Keß	3.1
Ralf Günther	2.8
Dieter Gorny	0.6
Schroder Investment Management Ltd.	5.04
Others	20.06

Source: KEK 2003

Pay-TV

Premiere was established in 1990 as a joint project between the Kirch group and Bertelsmann as well as Canal+ (who had sold its shares in 1997). It has remained the sole actor of importance in the German pay-TV market. Bertelsmann sold off all but five per cent of its shares in the operation following a decision of the European Commission to rule the venture as anti-competitive. The Kirch group subsequently merged Premiere with the competing digital platform DF1 in 1999. Although Kirch had to file for bankruptcy in 2002, Premiere has continued operating under the auspices of Georg Kofler (a former Kirch employee), who has introduced radical cost-saving measures to reduce the compa-

ny's debt. In 2003, private equity fund Permira acquired 65 per cent of the shares in Premiere. This share has since then been reduced to 54.8 percent, the difference being sold to Georg Kofler. Of the remaining 25 percent of capital shares, various banks hold 23.5 percent, while management holds another 1.2 percent.

Table 5.15: Ownership of Premiere

<i>Shareholders</i>	<i>Shareholding (%)</i>
Finanz Fernseh Holding S.A.R.L. (Permira)	54.8
Georg Kofler	20.5
Bayerische Hypo- und Vereinsbank AG	10.0
Bayerische Landesbank	10.0
Bank für Arbeit und Wirtschaft AG	3.5
Michael Börnicke	0.6
Hans Seger	0.6

Source: KEK 2004

Besides Premiere and a number of independent producers of pay-TV services who are also distributed via the Premiere platform, there is a range of pay-TV licensees that have not yet launched services. Although it seems unlikely that these might be brought together on a competing platform any time in the near future, the recent trends towards concentration in the cable industry might open up new possibilities for such cooperation.

The radio sector

The radio sector in Germany is strongly regional and the number of nationwide radio stations is correspondingly low, with fewer than ten broadcasters targeting the national audience. In technical terms this number could be larger, as there is a range of stations whose signals could also be received by satellite or cable, but practically speaking these modes of delivery play an insignificant role, as the dominant transmission technology remains terrestrial broadcasting covering more than 90 per cent of the radio market.

Mirroring the strong performance of the regional ARD network partners in the television market, the ARD-associated radio stations are strong performers in the radio sector. On average, channels of the ARD family enjoy 56.8 per cent of listener share with commercial stations accounting for 44.1 per cent of listeners. The remaining stations (non-commercial/community, armed forces, company owned, etc.) enjoy only 1.4 per cent of listener share on average (the shares are calculated on an aggregate of listener share and due to the measurement methodology do not total 100 per cent).

Despite their strong standing in terms of audience share, the public service stations perform weakly in the advertising market. According to data produced by Nielsen Media Research, during the period January-November 2003, the various members of the ARD family enjoyed less than one third of advertising revenues, despite the high audience share of the ARD stations.

Table 5.16: Distribution of gross radio advertising revenues (ARD and commercial broadcasters) January-November 2003

<i>Group</i>	<i>Share of advertising revenue (%)</i>
ARD	29.6
Commercial broadcasters	70.4
Total	100

Source: RMS 2003

Table 5.17 summarises the 20 most important radio stations in terms of their share of the national advertising market, together with their audience shares. This approach has been chosen to allow for a clearer assessment of the role that select groups play in the national radio industry.

Table 5.17: Audience and advertising market shares, 20 largest commercial radio broadcasters, January-November 2003

<i>Channel</i>	<i>Share of national advertising market (%)</i>	<i>Group (amount of stock (%))</i>	<i>Share of audience (%)</i>
Radio NRW	6.5	RTL (16.1), Springer (7.3)	5.5
Antenne Bayern	5.9	Burda (16.0), RTL (16.0), Springer (16.0)	3.5
Hit Radio FFH	5.6	Burda (3.4), Springer (12.5)	3.0
Radio PSR	3.8	Nordwest Medien (9.3), Radio RSH (30.3)	1.5
Hit-Radio Antenne	3.5	Burda (7.6), Madsack (20.0), Northwest Medien (4.1), RTL (36)	1.5
Hit-Radio RPR Eins	3.5	Burda (0.4), Madsack (8.7), Medien Union GmbH (24.5)	1.5
Radio SAW	2.9	Nordwest Medien (32.1), Radio RSH (10)	1.5
Radio FFN	2.9	Ippen (5.8), Madsack* (11.8), Northwest Medien (5.2), Springer (7.7)	1.5
Antenne Mecklenburg-Vorpommern	2.8	Radio RSH (10.9), RTL (24), Springer*	1.0
BB Radio	2.6	Burda (37.5), RTL (40.0)	1.0
94'3 r.s.2	2.4	Nordwest Medien (50.0), Radio RSH (43.0)	1.0
Radio Hamburg	2.4	Frank Otto (3.1), RTL (29.2), Springer (36.4)	1.0
R.SH Radio	2.3	Springer (17.3)	1.5
Schleswig-Holstein 104.6 RTL	1.9	RTL (100.0)	0.5
Antenne Thüringen	1.8	Ippen (11.1), Madsack (10.0), RTL (16.7)	1.0
RTL Radio	1.8	RTL (100.0)	1.0
Hit-Radio Antenne Sachsen	1.2	RTL (48.9)	1.0
Berliner Rundfunk 91.4	1.1	Medien Union GmbH*	0.5
Energy 103,4 Berlin	1.0	Radio NRJ GmbH (82.6)	0.5
RPR Zwei	0.8	Burda (0.4), Madsack (8.7), Medien Union GmbH (24.5)	1.0
Total	56.7		30.5

Note: This table is based on ownership calculations including both direct and indirect stakes. An asterisk () indicates that the company holds an unspecified amount of indirect stocks in the specified channel. Only the assets that the major radio groups hold in each channel are shown.*

Source: Audience share data, KEK 2003; advertising revenue data, RMS

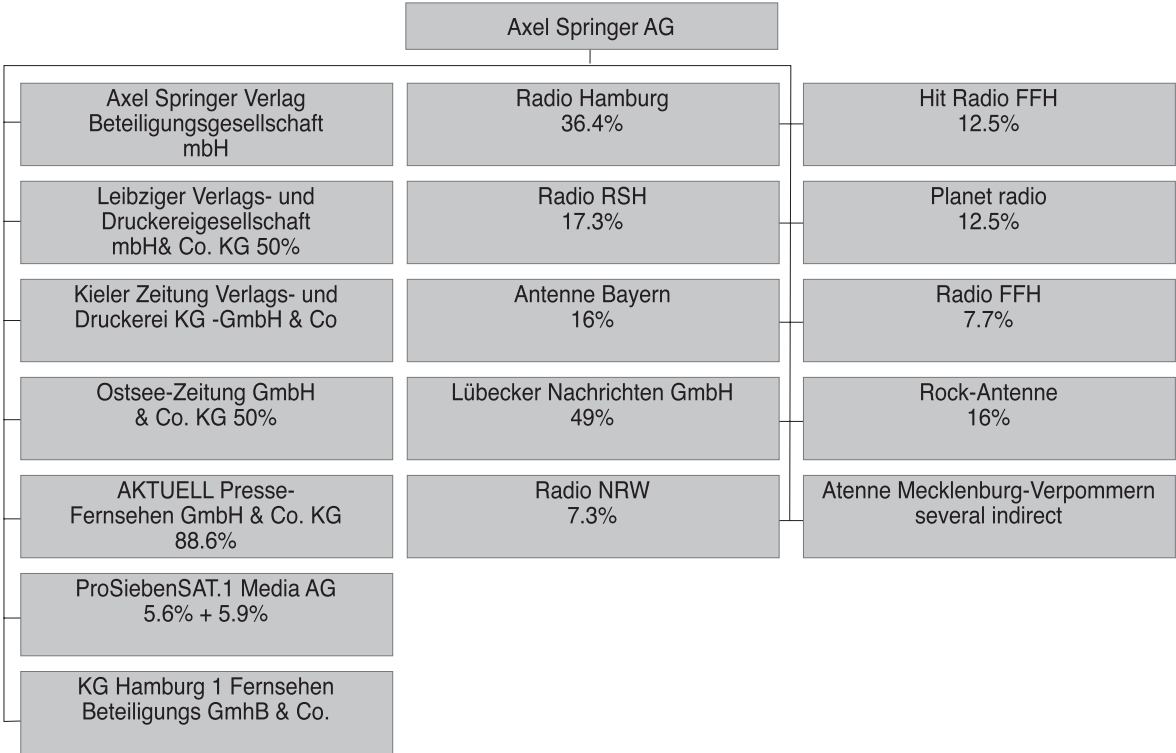
The German radio sector is also highly fragmented in terms of ownership as far as the 20 largest commercial radio broadcasters are concerned. It is quite common for several of the big players to have shares in the same radio station, which results in highly complex ownership structures. This means that while ownership is rarely attributable to any one group, the radio business has a number of intersections where the various large actors meet, thus creating positions that may serve as platforms for cooperation as well as points of mutual control. Table 5.17 depicts this interlocking of cross-ownership interests in the radio industry, and provides a sketch of the interests that the major radio industry groups have in the same radio stations. A more detailed outline of the radio assets of the major groups and their market shares are included in Table 5.19 at the end of this section illustrating the highly complex nature of the German radio market

As a rule of thumb, every radio station in which one of the major broadcasting groups has a stake will have at least one of its competitors represented as well, although up to four of the major groups may be involved in any one station (e.g. radio ffn). Not surprisingly, the main investors in the radio business have sought participation in companies located in federal states giving access to larger audiences, e.g. Bavaria or Lower Saxony, or in the densely populated cities of Hamburg and Berlin, rather than the smaller states such as Schleswig Holstein and Saarland. Competition in these markets is therefore likely to be more intense with a state like Mecklenburg Vorpommern dominated by two major radio stations (Ostseewelle and Antenne Mecklenburg Vorpommern) alongside the public service broadcaster, and the Saarland only has one major commercial broadcaster (Radio Salü). Of the ten largest radio groups, only NRJ and the RTL Group hold majority shares in these stations; the other stations have highly fragmented ownership structures. The RTL Group holds the most extensive range of assets in the radio sector including Berlin-based RTL Radio, the only national station amongst the top 20. It also owns 104.6 RTL, which is also located in Berlin, but targeted at the regional market.

5.1.3 Cross media ownership

Due to the fact that the local newspaper industry has historically founded monopolies, the Federal Constitutional Court has urged state legislators to introduce rules preventing the development of local and regional multimedia monopolies. The explicit restrictions on cross-media ownership that have emerged as a result are complemented by a set of restrictions flowing from the Interstate Treaty on Broadcasting. These measures are intended to prevent the emergence of dominant influence on processes of opinion-formation by (operators of) nationally licensed television broadcasters. These restrictions explain why, although several German newspaper companies have chosen to invest in local and regional radio broadcasters, their interests in the sector are usually not majority shareholdings.

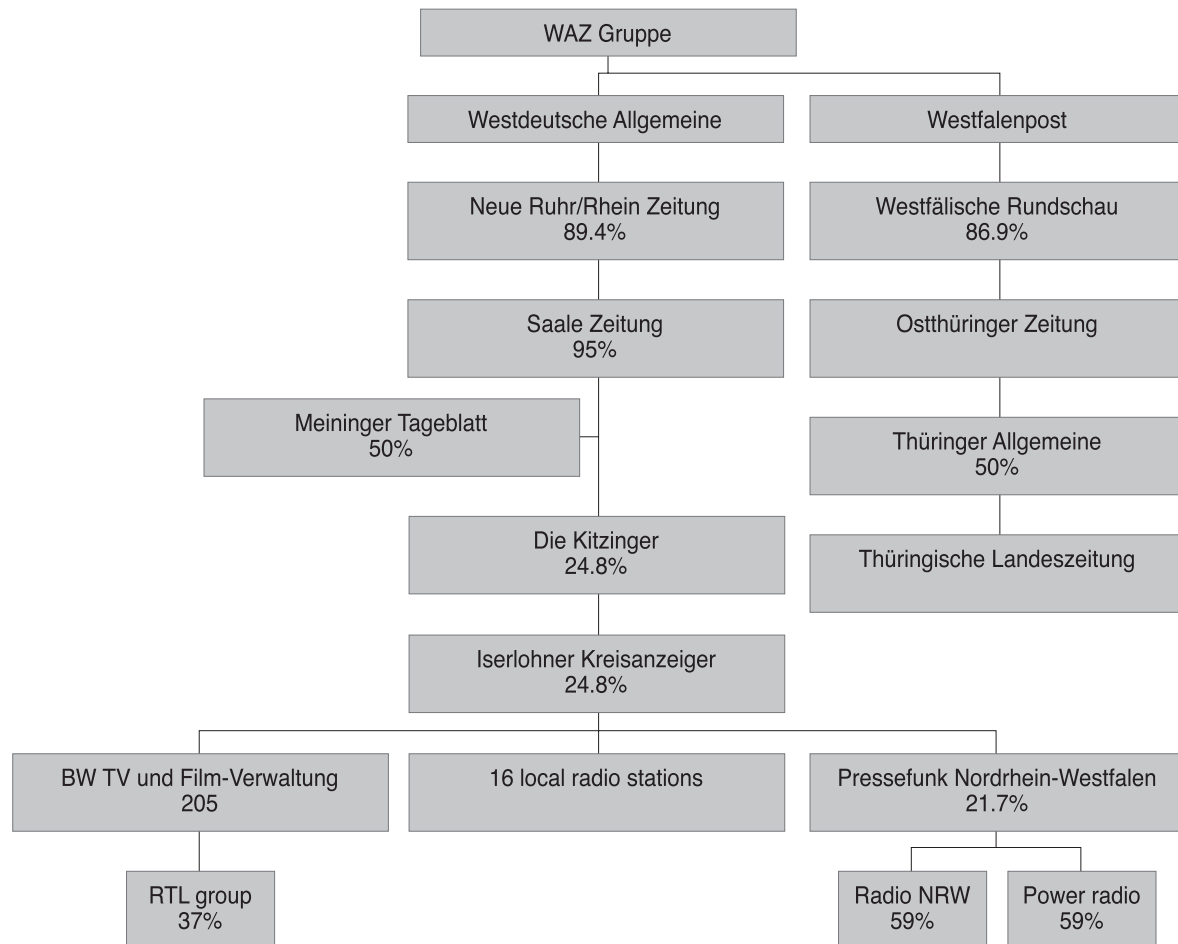
Chart 5.2: Media assets of Axel Springer AG



Note: Axel Springer AG's newspaper assets are listed at the end of this section.

In general, large newspaper groups have not extended their activities into the television sector, although companies such as Axel Springer AG, Verlagsgesellschaft Madsack and Mediengruppe Süddeutsche Verlag all have interests in television production companies that serve broadcasters at all levels of the federal television landscape. Axel Springer AG even holds a combined 11.5 per cent share in ProSiebenSAT.1 Media AG; the WAZ group is an indirect shareholder of the RTL Group.

Chart 5.3: Media assets of WAZ Gruppe



The legal restrictions on ownership have had a limiting effect on the intensity of cross-ownership strategies of local and regional press groups. The notable exception is the RTL Group, which has a wide range of interests in radio and television. In contradistinction its competitor ProSiebenSat.1 holds shares in only one regional radio station, the Berlin-based HUNDERT,6. RTL's main competitor in the radio field, the NRJ group, has chosen to concentrate on its core business in line with its pan-European strategy, holding shares only in its own marketing company, in the operating firms that have been granted a licence to broadcast under the 'NRJ' brand name and some shares (less than 3 per cent) in the radio station 'sunshine live' as well as a training facility for media professionals.

Chart 5.4: Media assets of M. DuMont Schauberg

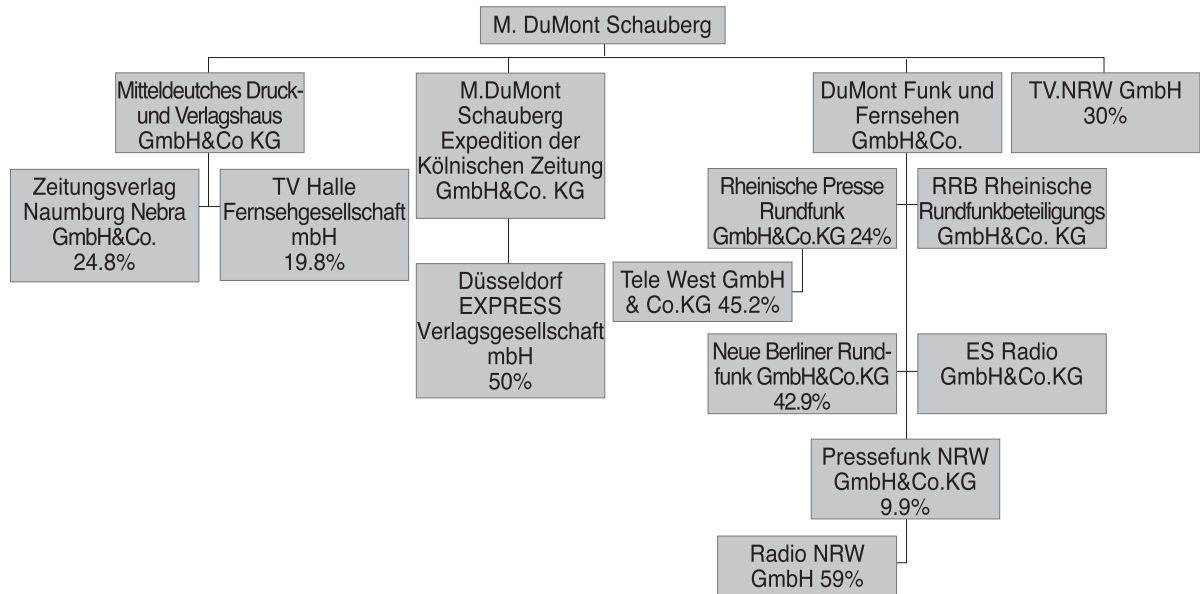


Chart 5.5: Media assets of Pro Sieben SAT.1

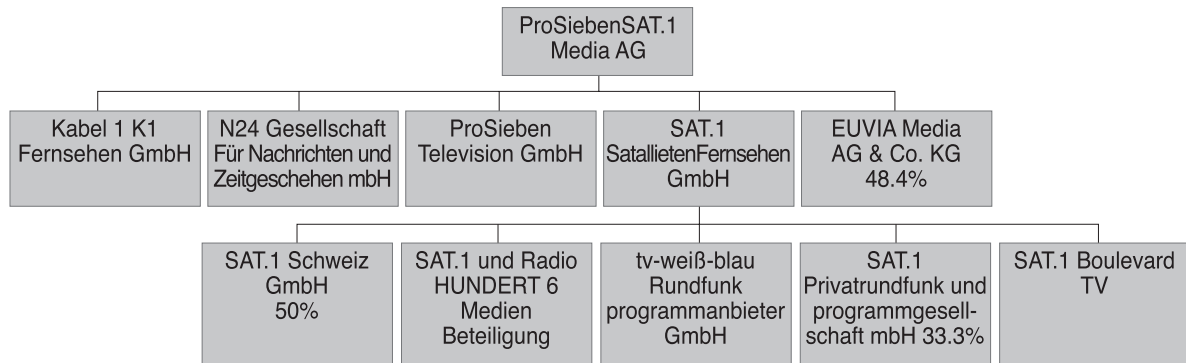


Table 5.18: Main newspaper titles market shares and groups in Germany, second quarter 2003

	<i>Circulation</i>	<i>Market share (%)</i>
<i>Axel Springer AG</i>		
Bild	3,997,990	13.9
Hamburger Abendblatt	290,965	1.0
Die Welt	253,129	0.9
B.Z.	224,285	0.8
Ostsee Zeitung	181,046	0.6
Berliner Morgenpost	161,017	0.6
Bergedorfer Zeitung	20,086	0.1
Elmshorner Nachrichten	11,407	0.0
Total	5,139,925	17.9
<i>Georg von Holtzbrinck GmbH & Co KG</i>		
Saarbrücker Zeitung	176,770	0.6
Handelsblatt	149,247	0.5
Main Post & Fränkisches Volksblatt	147,523	0.5
Südkurier	145,835	0.5
Der Tagesspiegel	143,741	0.5
Lausitzer Rundschau	136,259	0.5
Trierischer Volksfreund	102,040	0.4
Potsdamer Neueste Nachrichten	11,359	0.0
Pfälzischer Merkur	9,876	0.0
Total	1,022,650	3.6
<i>Gruener+Jahr AG und Co KG</i>		
Sächsische Zeitung	317,689	1.1
Berliner Zeitung	204,453	0.7
Berliner Kurier	126,973	0.4
Morgenpost für Sachsen	102,022	0.4
Total	751,137	2.6
<i>Stuttgarter Zeitung Verlagsgesellschaft mbH & Co.</i>		
freie presse	376,681	1.3
Südwestpresse	338,754	1.2
Die Rheinpfalz	249,980	0.9
Stuttgarter Zeitung, Stuttgarter Nachrichten, Fellbacher Zeitung	207,704	0.7
Märkische Oderzeitung	113,722	0.4
Hohenloher Tagblatt	15,153	0.1
Pirmasenser Zeitung	14,361	0.0
Tauber Zeitung	6,327	0.0
Total	1,322,682	4.6
<i>Verlagsgesellschaft Madsack GmbH & Co KG</i>		
Hannoversche Allgemeine Zeitung und Neue Presse Hannover	384,080	1.3
Göttinger Tageblatt	48,975	0.2
Aller Zeitung / Wolfsburger Allgemeine	36,981	0.1
Schaumburger Nachrichten	16,994	0.1
Total	487,030	1.7

<i>Verlagsgruppe Frankfurter Allgemeine Zeitung GmbH</i>		
Frankfurter Allgemeine Zeitung	407,944	1.4
Märkische Allgemeine	190,746	0.7
Frankfurter Neue Presse	97,647	0.3
Total	696,337	2.4
<i>Verlagsgruppe M. DuMont-Schauberg</i>		
Kölner Stadtanzeiger + Kölnische Rundschau	395,291	1.4
Mitteldeutsche Zeitung	295,954	1.0
Express	195,906	0.7
Total	887,151	3.1
<i>Verlagsgruppe Münchener Zeitungsverlag et al. (Ippen-Gruppe)</i>		
Münchener Merkur	283,644	1.0
Hessisch / Niedersächsische Allgemeine	261,554	0.9
Tz	154,458	0.5
Oberbayrisches Volksblatt	74,140	0.3
Westfälischer Anzeiger	47,853	0.2
Oranienburger Generalanzeiger	32,394	0.1
Kreiszeitung, Syke	31,206	0.1
Altmark-Zeitung	28,253	0.1
Lüdenscheider Nachrichten	17,936	0.1
Rotenburger Kreiszeitung	12,091	0.0
Schongauer Nachrichten	9,675	0.0
Allgemeine Zeitung und Isenhagener Kreisblatt	6,318	0.0
Vlothoer Anzeiger	5,390	0.0
Leine Deister Zeitung	5,287	0.0
Wildeshauser Zeitung	3,108	0.0
Fehmarnsches Tageblatt	2,397	0.0
Heiligerhafener Post	2,201	0.0
Total	977,905	3.4
<i>Verlagsgruppe Süddeutscher Verlag GmbH</i>		
Süddeutsche Zeitung	448,556	1.6
Südthüringer Zeitung und Freies Wort	136,400	0.5
Frankenpost	76,213	0.3
Neue Presse, Coburg	30,037	0.1
Vogtland-Anzeiger / Vogtlanpost	11,753	0.0
Total	702,959	2.4
<i>Zeitungsgruppe WAZ</i>		
Westdeutsche Allgemeine Zeitung / Westfälische Rundschau / Neue Ruhr/Neue Rhein Zeitung	1,087,351	3.8
Westfalenpost		
Ostthüringer Zeitung / Thüringische Landeszeitung / Thüringer Allgemeine	430,226	1.5
Saale-Zeitung	15,980	0.1
Die Kitzinger	6,323	0.0
Total	1,539,880	5.4

Note: This table provides a list of the daily newspapers, which are clearly attributable to one of the ten largest newspaper publishing groups in Germany (the criterion for such attribution was a share of stock of more than 50 per cent per title). Including both regional and national newspaper titles, a total is calculated for each group that states its share of the total newspaper market in the second quarter of 2003. The size of the total newspaper market during that period, as measured by the number of newspapers circulated, was 28,760,000 newspapers per day.

Table 5.19: Radio broadcasting assets (group) ranked by ownership share 2003

<i>Radio station</i>	<i>Listeners</i>	<i>Amount of stock (%)</i>	<i>Share of national market %</i>
<i>RTL group</i>			
RTL Radio	773,000	100.0	1.0
104.6 RTL Berlin	600,000	100.0	0.5
Hit-Radio Antenne Sachsen	474,000	48.9	1.0
BB Radio	715,000	40.0	1.0
Hit-Radio Antenne	1,273,000	36.0	1.5
Berliner Rundfunk 91!4	378,000	30.0	0.5
Radio Hamburg	571,000	29.2	1.0
Radio Regenbogen	915,000	27.6	1.0
Hit-Radio Brocken	342,000	25.1	0.5
Project 89,0	291,000	25.1	0.5
Antenne Mecklenburg-Vorpommern	665,000	24.0	1.0
Radio 21	187,000	16.8	0.5
Antenne Thüringen	713,000	16.7	1.0
radio NRW	3,910,000	16.1	5.5
Antenne Bayern	2,450,000	16.0	3.5
Rock-Antenne	-	16.0	-
Radio 7	612,000	6.7	1.0
Radio TON regional	268,000	2.0	0.5
big.fm	340,000	-	0.5
Total#			22.0
<i>Axel Springer AG</i>			
Radio Hamburg	571,000	36.4	1.0
Radio RSH	943,000	17.3*	1.5
Antenne Bayern	2,450,000	16.0	3.5
Rock-Antenne	-	16.0	-
Hit-Radio FFH	1,924,000	12.5	3.0
planet radio	316,000	12.5	0.5
radio ffn	1,437,000	7.7	1.5
radio NRW	3,910,000	7.3	5.5
Antenne Mecklenburg-Vorpommern	665,000	-*	1.0
Total#			17.5
<i>Hubert Burda Media Holding GmbH & Co. KG</i>			
Ostseewelle	257,000	61.3	0.5
BB Radio	715,000	37.5	1.0
Antenne Bayern	2,450,000	16.0	3.5
Rock-Antenne	-	16.0	-
big.fm	340,000	10.0	0.5
BLR Rahmenprogramm	-	12.8	-
Hit-Radio Antenne	1,273,000	7.6	1.5
Hit-Radio FFH	1,924,000	3.4	3.0
planet radio	316,000	3.4	0.5
HIT-RADIO RPR Eins	1,171,000	0.4	1.5
RPR Zwei	705,000	0.4	1.0
Radio 21	187,000	-*	0.5
Total#			13.5

<i>Verlagsgesellschaft Madsack</i>			
Hit-Radio Antenne	1,273,000	20.0	1.5
Hit-Radio Brocken	342,000	19.0	0.5
Project 89,0	291,000	19.0	0.5
Radio ffn	1,437,000	11.8	1.5
Antenne Thüringen	713,000	10.0	1.0
HIT-RADIO RPR Eins	1,171,000	8.7	1.5
RPR Zwei	705,000	8.7	1.0
Radio 21	187,000	-*	0.5
Total#			8.0
<i>Radio Schleswig Holstein KG GmbH & Co.</i>			
94.3 r.s.2	726,000	43.0	1.0
Radio PSR	1,184,000	30.3	1.5
RSA	295,000	30.3	0.5
Radio NORA	245,000	25.3	0.5
Radio Wir von hier	123,000	24.4	<0.5
Oldie 95,0	97,000	16.3	<0.5
Antenne Mecklenburg-Vorpommern	665,000	10.9	1.0
Radio SAW	1,106,000	10.0	1.5
Rockland Sachsen-Anhalt	83,000	10.0	<0.5
delta radio	232,000	9.0	<0.5
Total#			7.0
<i>Nordwest Medien GmbH & Co. KG</i>			
94.3 r.s.2	726,000	50.0	1.0
alster radio	173,000	49.6	<0.5
Radio SAW	1,106,000	32.1	1.5
Rockland Sachsen-Anhalt	83,000	32.1	<0.5
Radio PSR	1,184,000	9.8	1.5
RSA	295,000	9.8	0.5
radio ffn	1,437,000	5.2	1.5
Hit-Radio Antenne	1,273,000	4.0	1.5
Radio Wir von hier	123,000	3.8	<0.5
Total#			8.3
<i>Ippen-Gruppe</i>			
Landeswelle Thüringen	413,000	37.0	0.5
Radio Wir von hier	123,000	24.4	<0.5
Radio Melodie	416,000	20.0	0.5
Antenne Thüringen	713,000	11.1	1.0
Hit-Radio FFH	1,924,000	9.4	3.0
planet radio	316,000	9.4	0.5
radio ffn	1,437,000	5.8	1.5
Total#			7.3
<i>Medien Union GmbH</i>			
Makaria	-	100.0	-
Landeswelle Thüringen	413,000	38.5	0.5
sunshine live	434,000	27.4	0.5
HIT-RADIO RPR Eins	1,171,000	24.5	1.5
RPR Zwei	705,000	24.5	1.0
Radio TON regional	268,000	23.2	0.5
Radio Regenbogen	915,000	9.9*	1.0
Rockland Radio	168,000	9.6	<0.5
big.fm	340,000	-*	0.5
Berliner Rundfunk 91!4	378,000	-*	0.5
Total#			6.3

<i>Frank Otto Medienbeteiligungs GmbH & Co. KG</i>			
Radio 95,0	97,000	51.0	<0.5
98.8 KISS FM	236,000	50.2	<0.5
delta radio	232,000	14.4	<0.5
Radio Hamburg	571,000	3.1	1.0
Energy Sachsen	312,000	-*	0.5
Total#			2.3
<i>NRJ GmbH</i>			
Energy 103,4 Berlin	411,000	82.6	0.5
Energy 97,1 Hamburg	144,000	56.0	<0.5
sunshine live	434,000	2.9	0.5
Energy Sachsen	312,000	-*	0.5
Total#			1.8
<i>Oschmann-Gruppe</i>			
Radio Melodie	416,000	62.5	0.5
BLR Rahmenprogramm	-	32.0	-
Ostseewelle	257,000	17.5	0.5
Total#			1.0

Note: This table provides a list of the different radio stations that the most prominent German radio groups are involved in, excluding local radio broadcasters. An asterisk () indicates that the company holds an unspecified amount of indirect stocks in the station cited. The ownership share values consider both direct and indirect shareholdings. As it is common for several of these groups to hold shares in one specific radio station, without any one of them having a controlling stake in the company, an unequivocal attribution of channels to one group only would not have been possible in many cases. Omitting these stations from the analysis would, on the other hand, have led to an underestimation of the involvement that the groups cited have in the regional and national radio markets. Therefore the list includes the same station multiple times where more than one group had an ownership share in this station (e.g. Radio Wir von hier is listed both as an asset of Nordwest Medien GmbH & Co. KG, which holds 3.8 per cent of shares and of the Ippen-Gruppe and Radio Schleswig Holstein KG GmbH & Co. which both hold 24.4 per cent of shares). In calculating market share sub-totals for each group, every station has been fully attributed to each of the groups having an interest in it. The resultant sub-totals can therefore provide an indication only of the share of the national radio market that the group may influence, but not necessarily control, which means that they do not provide a reliable measure of concentration. Also, because of the way that the sub-totals have been calculated, bringing them together in one sum total would greatly exaggerate the market share controlled by the groups cited, as the market share of any one radio station might enter into the equation more than once, depending on shareholder structure, and thus raise the sum total. Therefore, no such figure has been provided. Market shares below 0.5 per cent have been accorded a fixed value of 0.25 per cent for purposes of the calculation of market share sub-totals per group.*

Indicative values only.

Source: KEK, RMS, company reports, company websites

Conclusion

The regional newspaper market in Germany is calculated as having low degrees of concentration. The lack of a comparatively strong market leader and the small shares enjoyed by the newspaper groups leads to a market with low rates of concentration.

Table 5.21: Summary

<i>Germany</i>	<i>Television</i>	<i>Radio</i>	<i>Regional press</i>	<i>National press</i>
3 top companies (by market shares)				
1	ARD	ARD	Axel Springer	Axel Springer
2	RTL	RTL	WAZ	SZV
3	PRO. 7	-	SZV	VFAZ
Number of generalist public television service channels	3	-	-	-
Number of commercially funded channels with above 5% market share	3	-	-	-
Number of public service radio stations	-	58	-	-
Number of titles	-	-	381	8
C3	90.9	56.8*	27.9	87.4

*Note: Market share calculations for Germany include both national and regional newspapers. This is of significance only with regard to the market leader, which has two national titles (accounting for 14.8 per cent of the national market), while the remaining four groups only have regional newspapers. * See explanatory note on German radio in the comparative section of this report.*

The television sector, however, is highly concentrated with four groups dominating the sector. The key commercial broadcasters have almost an equivalent market share for their channels and these are complemented with a strong performance of the public broadcasters ARD and ZDF. Highly complex ownership patterns in the radio sector make an assessment as to the exact degrees of concentration extremely difficult; however, according to the C3 calculation the degree of concentration remains moderately high.

5.2 Summary of ownership rules

The regulation of media ownership in Germany is provided by both sector-specific regulation and general competition law. The specific approach deals exclusively with broadcasting, whilst the general competition law encompasses both the newspaper and broadcasting industries.

Television

The relevant provisions applicable to nationwide private broadcasters are laid down in Chapter III of the Interstate Treaty on Broadcasting (Rundfunkstaatsvertrag), sections 26 et seq. The system is

designed to prevent the emergence of a single broadcaster obtaining a predominant influence over public opinion in order that viewers have access to plural sources of information. These rules apply to national television broadcasters. A different set of rules apply to regional and local television as well as radio broadcasters under the respective media laws of the 15 regional states.

The framework devised to ensure plurality of opinion in the commercial broadcasting sector is based on an audience share approach, which includes public and private broadcasters irrespective of which platform the services are carried on. It also includes an overall assessment of terrestrial, cable and satellite services (platform neutrality), as well as an individual company's relative market position. No distinction is made between platforms. The system employs two criteria for establishing dominance of a broadcaster over public opinion. Firstly, a broadcaster will be held to have acquired a dominant position if the total number of channels that can be attributed to a single company, directly or indirectly, on average achieves an audience share of 30 per cent or more in the course of a given year. Secondly, where the channels attributable to a company attain an annual audience share of 25 per cent and a company itself holds a dominant position in a media-relevant market. For the purposes of the Interstate Treaty, the term 'related media-relevant market' refers to markets, including advertising, radio and newspapers that are understood to exercise a substantial influence on public opinion as well as other markets in the supply chain such as production, trading in programme rights and transmission systems. When calculating the audience share threshold a bonus system is employed that grants discounts of two per cent when a broadcaster provides programming that qualifies as a 'regional window programme' and a further three per cent for the allocation of airtime granted to the window programmes of independent third parties.

Where a company is found to have an audience share of at least 30 per cent it automatically forfeits its eligibility for additional broadcasting licences (Section 26(3)). When this threshold has been reached, there are three ways to remedy such dominance: 1) a company may divest itself of shares in order to reduce its predominance over public opinion to below 30 per cent; 2) it can reduce its standing in the relevant market to make it compatible with the requirement of non-dominance; or 3) the undertaking may introduce what are called plurality building measures (vielfaltssichernde Maßnahmen). These measures include the release of airtime to independent third parties and the setting up of a programme advisory committee. If the broadcaster fails to reach an agreement with the regulator on how its dominant position can be reversed or, where such an agreement has been reached, if the company subsequently fails to implement the measures in due time, the regulator is entitled to revoke the licences of as many channels attributable to the company in question as is necessary to reduce its share of the audience below the 30 per cent threshold.

In order to prevent a predominance over public opinion developing, the Interstate Treaty foresees, under Section 26(5) that broadcasters of general and special interest channels with a focus on information have to make available to independent third parties a set amount of airtime if their share of the total audience exceeds ten per cent. These so-called 'window programmes' have to last at least 260 minutes per week, 75 minutes of which are to be broadcast between 7 and 11.30 p.m. The window has to be made available within six months of a relevant channel obtaining a ten per cent audience share or more. The same rule applies for broadcasting groups whose channels collectively attain a market share of 20 per cent or more. Failure to comply with these provisions of the Interstate Treaty can lead to the withdrawal of the broadcaster's licence (or a number of licences depending on the circumstances).

The notion of a 'related media-relevant market' introduced under Section 26(2) addresses the problem of vertical market integration in the industry. According to this provision, a dominant influence on public opinion will be presumed where a company with an audience share of at least 25 per cent exercises a dominant position in such a 'related media-relevant market', or if an assessment of its overall standing in the television and related markets suggests that it can exercise an influence comparable to that of a company with 30 per cent of the television market. In this context, the existence of a dominant position in a 'related media-relevant market' has to be substantiated through competition law, according to which dominance exists where a company is not exposed to competition at all, or only to an insignificant degree, or where it holds an extraordinary position in the market relative to its competitors.

Competition law

Under the Act Against Restraints of Competition (Gesetz gegen Wettbewerbsbeschränkungen GWB), there is a general obligation to notify the relevant authority of mergers prior to their completion if:

- Both the undertakings involved had a combined worldwide annual turnover of more than € 500 million during the business year preceding the merger; and
- At least one of the undertakings concerned had a domestic annual turnover of more than € 25 million during that year.

Specifically with regard to media concentration, the law (Section 38(3)) stipulates that the calculation of a company's annual turnover is to be based on the actual turnover multiplied by 20 where a company is involved in editing, producing or distributing newspapers and magazines, or television or radio services. This rule also applies to companies involved in the selling of advertising time in the broadcasting sector.

This is important in so far as it effectively lowers the threshold that will make a merger between media companies subject to the control procedure provided for in the GWB, e.g. it would suffice for both companies to have a combined annual turnover of €25 million worldwide, and one of the companies to have an annual turnover of €1.25 million domestically. The threshold is lowered further where a merger affects competition with regard to the editing, production or distribution of newspapers and magazines or parts thereof, as in these cases only the latter of the two criteria - domestic annual turnover in the year preceding the merger - will determine the applicability of the merger control procedure. Here it will suffice for one of the companies participating in the merger to have had an annual domestic turnover of €1.25 million for the procedure to be invoked. By introducing this provision, the legislator has attempted to take into account the special character of local and regional newspaper markets, which show a tendency towards concentration.

ITALY

6.0 Introduction

The Italian media sector is one of the most contradictory and complex in this study. The television industry is highly concentrated and a legislative vacuum has compounded the problem of media concentration encapsulated in the protracted debate on the new Communications Bill 2003. It has one of the most concentrated television markets with two main players carving up the market on an almost equal basis. In contradistinction to the television market the radio market is far less concentrated and the press sector is one of the least concentrated in the ten countries in this report.

6.1 Media concentration

6.1.1 The daily newspaper sector

According to the Banca Dati dell'Osservatorio Tecnico newspaper register the number of daily titles published in Italy was slightly in excess of 200 in 2002. This includes national, inter-regional, regional and local newspapers markets.

An important distinction in the Italian press is between the newspapers that provide general news (among others, *Corriere della Sera* and *La Repubblica*), specialised dailies such as the business-oriented titles, of which *Il Sole 24 Ore* is an example, and the sporting dailies such as the *Gazzetta dello Sport* and *Corriere dello Sport*. By European standards Italy has relatively low rates of newspaper circulation: excluding the free sheet *Metro*, daily national newspapers sales were less than 5.9 million in 2002.

Economic development of the daily press sector in Italy has been constrained by the low interest displayed by readers and by particularly strong competition from television. By West European standards, the daily press sector in Italy accounts for a particularly low share of total advertising revenues - slightly over 20 per cent, compared to 53 per cent for the television sector in 2002. As a result, one of the central features of the structure of the Italian communications industry is the presence of a relatively weak daily press market.

The sector shows a degree of horizontal integration resulting in the combined market share of Italy's ten largest newspapers amounting to slightly more than 60 per cent of total national circulation.

Table 6.0: Italian daily press circulation market share 2002 (top ten titles)

<i>Titles</i>	<i>2002</i>	<i>2001</i>	<i>Change (%)</i>	<i>Publisher</i>	<i>Main Shareholders</i>	<i>Share (%)</i>
Il Corriere della Sera	685,519	714,397	-4.0	RCS Editori	RCS MediaGroup (100%) *	11.6
La Repubblica	623,239	651,252	-4.3	Gruppo Editoriale L'Espresso	Cir (50.1%); Carlo Caracciolo (9.0%)	10.6
La Gazzetta dello Sport	441,842	441,202	0.1	RCS Editori	RCS MediaGroup (100%)	7.5
Il Sole 24 Ore	417,001	417,080	-0.02	Il Sole 24 Ore	Confindustria (90%); Il Sole 24 Ore Spa (10%)	7.1
La Stampa	390,375	413,687	-5.6	Editrice La Stampa	FIAT (100%) **	6.6
Il Corriere dello Sport	269,278	276,890	-2.7	Corriere dello Sport	Roberto Amedeo (99%)	4.6
Il Messaggero	258,538	291,309	-11.2	Il Messaggero	Caltagirone Editore (90%)	4.4
Il Giornale	219,363	228,198	-3.9	Società Europea di edizioni	Paolo Berlusconi Fin. (58.3%); Mondadori (41.7 %) ***	3.7
Il Resto del Carlino	180,098	183,513	-1.9	Poligrafici Editoriali	Monrif (59.2 %); RCS MediaGroup (9.9%)	3.1
La Nazione	143,554	149,997	-4.3	Poligrafici Editoriali	Monrif (59.2 %); RCS MediaGroup (9.9%)	2.4
Total Top 10 titles	3,628,807	3,767,525	-3.7			61.6
Total circulation	5,887,795	6,057,403	-2.8			100

Notes:

* Among the shareholders of RCS MediaGroup, there are two entities with other major interests in the sector: the car manufacturing group FIAT (with 10.2 per cent of RCS) and Gruppo Caltagirone (with 4 per cent).

** FIAT holds its stake in La Stampa through its subsidiary Itedi Italiana Edizioni.

*** Mondadori Editori is Italy's leading magazine and book publishing group. It holds 33.1 per cent of Il Giornale directly, and 8.5 per cent indirectly through Fied. Il Giornale remains ultimately under the control of the Prime Minister Silvio Berlusconi's family. Fininvest holds the controlling stake of Mondadori Editori (50.2 per cent); the remaining 58.3 per cent of Il Giornale's share capital, previously held directly by Fininvest, was transferred to Silvio Berlusconi's brother Paolo in August 1992, when Fininvest was forced to divest its stakes in Il Giornale in order to comply with anti trust provisions contained in the Broadcasting Act No. 223/1990.

Source: Fieg 2003

As Table 6.0 shows, there are two titles with major market shares of total national sales: Il Corriere della Sera with 11.6 per cent and La Repubblica with 10.6 per cent. Both are regarded as prestigious newspapers, focusing on current affairs and politics. Whereas Il Corriere della Sera generally takes a centrist position, La Repubblica is liberal and strongly critical of the current government. Both offer, in combination with the sale of their daily titles, a large number of weekly supplements and various associated products. The combined market share of these two major titles is over 22 per cent.

Among the top ten there are three specialised titles: two sporting dailies (La Gazzetta dello Sport and Il Corriere dello Sport) and a highly respected financial newspaper Il Sole24Ore, owned by the national Industry Association Confindustria.

In terms of ownership patterns, the press sector in Italy is characterised by the presence of two major groups, which dominate the daily market: RCS MediaGroup and Gruppo Editoriale L'Espresso. The former is the publisher of the leading national newspaper, Il Corriere della Sera, as well as the third best-selling title, the leading sports title La Gazzetta dello Sport. The latter is the publisher of the country's second most popular newspaper, La Repubblica, and has a strong presence in the local sector, holding, through its subsidiary Finegil, majority stakes in more than 15 local titles, most of which are published in northern Italy.

Table 6.1: Italian daily press circulation market share 2002 (by group)

<i>Group titles</i>	<i>2002</i>	<i>Share (%)</i>	<i>Group titles</i>	<i>2002</i>	<i>Share (%)</i>
Corriere della Sera	685,559	11.64	La Stampa	390,375	6.63
Gazzetta dello Sport	441,842	7.50	Editrice La Stampa (FIAT)	390,375	6.63
RCS MediaGroup	1,127,401	19.15	Il Messaggero	258,538	4.39
La Repubblica	623,239	10.59	Il Mattino	94,851	1.61
16 local newspapers	470,514	7.99	Quotidiano di Puglia	21,924	0.37
Gruppo Editoriale L'Espresso	1,093,753	18.58	Caltagirone Editore	375,313	6.37
Il Sole 24 Ore	417,001	7.08	Il Corriere dello Sport	269,278	4.57
Sole24Ore (Confindustria)	417,001	7.08	Corriere dello Sport (Roberto Amedei)	269,278	4.57
Il Resto del Carlino	180,098	3.06	Il Giornale	219,313	3.72
La Nazione	143,554	2.44	P. Berlusconi Finanz. / Mondadori (Fininvest)	219,313	3.72
Il Giorno	79,396	1.35	Others	1,592,31	27.05
Poligrafici Editoriale (Monrif)	403,048	6.85	Total circulation	5,887,795	100

Note: Group shares are italicised.

Source: Fieg 2003

Table 6.2: Newspaper market share of groups 2002

<i>Group</i>	<i>Market share (%)</i>
RCS MediaGroup	19.2
Gruppo Editoriale L'Espresso	18.6
Sole24Ore (Confindustria)	7.1
Poligrafici Editoriale (Monrif)	6.9
Editrice La Stampa (FIAT)	6.6
Caltagirone Editore	6.4
Corriere dello Sport (Roberto Amedei)	4.6
P. Berlusconi Finanz. / Mondadori (Fininvest)	3.7
Others	27.1
Total	100.2

Source: Fieg 2003

RCS and L'Espresso hold a similar share of the daily market at around 19 per cent and their combined market share is slightly less than 38 per cent.

Table 6.3: Ownership of RCS MediaGroup

<i>Stakeholders</i>	<i>Share capital (%)</i>
Fiat Partecipazioni	10.2
Mediobanca	9.4
Gemina	9.2
Gruppo Premafin	5.1
Gruppo Caltagirone	4.0
Allied minority shareholders	16.0
Dispersed capital	42.1
Total	100

Source: Company data 2003

Table 6.4: Ownership of Gruppo Editoriale L'Espresso

<i>Stakeholders</i>	<i>Share capital (%)</i>
CIR	50.1
Carlo Caracciolo	9.0
Crespi Maria Giulia Mozzoni	2.3
Scuder Kmperv Inv.	2.1
Dispersed capital	36.5
Total	100

Note: The De Benedetti's family through their holding company COFIDE (Compagnia Finanziaria De Benedetti), holds the controlling stake of CIR.

Source: Company data 2003

The next four publishers in ranking each control a market share of between 6.4 per cent and 7.1 per cent and together represent 27 per cent of the daily press market. Only two of these companies publish more than one title: Poligrafici Editori (controlled by Monrif) is the publisher of three established inter-regional dailies; and Caltagirone Editore, a group founded and controlled by the construction sector entrepreneur Franco Caltagirone, entered the sector in the second half of the 1990s. The company controls two popular inter-regional dailies, both published in central-southern Italy as well as the

seventh leading newspaper, the Rome-based *Il Messaggero*, and the leading title among the newspapers published in the south of Italy, the Naples-based *Il Mattino*.

The combined market share of the main eight daily publishers is approximately 73 per cent. The ownership of the remaining 27 per cent is comparatively fragmented.

The Metro free sheets

The expansion of the free sheet daily newspaper titles in Italy has been impressive as the first title belonging to this genre appeared in 2000, published by Swedish publishing group MTG. At present there are three main free titles (distributed in 18 different local editions and published by three different groups, two of which are also prominent actors in the traditional daily *sector*).

Table 6.5: Italian free sheets circulation market share 2002 (top ten titles)

Titles	Local editions	Launch date	Circulation (Estimates)	Share (%) (free sheets circulation)	Publisher	Other publisher's interests in the Italian daily press	
Metro	Rome	July 2000	450,000	22.7	Metro Internat. (MTG)		
	Milan	Oct. 2000	230,000				
Leggo			220,000	40.9	Caltagirone Editore		- <i>Il Messaggero</i> - <i>Il Mattino</i> - <i>Il Quotidiano di Puglia</i>
	Rome	March 2001	810,000				
	Milan	May 2001	230,000				
	Turin	Oct. 2001	220,000				
	Naples	Nov. 2001	80,000				
	Bologna	Nov. 2001	60,000				
	Florence	Nov. 2001	60,000				
	Venice	May 2002	40,000				
	Padua	May 2002	30,000				
City	Verona	May 2002	30,000	36.4	RCS MediaGroup (90%)	- <i>Il Corriere della Sera</i> - <i>La Gazzetta dello Sport</i>	
			720,000				
	Milan	Sept. 2001	250,000				
	Bologna	Nov. 2001	60,000				
	Florence	Nov. 2001	60,000				
	Naples	Febr. 2002	80,000				
	Rome	April 2002	200,000				
	Bari	April 2002	40,000				
Padua	April 2002	30,000					
Total circulation			1,980,000	100			

Source: *Simmaco Consulting 2003*

The combined daily circulation of these three titles was estimated to have reached almost two million copies in 2002. There also appears to be evidence that rather than attracting readers away from existing titles the free sheets have actually attracted new readers.

6.1.2 The broadcasting sector

The television sector

The television sector in Italy is characterised by a highly concentrated market structure with the two dominant players, RAI and Mediaset, together running six national analogue terrestrial television channels (one of these licences is the temporary licence issued to Rete 4), and accounting for:

- Slightly less than 90 per cent of audience share.
- Roughly 85 per cent of net advertising revenues.
- About 75 per cent of overall revenues collected in the sector (including the licence fee and subscriptions to pay-TV services).

Another feature of the television sector is the abundance of free-to-air terrestrial channels, which has been an obstacle to the development of multi-channel and pay-TV. On average, Italian viewers have access to 12 free-to-air national channels as well as a further 15 local/regional channels.

Terrestrial television

At the national level, the sector consists of three public channels (RAI 1, RAI 2 and RAI 3), which compete with three channels provided by the commercial operator, Mediaset (its flagship network Canale 5, female-oriented channel Rete 4 and youth channel Italia 1).

These six national free-to-air services are complemented by some minor national networks, two of which - the news-oriented channel, La 7 (the new brand for TMC) and music channel MTV Italia (transmitting on the frequencies previously occupied by TMC 2) - have recently come under full control of the telecommunications operator Telecom Italia.

In terms of outlets, Italy has a comparatively strong local sector, with an estimated 650 local television stations. Although some of these stations belong to syndicates and share resources, most are operated by small organisations or single entrepreneurs.

Despite the large number of outlets, the development of local television has been constrained by the dominant position enjoyed by the duopoly of RAI and Mediaset, in terms of both audience and revenues shares. As a consequence, the television market has been very stable over the past decade with few signs of major swings in audience share other than the gradual decline of RAI 2's audience and the growth in audience share of Canale 5.

Table 6.6: Italian annual share of audience 1991-2003 (by channel) (%)

	1991	1996	2001	2002	2003	Change 03 / 02	Change 03/ 91 (% points)
RAI 1	21.6	23.2	23.8	23.8	23.3	-0.5	1.7
Canale 5	16.3	21.3	23.6	22.6	22.8	0.2	6.5
RAI 2	18.9	14.8	13.5	13.0	12.1	-0.9	-6.8
Italia 1	11.1	11.9	10.3	11.3	12.1	0.8	1.0
RAI 3	8.9	9.9	9.6	9.7	9.4	-0.3	0.5
Rete 4	10.5	9.1	9.4	9.0	9.1	0.1	-1.4
La 7	-	-	2.0	1.8	2.2	0.4	-
Others*	**12.6	** 9.8	7.8	8.8	9.1	0.3	-3.5
Total	100	100	100	100	100	100	

Notes:

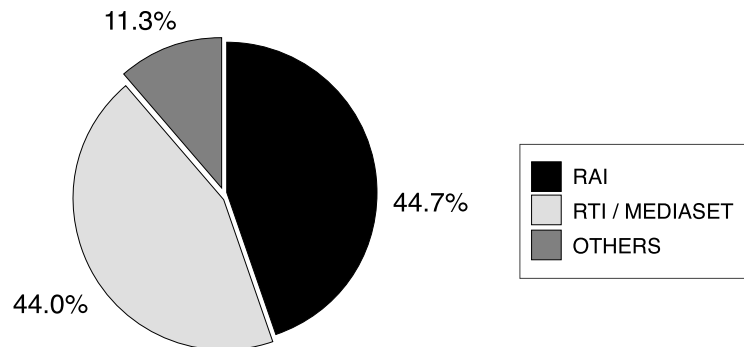
* Since January 2002, the category 'others' has been divided into 'other terrestrial' and 'other satellite.'

** Includes audience share of TMC.

Source: AGB Italia 2003

RAI and Mediaset each retain over 40 per cent of the market. In 2003 RAI had a slight edge, with a combined 44.7 per cent audience share, closely followed by Mediaset, which holds 44 per cent with its three channels. Since the end of the 1990s the gap between the two has been narrowing. Only 11.3 per cent of the national audience watch channels other than RAI or Mediaset ones; the bulk of which (8.9 per cent) is controlled by other terrestrial networks (national channels, syndications, and local/regional channels). The audience share taken by multi-channel television services is marginal at 2.4 per cent.

Chart 6.0: Italian television audience share 2003 (by group)



Source: AGB Italia 2003

Distribution

Digital terrestrial, satellite and cable television

Multi-channel television is dominated by satellite, with cable still in its infancy and digital terrestrial television expected to take off in 2004, following the recent launch of one multiplex each by RAI and Mediaset (in December 2003 and January 2004 respectively). The vast majority of households with direct-to-home satellite are converting to digital transmission. At the end of 2002, digital television households were estimated to be 11.5 per cent of total television households according to data published by the European Audiovisual Observatory.

Until spring 2003, two competing pay digital platforms, Telepiù and Stream, operated in the market, with 1,754,000 and 700,000 subscribers respectively (end-2002). The growth rate in the last few years has been slower than expected: from two million in 2000 to 2.4 million in 2002. However, these figures do not take into account what is considered to be the problem of widespread piracy, which the European Audiovisual Observatory estimates involves 2.5 million additional households. The number of broadcasters authorised by AGCOM to transmit via satellite was 55 at the end of 2002; in total there are 124 channels and services at year end 2003.

The digital satellite sector has gone through a process of horizontal integration following the merger of the two pay-TV platforms approved in April 2003, and the subsequent launch (July 2003) of the new integrated platform Sky Italia (controlled by News Corporation). By September 2003, the number of subscribers to the new platform was 2.3 million. Sky Italia plans to break even in 2004 with annual revenues of € 1.63 billion and 2.77 million subscribers (the target is to reach 3.5 million subscribers by 2006).

Table 6.7: Italian digital television services penetration and market share (end-2002)

<i>Platform</i>	<i>Households (000)</i>	<i>Percentage of Italian TV households</i>
Pay digital satellite	2,454	11.0
FTA digital satellite	100	11.8
FTA digital satellite (piracy) *	2,500	
Digital cable	113	0.51
Digital terrestrial	0	—
ADSL	2	0.01
Total digital TV households (excluding piracy)	2,554	11.5
Total digital TV households (including piracy) *	5,169	23.3
Total TV households	22,224	

Note: * Estimated.

Source: European Audiovisual Observatory 2003

Television revenues

Advertising revenues represent an extremely high percentage of revenues in the overall financial structure of the television system in Italy. This is because RAI's revenues are collected from a combination of licence (56 per cent) and advertising revenues (44 per cent) almost half of the total revenues. The licence fee is still an important revenue stream, although its share of total revenues is slowly declining (accounting for 29 per cent of total revenues in 1995). The share of revenues derived from pay-TV subscriptions in 2002 was approximately 15 per cent of overall revenues and, despite remaining a marginal source of revenues, has been steadily increasing (it accounted for only five per cent of overall revenues in 1995).

Table 6.8: Italian revenue breakdown for television sector 2002

<i>Revenue source</i>	<i>€ (Mil)</i>	<i>(%)</i>
Advertising *	3,535	61.4
RAI licence fee	1,382	24.0
Subscription	844	14.6
Total	5,762	100

Note: *Excluding commissions held by advertising sales agencies (15 per cent).

Source: AGCOM 2003

In terms of revenue breakdown by broadcaster, RAI and Mediaset are the dominant players and account for over three-quarters of overall revenues. Advertising revenues of RTI (Mediaset's fully controlled subsidiary running its three national channels) account for over 50 per cent of total television advertising income.

Outside these two players, the space left for other actors (with the partial exception of pay-TV operators) is very narrow. With advertising revenues estimated at € 420 million, the local sector (some 650 broadcasters) accounts for just 12 per cent of net advertising revenues and 7.3 per cent of total revenues collected in the television sector.

Table 6.9: Italian television revenues by broadcaster 2002 (licence fee, advertising, subscriptions)

<i>Broadcaster</i>	<i>Revenues € (Mil)</i>	<i>Change (%)</i>	<i>Market share (%)</i>
RAI	2,465	-1.1	42.8
RTI (Mediaset)	1,922	0.4	33.4
Tele + *	527	-3.4	9.1
Stream *	317	65.1	5.5
MTV Italia	43	-21.3	0.7
La 7 *	41	-7.0	0.7
Other national broadcasters **	27	-16.4	0.5
Local television	420	28.0	7.3
Total	5,762		100

Notes:

* Estimated.

** Includes Rete A, Home Shopping Europe, Elefante Tv, TBS.

Source: AGCOM 2003

Terrestrial television ownership

The Communications Bill 2003 contains a proposal for the privatisation of RAI and its transformation into a public company. The Bill also authorises the State to transfer its stake in RAI, through public tender, from 31 January 2004 onwards. No single entity is allowed to hold more than one per cent of the share capital. Mediaset is listed on the Italian Stock Exchange and Fininvest has a controlling 51 per cent stake in the company.

Table 6.10: Ownership of Mediaset

<i>Stakeholders</i>	<i>Share capital (%)</i>
Fininvest	51.0
Lehman Brothers International Europe	2.3
Albacom Investments	2.1
Dispersed Capital	44.5
Total	100

Source: Company data 2003

The two minor terrestrial free-to-air broadcasters, La 7 and Mtv Italia, are fully controlled by the telecommunications operator Telecom Italia, through its media subsidiary Telecom Italia Media (formerly Seat Pagine Gialle). Telecom Italia Media is also listed on the Italian Stock Exchange.

Table 6.11: Ownership of Telecom Italia Media

<i>Stakeholders</i>	<i>Share capital (%)</i>
Telecom Italia	56.15
JP Morgan Whitefriars	6.79
Dispersed capital	37.07
Total	100

Source: Company data June 2003

Table 6.12: Ownership of Telecom Italia

<i>Stakeholders</i>	<i>Share capital (%)</i>
Olivetti	54.94
Institutionals Italy	10.55
Institutionals Abroad	22.42
Others	12.09
Total	100

Source: Company data 2002

Satellite and cable industry ownership

On 1 October 2002, following nine months of negotiations, the merger by acquisition of the leading Italian pay-TV operator Telepiù (owned by Canal +/Vivendi Universal) for a total amount of € 920 million was announced. The merger was financed by shareholders of the second satellite operator, Stream (a joint venture between News Corporation and Telecom Italia). The new entity, Sky Italia, is controlled by News Corporation (with 80 per cent of the share capital), while the remaining stake is still in the hands of Telecom Italia.

Table 6.13: Principal shareholders of Sky Italia

<i>Stakeholders</i>	<i>Share capital (%)</i>
News Corporation	80
Telecom Italia	20
Total	100

Source: Company data

News Corporation plans to apply its successful business model for pay-TV already tested elsewhere in the world. On its digital satellite platform, Sky Italia currently offers 80 television channels and 30 radio stations to Italian subscribers.

The development of the cable industry in Italy has been seriously restrained by a number of regulatory, political and market-related factors. Attempts made in the mid- 1990s to build an extensive cable network by Telecom Italia with the launch of the so-called Socrate Plan failed. More recently, a new player, E-Biscom, is having a degree of success, providing Italian households with a combination of telephony, Internet and digital pay-television services (including video on demand) through optical fibre and Adsl technology. E-Biscom started its operations in 2000 from Lombardy and has since extended its network to the main metropolitan areas. Around 50 per cent of the share capital of E-Biscom has been listed on the Italian Technology Stock Exchange (Nuovo Mercato) since March 2000, while the remaining share capital is divided between its founder (famiglia Micheli) and its managing director.

Table 6.14: Principal shareholders of E-Biscom

<i>Shareholder</i>	<i>Share capital (%)</i>
Silvio Scaglia	34.2
Famiglia Micheli	18.7
Dispersed capital	47.1
Total	100

Source: Company data 2003

The radio sector

The Italian national radio sector consists of four licences operated by RAI, 14 commercial radio stations and several syndicates (covering the whole of the national territory through affiliated local stations).

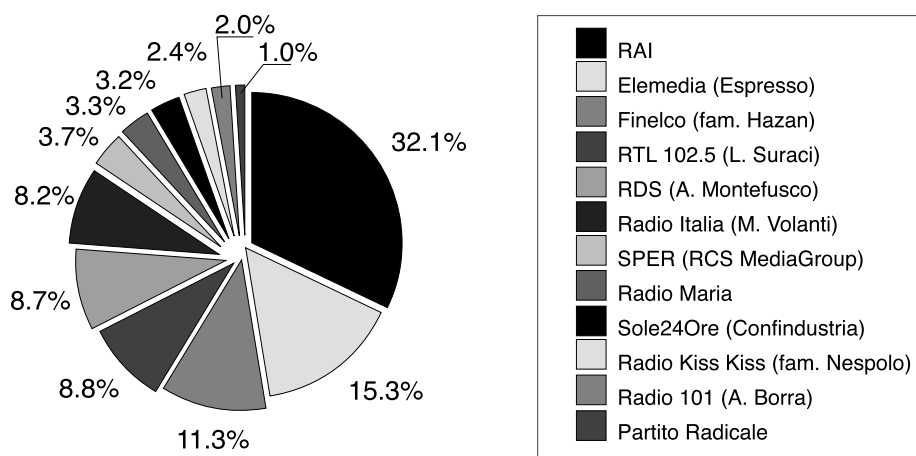
At the local level the market is highly fragmented and is estimated to include approximately 1,000 stations. These stations have a minor listener share according to Audiradio, the organisation that monitors the listener share of around 250 of these local/regional stations.

RAI is the major player in the sector (although its audience has been declining over the past few years). The national commercial sector mainly consists of music and entertainment-based radio stations, attracting young listeners. There are a few minor exceptions to this, such as the news station Radio24 - Il Sole24Ore, and some non-profit talk radio stations, such as the catholic station Radio Maria and the political party- affiliated Radio Radicale.

Table 6.15: Italian main radio stations listener share 2003

Station	2003 (listeners in the average day) 000 *	2002 (listeners in the average day) 000	% Change	Ownership
PUBLIC RADIO				
Rai Radiouno	7,114	7,860	-9.49	RAI
Rai Radiodue	4,796	5,203	-7.82	RAI
Rai Radiotre	1,997	2,096	-4.72	RAI
Isoradio	1,412	1,567	-9.89	RAI
Notturmo Italiano (hours: 00:00 – 06:00)	178	199	-10.55	RAI
NATIONAL COMMERCIAL RADIO				
Radio DeeJay	5,250	5,209	0.79	Elemedia (L'Espresso)
RTL 102.5 Hit Radio	4,248	4,267	-0.45	RTL 102.5 (L. Suraci)
RDS - Radio Dimensione Suono	4,220	4,092	3.13	RDS (A. Montefusco)
Radio Italia SMI - Solo Musica Italiana	3,933	3,872	1.58	Radio Italia (M. Volanti)
Radio 105 Network	3,257	3,168	2.81	Finelco (fam. Hazan)
RMC - Radio Montecarlo	2,185	2,176	0.41	Finelco (fam. Hazan)
RIN - Radio Italia Network	1,802	2,002	-9.99	SPER (RCS MediaGroup)
Radio Capital	1,642	1,589	3.34	Elemedia (L'Espresso)
Radio Maria	1,573	1,588	-0.94	Radio Maria
Radio 24	1,566	1,433	9.28	Il Sole 24 Ore (Confindustria)
Radio Kiss Kiss Network	1,153	1,071	7.66	Radio Kiss Kiss (fam. Nespolo)
Radio 101 (one o one)	971	989	-1.82	Radio 101 (A. Borra)
M2o	493	-	-	Elemedia (L'Espresso)
Radio Radicale	463	463	0.00	Partito Radicale
MAIN SYNDICATIONS **				
Latteriele	1,919	2,074	-7.47	Radio Latteriele
Radio Italia Anni 60	971	1,024	-5.18	Radio Italia (M. Volanti)
Radio Cuore	888	901	-1.44	Radio Cuore (Media Hit)
102.5 Radio Hit Channel	677	540	25.37	RTL 102.5 (L. Suraci)
Radio Margherita Musica Italiana	512	505	1.39	Radio Margherita

Chart 6.1: Italian radio listener share 2003 (by group, national commercial radio only, percentage of total number of 'contacts')



Source: Audiradio 2003

There are no notable examples of horizontal integration in the radio sector in terms of the number of stations owned by the same company. At the national level, the publishing-based group L'Espresso, through its subsidiary Elemedia, runs the most stations (3), followed by Finelco, RTL 102.5, Radio Italia and SPER (each with 2 stations, including syndications). Some of the major national players (Finelco, RTL 102.2, RDS) add to their flagship station, one or two local/ regional stations.

Table 6.16: Italian major Italian commercial radio groups 2003

<i>Radio Italia (R. Volanti)</i>	<i>SPER (RCS)</i>	<i>Il Sole24Ore (Confindustria)</i>	<i>Media Hit</i>
Radio Italia SMI (nat.) Radio Italia Anni 60 (synd.)	RIN-Radio Italia Network (nat.) CNRPlus (synd.)	Radio 24 (nat.)	Radio Cuore (synd.) Radio Fantastica (synd.) Gamma Radio (reg.) Radio Grifo (loc.) Radio Centofiori (reg.) Doctor Dance (synd.)

Source: Audiradio 2003

6.1.3 Cross media ownership

The Italian media market is characterised by different degrees of horizontal integration and concentration within specific sectors. This is highest in the television sector (Mediaset and RAI in the free-to-air terrestrial television market and Sky Italia/News Corporation in the pay-TV market). There is a moderate degree of concentration in the daily press market (RCS MediaGroup and Gruppo Editoriale L'Espresso) and, more generally, in publishing (Mondadori in addition to RCS e L'Espresso). Finally, there is a low degree of horizontal integration in the radio sector, though concentration measured by market share is moderately high.

In terms of cross-media integration strategies within the domestic market the prevailing pattern appears to be a growing combination between publishing and radio assets as some of the leading publishers (RCS, Il Sole24Ore) have recently moved into the radio sector, following the move of Gruppo Editoriale L'Espresso.

Chart 6.2: Italian media assets of L'ESPRESSO S.p.a.



L'Espresso entered the radio sector at the end of the 1980s, when it acquired the most popular commercial station (Radio Deejay). In the following years, it strengthened its market position through further strategic acquisitions (Radio Capital and Radio Italia, now rebranded as M2o). The move of publishing groups into the radio market has generally proved to be effective in terms of synergies.

The restrictions on cross-media ownership (publishing/television) and, furthermore, the de facto duopoly enjoyed by RAI and Mediaset in the field of terrestrial television since the mid-1980s, have prevented publishers from expanding into the television sector. More recently, some leading radio and publishing groups (Radio Deejay/L'Espresso, Il Sole 24 Ore, RTL 102.5) have moved into the multi-channel television market as packagers of digital thematic channels, but the results have not always been positive.

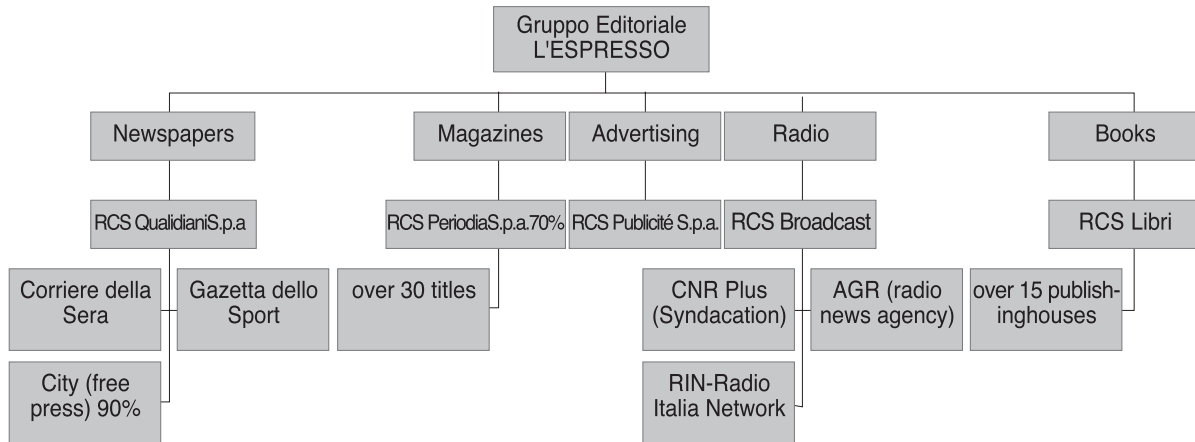
The two dominant players in the daily press - RCS MediaGroup and Gruppo Editoriale L'Espresso - have similar horizontal and diagonal integration structures:

- Both groups have their core business in publishing (specifically, in the daily press): for instance, revenues from La Repubblica account for over half of L'Espresso consolidated revenues.
- Both have moved into the radio sector and now hold significant assets in this sector (notably L'Espresso).
- Both have marginal (L'Espresso) or virtually no (RCS) interests in the television sector: L'Espresso manages one thematic digital channel Deejay Tv, launched in 2000 as a spin-off from its main radio station.

However, there are also some important differences between these companies:

- Whereas RCS is active in all publishing areas (dailies, magazines and books), L'Espresso limits its activities to dailies and magazines.
- Within the daily press sector, L'Espresso has developed a quite extensive network of local newspapers, whereas RCS is mainly active in the national newspaper market and recently moved into the growing free sheet market.

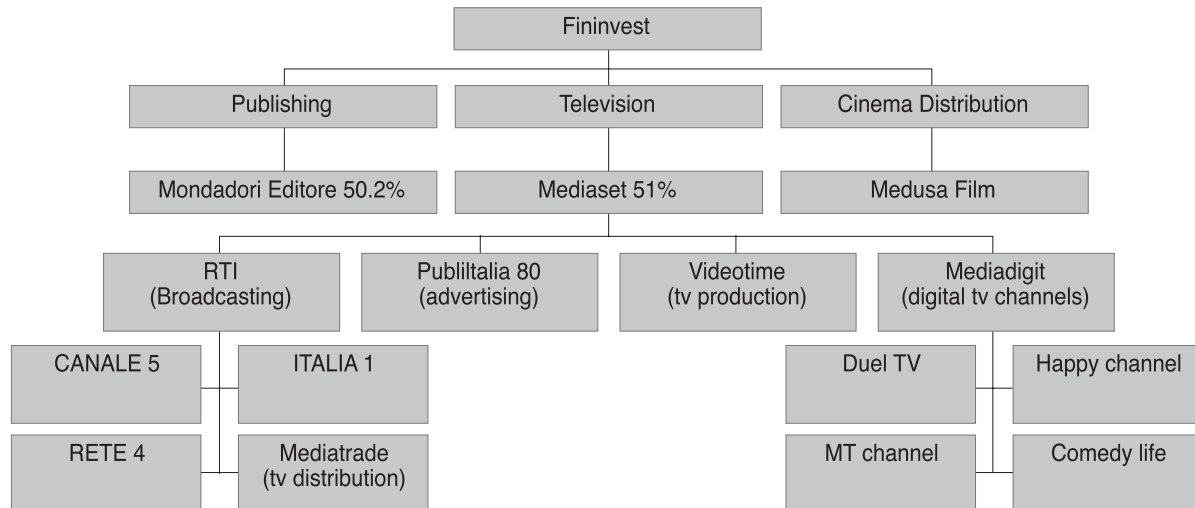
Chart 6.3: Media assets of RCS MediaGroup S.p.a.



Fininvest presents a quite different structure and range of activities compared to RCS and L'Espresso. Furthermore, despite gradual specialisation, it has substantial stakes in areas other than media and communications (e.g. in property, insurance, finance, football). It holds controlling stakes in three groups, which are market leaders in their respective sector:

- Mediaset: free-to-air commercial television group.
- Mondadori: magazine and book publishing (the group has also a fair presence in the daily press through its stake in Il Giornale).
- Medusa: cinema distribution and exhibition.

Chart 6.4: Italian media assets of Fininvest



The changes to the media ownership rules that will be introduced by the new Communications Bill if it passes through the second parliamentary debate without amendment (see below) are seen to be strongly in favour of new ownership patterns across media industries and to liberalise the sector further, based on processes of diagonal integration within the domestic market, of the largest national media groups. Il Sole24Ore estimated the value of total revenues collected in the Italian 'integrated communication system' at € 31,814 million and thus the relevant threshold fixed by the new Bill beyond which it is not allowed to go (20 per cent on total revenues) at € 6,363 million. This would mean that Fininvest, which had consolidated revenues in 2002 of € 4,880 million, would be able to increase its annual turnover by almost € 1,889 million.

Conclusion

The Italian press is one of the least concentrated in Europe and the low readership rates would suggest that the market is comparatively underdeveloped. This is supported by the fact that television dominates advertising revenues. The radio sector is moderately/highly concentrated according to the C3 calculation with no notable examples of horizontal integration.

Table 6.17: Summary

<i>Italy</i>	<i>Television</i>	<i>Radio</i>	<i>National and regional press</i>
3 top companies (by market shares)			
1	RAI	RAI	RCS
2	Mediaset	Elemedia	Gruppo Editoriale L'Espresso
3	-	Finelco	Il Sole 24 Ore
Number of generalist public service channels	3	-	-
Number of commercially funded channels with above 5% market share	3	-	-
Number of public service radio stations	-	4	-
Number of titles	-	-	204
C3	88.7*	58.7	44.8

Based on two companies.

Television, however, is a highly concentrated market and the duopoly of RAI and Mediaset is unique in European television. No other television market has two broadcasters that enjoy such a large percentage of audience shares.

6.2 Summary of ownership rules

In addition to the competition law that was introduced in Italy with the enactment of the Competition Act No.287/1990, broadcasters and publishers are subject to specific cartel legislation, intended to prevent not only the abuse, but also the creation and the maintenance of a dominant market position. The rationale lies in the need to safeguard a plural media ownership structure to guarantee free and diverse sources of information in order that public opinion can reflect a diverse range of viewpoints. The legal framework that governs the ownership rules for the press sector dates back to Law No. 416/1981 (as amended by Law No.67/1987 and by Law No. 62/2001), whereas television and radio are regulated by the Broadcasting Reform Act No. 249/1997 (legge Maccanico), which largely replaced previous broadcasting cartel legislation introduced by the Broadcasting Act No. 223/1990 (legge Mammì) - the first specific law governing private terrestrial broadcasting. Provisions dealing with cross-media concentration covering publishing and broadcasting are also contained in the Broadcasting Reform Act 1997.

Newspapers

The newspaper industry was the first sector to be subject to specific cartel law, following the enactment of the Press Law No.416/1981. The restrictions prescribed by the Law have remained substantially unchanged since its introduction.

The Act bans any single entity from controlling, directly or indirectly, daily newspapers whose combined circulation in the previous year exceeds:

- 20 per cent of the circulation of all nationwide published daily press.
- 50 per cent of the circulation of all daily newspapers published in any of the four geographic areas in which Italy is divided by the law (north-west; north-east; centre; south).

Furthermore, the Act prohibits any entity from controlling, directly or indirectly, more than 50 per cent of the total number of daily newspapers published in any of the 20 regions in Italy (provided that more than one title is published in the region).

Television

Ownership rules for television are based on a combination of two thresholds, relating to the share of the overall number of available licences and the share of revenues collected in the relevant market.

With respect to both, the Broadcasting Reform Act of 1997 introduced stricter rules than those laid down by the Broadcasting Act No. 223/1990 (declared unconstitutional by the Constitutional Court ruling 420/1994). The reforms of the ownership rules brought about by the Broadcasting Reform Act 1997 that affect national terrestrial television are as follows:

- A single subject (including RAI, the public broadcasting corporation) is prohibited from controlling more than 30 per cent of total revenues collected in the sector. Resources taken into consideration for the calculation of total revenues consist of: 1) public revenues allocated to the public service corporation through the Government; 2) national and local revenues from television advertising, sponsorship and teleshopping; 3) revenues derived from pay-TV services; 4) contractual agreements with public administrations and other public institutions.
- A single subject (excluding the public broadcasting corporation) is limited to operating, directly or indirectly, no more than 20 per cent (previously 25 per cent) of the total number of national analogue broadcasting licences issued by the Government.

(Broadcasting Reform Act, 1997, Article 2, Paragraph 8)

According to the national frequency plan issued in 1998 by AGCOM, the frequencies available for national analogue broadcasting (including the three licences issued to RAI) total 11 and no single entity may hold more than two licences (excluding the public broadcasting corporation). The major commercial television group Mediaset, operates three channels and has been granted temporary permission to continue broadcasting its third network, Rete 4. To grant this anti-concentration measure a degree of political balance, the 1997 Act also stipulated that RAI's third network should cease carrying advertising and become entirely publicly funded, once Mediaset switches off the terrestrial broadcasting frequency used by Rete4.

Further restrictions are laid down in the Broadcasting Reform Act of 1997 and specifically relate to satellite and cable television, pay-TV and to television advertising agencies. The Act also states that only subjects established in one of the EU member states (interpreted as to include EEA member states), or countries that ensure conditions of reciprocity towards Italy are entitled to hold national analogue licences for television broadcasting.

At the local level, ownership rules affecting analogue terrestrial television are stricter than those applied at the national level:

- The holder of a national television licence is prohibited from controlling a local television station.
- Only one local television broadcasting licence may be held in the same region.
- A company is allowed to hold several licences in different geographic areas as long as they are neighbouring regions and the population covered does not exceed 15 million (out of a total of approximately 57 million), with a cap of four regions in the north and five regions in the south.

Radio

The same thresholds, calculated on the basis of the number of licences and the amount of revenues for the television sector, also apply to radio:

- A single subject cannot hold more than 20 per cent of the total number of analogue broadcasting licences issued by the Government for national radio broadcasting. (The Act does, however, allow AGCOM the option to fix a limit greater than the 20 per cent share, provided that principles of pluralism and competition are safeguarded.)
- A single entity operating at national level is not allowed to exceed 30 per cent of total revenues (advertising and sponsorship) collected in the radio sector. (AGCOM has also been granted the same powers as in the above paragraph and furthermore, the provision does not apply to the holder of single station.)

Cross-media ownership rules

Italian legislation also sets down cross-ownership restrictions covering daily newspapers and national television licences.

The Broadcasting Reform Act 1997 states that a subject holding a stake in both broadcasting (radio and television) and publishing (dailies and magazines) is disqualified from controlling more than 20 per cent of the combined total revenues of the two sectors.

Article 15, paragraph 1 of the Broadcasting Act 1990 sets down further restrictions on cross-ownership of daily newspapers and television networks based on a different set of thresholds:

- A daily newspaper publisher controlling over 16 per cent of annual national circulation is prohibited from owning any national television licence.
- A daily newspaper publisher controlling over eight per cent of annual national circulation is prohibited from owning more than one national television licence.
- A daily newspaper publisher controlling less than eight per cent of annual national circulation is prohibited from owning more than two national television licences.

The current situation: the new Communications Bill

Key components of the ownership rules have not been successfully applied in the past and both relevant national television thresholds, i.e. licences and revenue, are exceeded by Mediaset and, with respect to the latter, by RAI. The transitional provisions contained in the Broadcasting Reform Act 1997 and subsequent delays (ensuring gradual implementation of the new regulation by granting temporary permission to companies exceeding the new thresholds) have given further legitimacy to the de facto duopoly established since the mid-1980s by RAI and Mediaset.

Furthermore, the Broadcasting Reform Act 1997 provided for an indefinite transitional period, whereby the law that would oblige Rete4 to switch off its terrestrial analogue service is dependent on the satisfactory development of satellite and cable reception. The task of defining what 'adequate' means has been left to AGCOM, which is obliged to establish a specific deadline for the end of the transitional period.

In its Decision 346/2001/CONS, AGCOM stated that the full adoption of the new threshold would be warranted when technical penetration of satellite, cable and digital terrestrial television reaches at least 50 per cent of Italian households. Transfer of this task to AGCOM, coupled with the fact that the 1997 Act has not specified a date for the switch-off of the channels exceeding the thresholds. With judgement No. 466 it was declared unconstitutional by the Constitutional Court in November 2002. In its ruling, the Court (referring to the AGCOM decision) fixed 31 December 2003 as the final and unconditional deadline for the migration of Mediaset's third national network to satellite and the connected issue of withdrawing advertising from the third public channel.

Two months before the Constitutional Court ruling, the centre-right Government, in power since May 2001, presented a new Communications Bill to Parliament. The Bill radically reforms and further liberalises current media ownership rules and, inter alia, contains a provision that would prevent Mediaset from switching off, at least temporarily, the analogue terrestrial transmission of its third channel Rete4. After a protracted and, at times, controversial parliamentary passage, the Bill was ultimately approved by Parliament at the beginning of December 2003, just one month before the ruling of the Constitutional Court would have come into force.

On 15 December 2003 the President of the Republic, Carlo Azeglio Ciampi, refused to sign the Bill into law. One of the reasons for rejecting the Bill was that it did not adequately deal with the issue of media pluralism, especially as it reverses the 2002 Constitutional Court ruling. At the beginning of 2004 the Bill was sent back to Parliament for further debate. It remains to be seen whether Parliament will amend it, and, if so, to what extent it will accept the President's recommendations. If the Bill passes a second time unchanged, the President will be obliged to sign it. In response to these events, the Government passed an emergency legal decree postponing for five months Rete 4's migration to satellite.

The main point of controversy relating to the new Communications Bill is the reform of the media ownership rules. In terms of licence limits the Bill postpones the enforcement of the 20 per cent threshold calculated on the total number of available analogue and digital licences for national television broadcasting (laid down by the Act 1997) until the national digital frequency plan (issued by AGCOM in January 2003) is fully implemented. With respect to share of revenue limits, the Bill repeals all previous provisions (dealing separately with individual media sectors as well as laying down restrictions on cross-ownership of broadcasting and publishing assets) and replaces them with a system based on a single anti-trust limit that is applied cumulatively for the whole communication sector: a single subject is prohibited from controlling, directly or indirectly, outlets which account for over 20 per cent of the total revenues collected in the so called 'integrated communication system'.

The umbrella term 'integrated communication system' includes a wide range of media and sectors: 1) broadcasting (radio and television); 2) any type of publishing (newspapers, magazines, books, electronic publishing); 3) cinema, television and music production and distribution; and 4) any form of advertising (including outdoor advertising). The widening of the relevant market definition has been motivated by the need to accommodate market convergence brought about by digitalisation.

LUXEMBOURG

7.0 Introduction

Luxembourg is the smallest country of the European Union's member states and has a population of 436,000. Its media industry is unique in many ways. Home to the largest European media conglomerate the RTL Group, its television sector is strongly international in character, whilst at the same time the press and radio sectors are highly domestic.

7.1 Media concentration

7.1.1 The newspaper sector

For a country of its size, Luxembourg has an extremely diverse press sector, with six dailies and various weeklies catering to the different linguistic communities. Some of these titles are published in multiple languages simultaneously. One example is the Zeitung vum Lëtzebuenger Vollek which, despite its title, contains articles in French and German. In total, four of the daily newspapers are published in German-language editions and two daily titles cater to the French-speaking population.

Table 7.0: National daily press circulation share (titles and groups) 2002 (Letzebuergish-, German- and French-speaking communities)

<i>Title</i>	<i>Daily circulation</i>	<i>Group</i>	<i>Market share (%)</i>
Luxemburger Wort	83,739	Saint-Paul Luxembourg S.A.	58.7
Tageblatt	27,081	Editpress Luxembourg S.A.	19.0
La Voix du Luxemborug	9,909	Saint-Paul Luxembourg S.A.	6.9
Le Quotidien	9,004	Editpress Luxembourg S.A.2 (50%).	6.3
Zeitung vum Lëtzebuenger Vollek	8,000	Le Républicain Lorrain (50%)	5.6
Letzeburger Journal	5,000	Kommunistische Partei Luxemburgs	3.5
Total	142,733	Editions Lëtzebuenger Journal S.A.	100

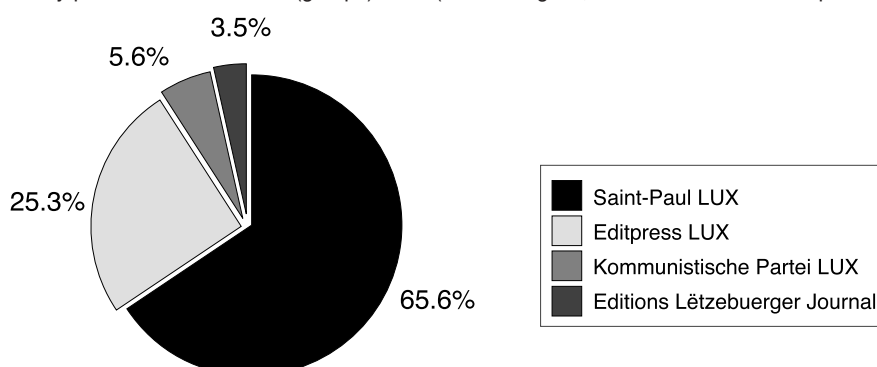
Note: Luxembourg has no agency that measures newspaper circulation. Of the six dailies, the Belgian CIM measures the circulation of the largest four.

Editpress Luxembourg S.A. belongs to the socialist trade unions OGB-L and FNCTT-FEL.

Editions Lëtzebuenger Journal S.A. belongs to the Liberal Democratic Party.

Source: Carré Blanc, CIM 2003 and company data

Chart 7.0: National daily press circulation share (groups) 2002 (Letzebuergish-, German- and French- speaking communities)



Note: Sales of Le Quotidien have been included in Editpress' market share (it holds a 50 per cent stake in the title).

Source: Carré Blanc, CIM 2003 and company data

The French-speaking community is served by two daily newspapers: Le Quotidien, established in November 2001, the Luxembourg edition of the French regional daily Le Républicain Lorrain, and its major competitor La Voix du Luxembourg, established in October 2001. The fact that both have survived in an unfavourable economic climate characterised by stagnating advertising revenues can be attributed to two factors: 1) traditionally, the amount of revenue spent on newspaper advertising has been far larger than on competing media such as television and radio; and 2) a system of direct press subsidies introduced by the law of 11 May 1976 and revised by the law on the promotion of the written press of 3 August 1998. The importance of these subsidies is illustrated by the fact that they represent up to 50 per cent of the publishers' revenues. They are complemented by indirect press subsidies in the form of subsidised postal charges.

Competition between the two French-language newspapers reflects the prevalence in the Belgian press market of two dominant companies. The first is the Imprimerie Saint-Paul press group owned by the Archbishop of Luxembourg's estate, which controls Luxembourg's largest newspaper, the Luxemburger Wort, as well as the leading French-language daily, La Voix du Luxembourg. The second group, Editpress Luxembourg, controls the second largest daily and has a 50 per cent stake in Le Quotidien (the other 50 per cent share is controlled by the French publisher Républicain Lorrain). Together, these two groups either control or have a stake in over 90 per cent of the daily newspaper market and with each extending their product range into other print activities such as magazines and weekly newspapers, they have taken steps to retain their dominant positions in the market.

Competition between these two groups demonstrates another characteristic of the daily newspaper market in Luxembourg, namely the strong ties between the titles and certain political organisations. While Imprimerie has traditionally been politically close to the country's largest political party, the Christian Social People's Party, the Editpress group is owned by two socialist trade unions, the OGB-L and the FNCTT-FEL. The remaining nine per cent of the market share is also divided along political lines with the Communist Party of Luxembourg owning the Zeitung vum Lëtzebuenger Vollek and the Lëtzebuenger Journal belonging to the Liberal Democratic Party. Political affiliation to some extent extends into the weekly market with Woxx having close ties to the Green Party.

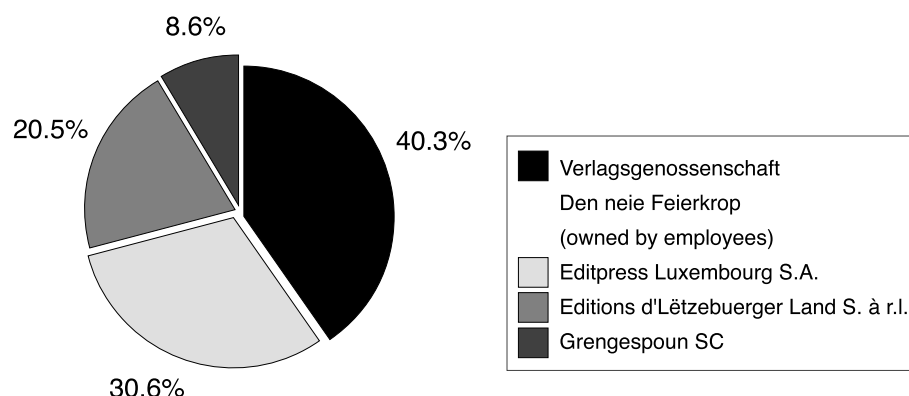
The weekly market is somewhat different from the daily market, with the independent Den neie Feierkrop holding the largest share of the market. The newspaper, which is owned by its employees, is the most widely read weekly title in Luxembourg.

Table 7.1: National circulation, weeklies (titles and groups) 2002 (Letzebuergish-, German- and French- speaking communities)

<i>Title</i>	<i>Daily circulation</i>	<i>Group</i>	<i>Market share (%)</i>
Den neie Feierkrop	14,000	Verlagsgenossenschaft Den neie Feierkrop (owned by employees)	40.3 30.6
Le Jeudi	10,609	Editpress Luxembourg S.A.	20.5
D'Lëtzebuenger Land	7,100	Editions d'Lëtzebuenger Land S. à r.l.	8.6
WOXX	3,000	Grengespoun SC	
Total	34,709		100

Source: CIM 2003, IP Luxembourg and company data

Chart 7.1: National circulation of weekly titles (groups) 2002



Source: CIM 2003, IP Luxembourg and company data

The major groups are largely active either in the daily or weekly markets and only Editpress has extended interests in both markets through its control of Tageblatt, Le Quotidien and Le Jeudi. Together, its combined newspaper assets control approximately 25 and 30 per cent of the respective markets. The major player on the daily market is Saint-Paul Luxembourg S.A through its control of the leading titles Luxemburger Wort and La Voix du Luxembourg.

Table 7.2: National daily and weeklies press market share by circulation (group) 2002 (Letzebuergish-, German- and French-speaking communities)

Group	Daily market share (%)	Weeklies market share (%)
Verlagsgenossenschaft Den neie Feierkrop	-	40.3
Saint-Paul Luxembourg S.A.	65.6	-
Editpress Luxembourg S.A.	25.3	30.6
Editions d'Letzebuenger Land S. à r.l.	-	20.5
Grengespoun SC	-	8.6
Kommunistische Partei Luxemburgs	5.6	-
Editions Letzebuenger Journal S.A.	3.5	-

Source: CIM 2003, IP Luxembourg and company data

7.1.2 The broadcasting sector

The television sector

Unlike most other European countries, Luxembourg does not have a state-funded public service broadcaster since the country's small population renders it effectively impossible to sustain such an organisation economically. Likewise, the market has been too small to finance a private broadcaster providing Letzeburgish programming for the entire country.

Given the lack of natural economies of scale the Luxembourg government signed an arrangement with CLT (Compagnie Luxembourgeoise de Télédiffusion) granting the broadcaster an exemption from the obligation to pay a frequency levy in return for providing a public service terrestrial radio and television service in Letzeburgish. The agreement, which was signed in 1995, expires in 2010 and may be renewed at the end of this period. During the term of the agreement, the Government has committed itself to grant broadcasting licences only to companies that do not intend to compete with the services offered by CLT, which merged with Bertelsmann in 1997 to form CLT-UFA.

The television sector in Luxembourg is, as a result, dominated by the RTL Group with its television service in Letzeburgish being the most popular with viewers. The channel is complemented by a number of RTL channels that target overseas audiences in Germany (RTL, RTL II) and Belgium (RTL-TVi), which, rank second and eleventh in terms of audience share. On average, RTL commands about 28 per cent of viewing shares on any given day.

Table 7.3: Television audience market share 1998-2003 (%)

<i>Channel</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>
RTL Télé Lëtzebuerg	15.5	14.3	13.9	15.5	12.7	11.99
RTL Television	11.0	9.9	9.8	11.2	11.3	11.03
TF1	9.4	8.6	10.0	9.4	8.8	8.66
ZDF	6.1	7.1	5.6	6.2	6.8	7.32
ARD	7.6	7.1	6.6	6.8	6.7	6.99
PRO 7	9.4	7.5	8.1	7.6	6.6	6.78
SAT 1	6.2	4.4	6.3	5.5	5.2	5.23
M6	4.0	5.4	4.4	4.1	4.8	5.23
RTPi	5.4	7.1	7.0	5.1	4.2	4.52
France 2	2.9	-	3.2	3.3	4.2	3.81
RTL 2	2.9	4.4	4.0	3.9	3.0	3.13
RTL-TVi			2.0	1.8	2.2	2.06
Eurosport			2.0	1.7	1.9	2.01
France 3				1.8	1.8	1.75
MTV				1.6	1.6	1.62
La Une				1.2	1.5	1.50
Others	19.6	24.4	17.10	13.3	16.7	16.37
Total	100	100.20	100	100	100	100

Source: ILReS TV 2003

A large percentage of the television channels received in households are services provided by the major French and German broadcasters. The German public service broadcasters ARD and ZDF, together with PRO 7 and Sat.1, and the continental version of MTV, account for about 28 per cent of viewer share. French channels TF1, M6, France 2, France 3, Eurosport and the Belgium-based La Une enjoy a total 23 per cent audience share.

Table 7.4: Market share based on languages 2003

<i>Services</i>	<i>Market share (%)</i>
RTL Group (total)	28.2
German-language services	27.9
French-language services	23.0
RTPi and Others	20.9

Note: RTL includes German- and French-language services attributable to RTL. The German-language services category only includes ZDF, ARD, PRO 7, SAT.1 and MTV.

Source: ILReS TV 2003

The final 21 per cent of the market is held by the Portuguese public service broadcaster RTP's international service and a range of other, predominantly foreign channels. Although there are a limited number of private channels offering alternative services to RTL within Luxembourg's borders, these have failed to attract any significant audience share, due to the strong position of RTL and the limited possibilities for generating revenues.

Under the current state of affairs, RTL enjoys a quasi-monopoly in the national broadcasting market. Although foreign channels have an important role to play in terms of audience share, they have not shifted the economic imbalance in the national market in any significant way as none of the foreign broadcasters offers tailor-made advertising windows targeting the local population. This means that the advertising market remains firmly in the hands of RTL, which, according to company data, has an average advertising share of 57 per cent.

Table 7.5: Breakdown of Luxembourg television market per group (2002)

<i>Group</i>	<i>Market share %</i>
RTL Group	28.21
ProSieben Sat.1 Media AG	12.01
TF1	10.67
M6 group	5.23
Viacom	1.62
Foreign public service broadcasters*	25.89
Others	16.37
Total	100

Note: *Foreign public service broadcasters category includes the international version of the Portuguese public service broadcaster RTP.

Source: Various

The dominance of RTL is likely to increase if it is awarded the second television broadcasting licence it has requested for RTL Télé Lëtzebuerg in order to allow for the retransmission of its programming during different time slots throughout the day, simultaneously increasing the amount of advertising time it will be able to offer to the advertising industry.

Distribution

Satellite and cable television

Table 7.6: Delivery source for television services 2003

	<i>Households (Mil)</i>	<i>Percentage</i>
Cable	0.14	79.7
Satellite	0.03	18.6
Terrestrial	0.0	1.2
Total	0.17	100

Note: The number of households passed in Luxembourg was 96 per cent at the end of the year 2002 according to a government study.

Source: SES Astra 2003

The majority of households in Luxembourg receive television services via cable; terrestrial reception plays a small role in the delivery of television to households. Furthermore, the CLT-UFA GROUP and its RTL channels, the majority of which are targeted at foreign markets, currently occupy all of the terrestrial frequencies that have been assigned to television transmission.

Table 7.7: Terrestrial broadcasting licences in Luxembourg 2003

<i>Programme (country targeted)</i>	<i>Frequency</i>	<i>Channel</i>	<i>Locale</i>	<i>Licensee</i>
RTL-Television (D)	189.25	7	Dudelange	CLT-UFA S.A.
RTL 9 (F)	471.25	21	Dudelange	CLT-UFA S.A.
RTL 5 (NL)	471.25	21	Hosingen	CLT-UFA S.A.
RTL TVI (B)	495.25	24	Dudelange	CLT-UFA S.A.
RTL Télé Lëtzebuerg	519.25	27	Dudelange	CLT-UFA S.A.
Club RTL (B)	631.25	41	Kirchberg	CLT-UFA S.A.
RTL 4 (NL)	695.25	49	Kirchberg	CLT-UFA S.A.

Source: ILR 2002

Luxembourg is also home to SES Astra, a subsidiary of the world's largest satellite operator, SES Global.

Table 7.8: Shareholders of SES Global 2003

<i>Shareholder</i>	<i>Shares (%)</i>
<i>A shares</i>	
GSH Global Satelliten-Beteiligungs-Holding GmbH (100% Deutsche Telekom AG)	7.21
DT-Satelliten-Holding-GmbH (100% Deutsche Telekom AG)	5.94
Loran Telecommunications S.A.	3.81
Dresdner Bank Luxembourg S.A.	3.07
Deutsche Bank Luxembourg S.A.	2.68
Luxempart S.A.	2.27
Rebelco S.A.	1.7
Audiolux S.A.	1.36
Commerzbank AG	1.34
Banque Générale de Luxembourg S.A.	1.05
Private and other A shareholders	1.82
A shares held as FDRs	20.35
<i>B shares</i>	
BCEE	5.44
SNCI	5.44
Grand Duchy of Luxembourg	5.79
<i>C shares</i>	
GE Capital total holding	25.12
State Street Bank & Trust Company	5.61
Total	100

Source: Company data 2003

Cable network ownership

The cable industry in Luxembourg is highly fragmented, with a total of 83 operators, divided into ten private companies, 24 municipalities and 49 civic initiatives. Despite the large number of actors in the national market, the bulk of the networks are in the hands of five private companies. The largest of these is Eltrona, which operates in 34 municipalities. It has a monopoly in 25 and shares the market with other operators in a further nine. While Eltrona serves the greatest number of municipalities and is thus widely represented throughout the country in geographical terms, its competitor Coditel dominates the market in the country's capital, where it faces competition from Eltrona and the third major player in the market, Siemens. Coditel and Siemens compete for subscribers in another three local markets each, while they enjoy monopolies in 15 (Coditel) and four (Siemens) markets respectively. Konz et Cie SA and Sogel hold monopolies in some minor local markets, but do not play a major role on the national level.

Table 7.9: Main cable operators December 2002

<i>Operator</i>	<i>Subscribers</i>	<i>Market share (%)</i>	<i>Group</i>
Eltrona	57,000	35.0	P&T Luxembourg
Coditel	41,100	25.0	Altice One (France)
Siemens	32,900	20.0	Siemens (Germany)
Sogel	8,200	5.0	Sogel SA
Konz et Cie SA	8,200	5.0	Konz et Cie SA
Others	16,600	10.1	Various
Total	164,500	100.1	

Note: Coditel belongs to the French Altice One Groupe to which it was sold in September 2003 by a consortium consisting of French industrial and services group Suez and Sofinim, a specialist private equity subsidiary of Ackermans & Van Haaren.
Source: Company data, ILR estimates

Development of the advertising market

Luxembourg experienced exponential growth in terms of advertising revenue from the mid-1990s to 2000, with the growth rate hitting double digits in 2000. This growth, however, has more recently slowed and in 2002 a deficit was recorded.

The major sectors to suffer have been periodicals, weeklies and television. At the same time radio, cinema and leaflet advertising have shown growth in the face of negative overall performance.

Table 7.10: Change in advertising revenue per medium 2001-2002 (000s)

	<i>2001</i>	<i>2002</i>	<i>Change (%)</i>
Dailies	64,483	64,095	-0.6
Weeklies	18,607	16,816	-9.6
Periodicals	6,005	5,153	-14.2
Radio	14,300	16,149	12.9
Television	8,915	8,248	-7.5
Outdoor	2,336	2,406	3.0
Cinema	1,086	1,226	12.9
Leaflets	4,099	4,375	6.7
Total	119,831	118,468	-1.1

Source: PUBLINVEST 2002

Despite daily newspapers showing a modest decrease during this period they continue to attract more than half of advertising revenue in the country. Television, on the other hand, attracted just seven per cent of gross advertising revenues during the same period, which, according to a study by Carat Crystal, was about 32 percentage points below the European average during the year.

Table 7.11: Share of advertising revenue (selected media) 2002

	€ 000s	Share of total advertising revenues (%)
Dailies	64,095	54.1
Television	8,248	7.0
Others	46,125	38.9
Total	118,468	100

Source: PUBLINVEST 2002

As far as television advertising is concerned, RTL's local channel RTL Télé Lëtzebuerg enjoys an effective monopoly, amassing 99 per cent of national television advertising revenues.

The radio sector

Although foreign broadcasters play a significant role in the Luxembourg television sector, the country's radio sector is far more domestically oriented. This means that national services offered by RTL Radio Lëtzebuerg are even more dominant than its corresponding equivalent in the television sector, attaining on average a market share of more than 50 per cent of listeners. Furthermore, domestic competition is much stronger than in the television industry, with national stations (other than Radio Lëtzebuerg) attaining a market share of 26 per cent. This includes the commercial broadcasters DNR, Eldorado (music) and Radio Latina (a minority programming targeted at the Portuguese community), as well as the Government's only initiative in the broadcasting industry, RSC 100.7, which is organised as a public undertaking, and claims three per cent of listener share on average. There are currently 17 local broadcasters, using limited transmission capacity of 100 kW, which means that they can effectively serve a territory of about 2km in diameter only. Licences for these services are awarded to non-profit organisations only (Section 17(1) of the Law on Electronic Media).

Table 7.12: Radio listener market shares (stations) 2003

Radio station	Group	Market share (%)
RTL Radio Lëtzebuerg	RTL	52.1
DNR	Imprimerie Saint-Paul	8.5
Eldorado	Luxradio s.à.r.l. (RTL 33%)	7.4
Local stations		3.3
RSC 100,7	Public undertaking	2.8
Radio ARA	Alter Echos s.à.r.l.	0.5
Radio Latina	Imprimerie Saint-Paul	3.7
Total FR and BE stations	Various foreign	10.2
Total DE stations	Various foreign	11.7
Total		100

Source: ILReS Radio 2003

The remaining 22 per cent of the market is held by foreign radio services broadcasting in French and German. Unlike the television industry, the radio sector in Luxembourg is firmly in the hands of domestic companies, with local radio stations demonstrating an ability to cater to their communities' needs, despite the lack of strong financial backing.

In terms of group share of the radio market only three broadcasters enjoy an audience share over five per cent. Luxradio has a 7.4 per cent market share and the only other significant actor, with the exception of the RTL Group, is the Imprimerie Saint-Paul group. The three groups together control 72.3 per cent of the market.

Table 7.13: Luxembourg radio market (group listener shares) 2003

<i>Group</i>	<i>Market share (%)</i>
RTL Group	52.08
Saint-Paul	12.13
Luxradio s.à.r.l.	7.40
Local stations	3.26
Luxembourg state	2.75
Alter Echos s.à.r.l.	0.46
Foreign	21.92
Total	100

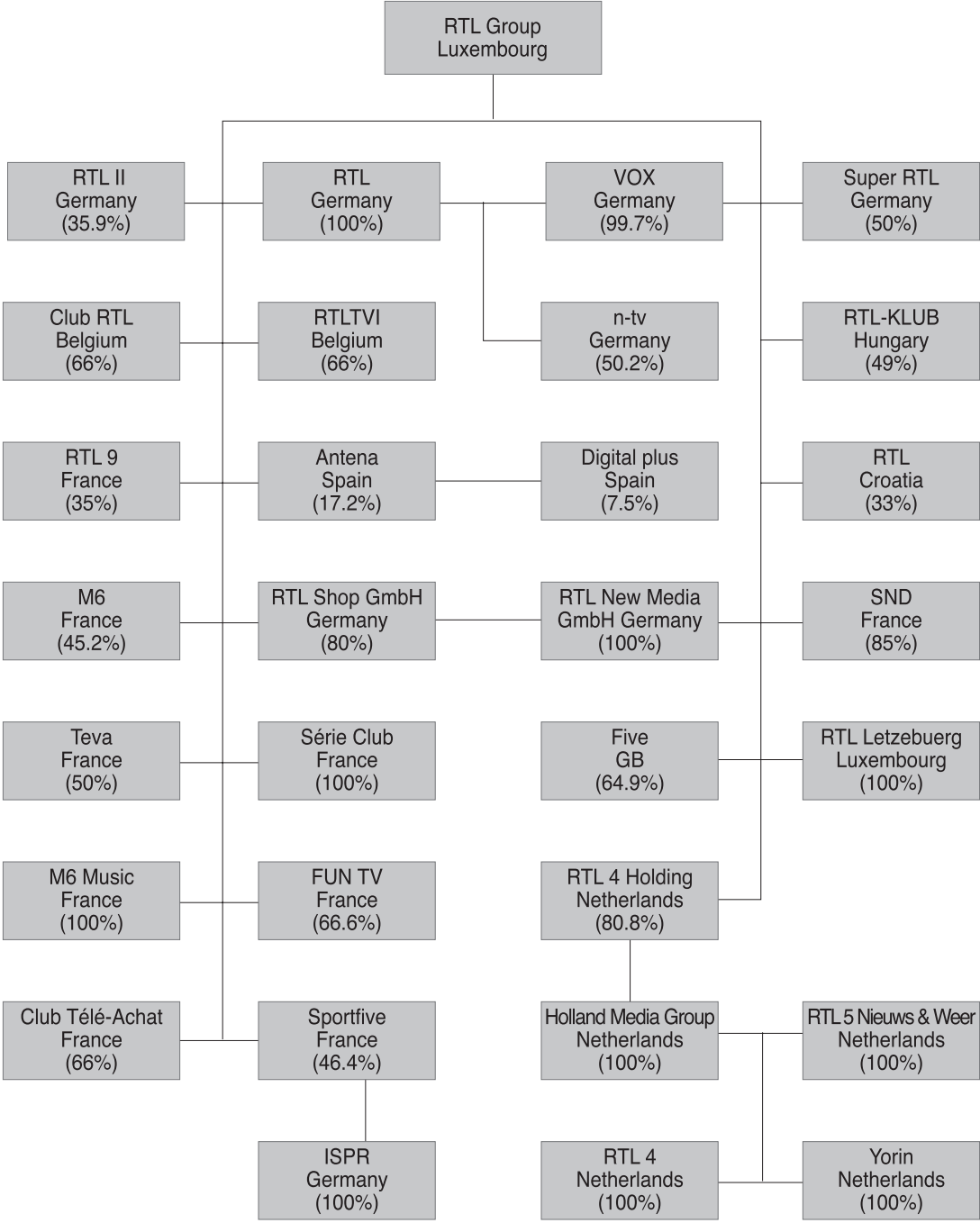
Source: *Company reports, Hirsch 2002*

7.1.3 Cross media ownership

In terms of ownership the media is divided between electronic and print media. The country's largest newspaper group, Imprimerie Saint-Paul, owns two commercial radio stations, Den Neie Radio and Radio Latina. The publishing houses in general tend to concentrate their resources on press-related activities such as printing services, layout and marketing. In the audiovisual sector CLT-UFA is the dominant force, controlling the majority of the market in both the radio and television industries, with its leadership position being markedly more pronounced in radio broadcasting where there is less competition from French and German companies.

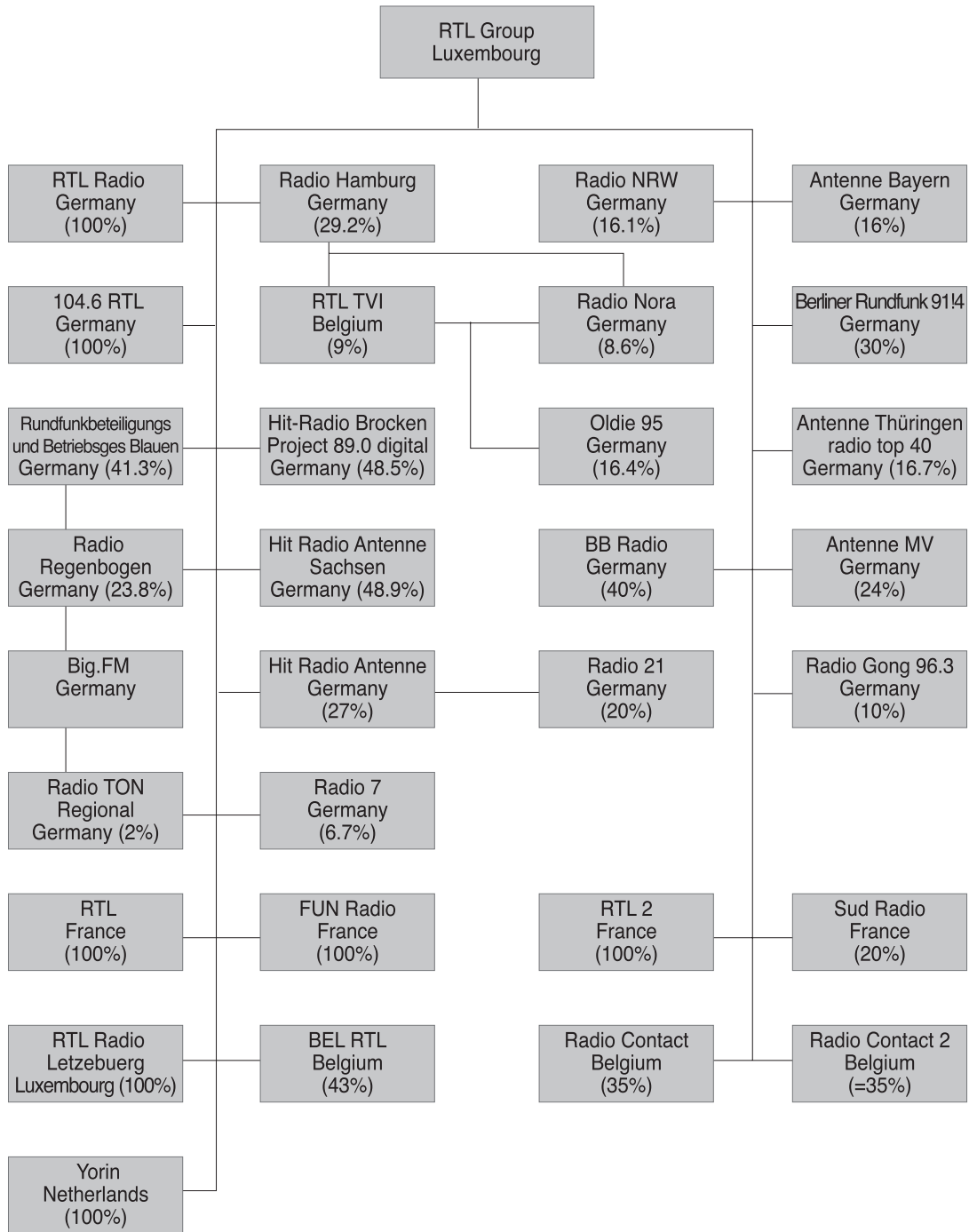
Following CLT-UFA's increasingly international strategy brought about by the Bertelsmann merger, domestic radio operators have succeeded in acquiring a fair share of the market, while in the television industry competition still comes solely from outside the country's borders. Foreign interest in the domestic market in terms of ownership is absent mainly due to low revenue margins - the result of the small market. In this light, the ownership of 50 per cent of the country's second largest French-language newspaper by the regional French daily *Le Républicain Lorrain* has to be viewed as a retreat from a market which has proved to be economically unsuccessful rather than a strong commitment to continue operations in light of diminishing market shares. While the current structure of the press market is likely to remain in place due to the state-funded system of press subsidies, there might be some future consolidation in the television market with the RTL Group placing a bid for the TV Tango licence, should the company go out of business.

Chart 7.2: RTL Group assets (television)



Source: Company reports and FORMATT

Chart 7.3: RTL Group assets (radio)



Source: Company reports and FORMATT

The regional press sector in Luxembourg is highly concentrated according to the C3 calculation and if each linguistic market is considered this score is even higher. Due to the small newspaper market and even considering the state subsidies to the industry there is little to challenge the dominant position of the two leading groups and it is one of the most extreme examples of concentration in the press market in the countries included in this report.

Table 7. 14: Summary

<i>Luxembourg</i>	<i>Television</i>	<i>Radio</i>	<i>Regional press</i>
3 top companies (by market shares)			
1	RTL	RTL	Saint-Paul Luxembourg
2	-	DNR	Editpress Luxembourg
3	-	RSC	Kommunistische Partei
Number of generalist public service channels	-	-	-
Number of commercially funded channels with above 5% market share	1	-	-
Number of public service radio stations	-	1	-
Number of titles	-	-	6
C3	-	71.6	96.5

The television sector is dominated by RTL and although there is Luxembourg based alternatives to RTL these have failed to attract any significant percentage of the audience. The only real competition to RTL comes from broadcasters from France and Germany and the international service of the Portuguese public service broadcaster RTP. The radio sector is far more domestically focused than television with a range of nationally based radio stations. The sector remains highly concentrated and RTL's position in the radio sector is largely unchallenged with its nearest competitor enjoying a fourth of RTL's market share.

7.2 Summary of ownership rules

In the press sector, a state-funded system of subsidies was established in 1976 which supports a variety of newspapers serving the country's various linguistic communities, including the substantial Portuguese expatriate community which constitutes 13 per cent of the population. In general, government policy focuses on enabling schemes, and the regulatory framework reflects this. There are no limits on media concentration, except for a restriction on ownership of radio networks. Section 18(2) of the Law on Electronic Media of 1991, as modified by the Law of 2 April 2001, states: 'No moral or physical person may own parts in more than one society having been granted the permission to distribute a programme via a radio network, nor may he or she hold more than a 25 per cent share of such a society or of its voting rights, including indirect participation'.

Since 2001 there has been some discussion on how to modify the somewhat outdated legislative framework, especially with a view to fostering a more sustainable media environment by revising the advertising regime which today acts to preserve the dominance of newspapers in the advertising market. The current debate about reform, however, has not raised the issue of media concentration.

THE NETHERLANDS

8.0 Introduction

The Netherlands is only one of two countries in this report that has both mature national and regional daily newspaper markets. With a population of a little over 16 million it represents a middle sized market in relative terms. Its regional and national press sectors are highly concentrated with three players dominating the markets. The television sector is also highly concentrated and three main players, including the public service broadcaster, RTL/HMG and SBS are largely unchallenged in terms of competition from other operators. The radio market is less concentrated than both the newspaper and television markets despite the fact that the public service radio stations perform strongly in this sector.

8.1 Media concentration

8.1.1 The newspaper sector

The newspaper market in the Netherlands has a mix of national and regional titles as well as free sheets. There are seven national and 21 regional titles distributed daily. The newspaper with the largest circulation is the popular De Telegraaf, which has an 18.3 per cent market share, and is by far the widest read title distributed in the Netherlands. Although there is a wide range of titles available there is a high degree of concentration as there is significant chain ownership.

Table 8.0: Daily national and regional newspaper market circulation 2002

<i>Title</i>	<i>Circulation</i>	<i>Market share (%)</i>	<i>Owners</i>
De Telegraaf*	767,175	18.3	NV Holdingmaatschappij De Telegraaf
Haarlems Dagblad/Leidsch Dagblad/De Gooi & Eemlander	129,885	3.1	NV Holdingmaatschappij De Telegraaf
Limburgse Dagblad & Dagblad De Limburger	234,830	5.6	NV Holdingmaatschappij De Telegraaf
Noordhollands Dagblad	155,838	3.7	NV Holdingmaatschappij De Telegraaf
Algemeen Dagblad*	313,942	7.5	PCM Uitgevers NV
De Dordtenaar	31,932	0.8	PCM Uitgevers NV
De Volkskrant*	326,124	7.8	PCM Uitgevers NV
Het Parool	87,734	2.1	PCM Uitgevers NV
NRC Handelsblad*	265,321	6.3	PCM Uitgevers NV
Rijn en Gouwe	32,209	0.8	PCM Uitgevers NV
Rotterdams Dagblad	101,436	2.4	PCM Uitgevers NV
Trouw*	123,663	2.9	PCM Uitgevers NV
BN/De Stem	142,410	3.4	Wegener NV
Brabants Dagblad	155,396	3.7	Wegener NV
De Gelderlander	190,480	4.5	Wegener NV
De Twentsche Courant Tubantia	137,751	3.3	Wegener NV
Eindhovenens Dagblad	121,984	2.9	Wegener NV
Goudse Courant	14,021	0.3	Wegener NV
Haagsche Courant	107,578	2.6	Wegener NV
IJssel Dagbladen Combinatie	152,917	3.6	Wegener NV
Provinciale Zeeuwse Courant	63,038	1.5	Wegener NV
Utrechts Nieuwsblad/Dagblad Rivierenland/Amersfoortse Courant	117,991	2.8	Wegener NV
Dagblad van het Noorden	180,220	4.3	Noordelijke Dagblad Combinatie BV
Leeuwarder Courant	113,714	2.7	Noordelijke Dagblad Combinatie BV
Reformatorisch Dagblad*	59,350	1.4	Reformatorisch Dagblad BV
Nederlands Dagblad*	33,419	0.8	Nederlands Dagblad BV
Friesch Dagblad	21,624	0.5	Friesch Dagblad Holding BV
Barneveldse Krant	11,376	0.3	Koninklijke BDU Uitgeverij
Total	4,193,358	100	

Note: * Indicates national titles.

Source: CvdM 2003

There is a strong regional and local press industry, with regional titles outselling national titles despite the strong market position of the national De Telegraaf. There is also a strong daily free sheet sector with two titles: the Metro as well as one produced by the Telegraaf group; both are second only to the Telegraaf in terms of circulation.

Table 8.1: Circulation of daily newspapers total 2002

Type of Newspaper	Circulation	Share (%)
Regional	2,304,364	54.9
National	1,888,994	45.1
Total	4,193,358	100

Source: CvdM 2003

PCM Uitgevers NV controls the largest share of circulation in the national press sector with four national daily titles, whilst Wegener NV specialises in the regional press sector where it is the dominant player.

Table 8.2: Group market share of national newspaper market 2002

Group	Share (%)
PCM Uitgevers NV	54.5
NVHoldingmaatschappij De Telegraaf	40.6
Reformatorisch Dagblad BV	3.1
Nederlands Dagblad BV	1.8
Total	100

Source: CvdM 2003

Three groups - NVHoldingmaatschappij De Telegraaf, PCM Uitgevers NV and Wegener NV - control all the major paid-for titles published in the Netherlands and have significant market power, with a combined market share of 90 per cent. Excluding the free sheets, the top four groups control 97 per cent of market share of all regional and national daily circulation.

Table 8.3: Newspaper group market share 2002 (regional and national)

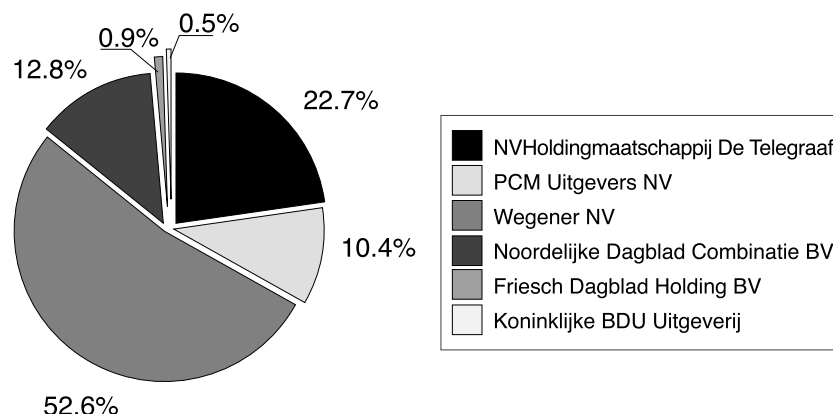
Group	Group titles circulation	Share (%)
NVHoldingmaatschappij De Telegraaf	1,287,728	30.7
PCM Uitgevers NV	1,282,361	30.6
Wegener NV	1,203,566	28.7
Noordelijke Dagblad Combinatie BV	293,934	7.0
Others	125,769	3.0
Total	4,193,358	100

Note: Excludes free sheets and business press.

Source: CvdM 2003

The dominance of the three actors is unequivocal at both the regional and national levels. With the dominance of two publishers in the national market and the presence of Wegener NV in the regional market there is little room for these companies to expand in the newspaper market without breaching the 33.3 per cent threshold set by the industry itself.

Chart 8.0 Netherlands regional press market share (group)



Source: CvdM 2003

8.1.2 The broadcasting sector

The television sector

The Netherlands has extremely high levels of cable penetration covering about 91 per cent of households. The major three broadcasters are the public broadcaster Publieke Omroep, RTL/de Holland Media Groep and SBS. RTL 4 and Nederland 2 are the most popular channels, although the SBS channels have grown over the past seven years and the company has become a major operator in the Dutch television industry.

The television market is also dominated by free-to-air television services and public finance and advertising remain the most significant sources of revenues for the industry.

Table 8.4: Audience share of television broadcasters 2002

Channel	Audience share (%)	Group
Nederland 1	12.4	Publieke Omroep
Nederland 2	17.0	Publieke Omroep
Nederland 3	8.2	Publieke Omroep
RTL4	17.1	RTL/HMG
RTL5	4.8	RTL/HMG
Yorin	5.5	RTL/HMG
SBS6	10.5	SBS
Net 5	5.3	SBS
V8	3.8	SBS
TMF	0.3	MTV Europe
MTV NL	0.5	MTV Europe
The Box	0.2	Viva Media AG
Discovery channel	0.9	Discovery Networks Europe
National Geographic	0.4	National Geographic Channel Netherlands
Eurosport	0.4	TF1
Fox Kids	0.2	Walt Disney
Veronica	0.2	Veronica Holding
Public regional	2.0	Regional public service broadcasters
Other	7.9	-
Video	2.9	-
Total	100.5	

Source: CvdM 2003

Eight channels have an audience share over five per cent and these are complemented by V8, with a 3.8 per cent market share as well as smaller niche channels. The nine channels together enjoy approximately 85 per cent of audience share. The main nine channels are grouped together and there are three main operators: Publieke Omroep, RTL/HMG and SBS. The public broadcaster has a complex structure with three channels comprised of eight broadcasting associations as well as a number of smaller organisations that qualify for concessions to produce programming and Publieke Omroep, which is responsible for the collective programming, news and major events.

Table 8.5: Audience share (prime time) of main channels (%)

<i>Channel</i>	<i>1995</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002*</i>
Nederland 1	11.8	11.5	11.6	12.8	13.6	13.1	12.4	12.4
Nederland 2	15.8	14.2	14.4	16.8	13.5	17.5	17.0	17.0
Nederland 3	11.7	10.5	10.0	10.3	10.2	9.1	7.5	8.2
RTL4	26.2	23.2	21.3	18.0	16.6	15.1	15.5	17.1
RTL5	7.1	5.2	3.1	3.9	3.7	4.2	4.4	4.8
Yorin	-	-	-	-	-	.1	5.4	5.5
SBS6	-	5.5	8.0	10.1	10.6	10.4	10.4	10.5
Net 5	-	-	-	-	2.5	4.1	3.8	5.3
V8								3.8
Others	27.4	22.8	23.0	16.6	17.0	16.2	21.8	15.4

Note: * 2002 based on 18-24 hours.

Source: NOS and CvdM 2003

channel share for the public broadcaster has remained fairly stable since 1995 with the exception of Nederland 3, which has seen a decline. The most significant trend has been the reduction in audience share of the RTL/HMG channels (RTL 4 and 5 and Yorin) and the growth of SBS6.

Table 8.6: Television broadcasting group share of audience 2002

<i>Group</i>	<i>Share (%)</i>
Publieke Omroep	37.6
RTL/HMG	27.4
SBS	19.6
MTV Europe	0.8
Viva Media AG	0.2
Discovery Networks Europe	0.9
Others	13.8
Total	100.5

Source: CvdM 2003

The public broadcaster Publieke Omroep has the largest market share with 37.6 per cent of the audience and is followed by the RTL/HMG group of channels despite their declining audience share. The SBS group of channels has developed into a strong competitor to RTL/HMG. Together, the two commercial groups have 47 per cent audience share.

Television revenues

RTL 4 enjoys the largest share of commercial revenues and the three RTL/HMG channels outperform their competitors with 38.6 per cent of the advertising spend on television in 2002. The public broadcasters enjoy a mixed funding formula, which includes state funding and commercial revenues. As a result, their share of advertising revenue is 24.1 per cent. SBS 6 also performs well with 16.3 per cent

of advertising television revenues.

Table 8.7: Television sector gross advertising channel share

<i>Channel</i>	<i>2002 (%)</i>	<i>2001 (%)</i>	<i>Group</i>	<i>2002 (%)</i>
Nederland 1	7.2	7.7	PBS	24.1
Nederland 2	10.5	9.4		
Nederland 3	6.4	6.5		
RTL4	25.1	21.9	RTL/HMG	38.6
RTL5	3.4	4.4		
Yorin	10.2	12.8	SBS	16.3
SBS6	16.3	17.3		
Net 5	9.8	-		
V8	4.2	-	Others	21
Other	6.9	20		
Total	100	100		100

Note: Others category in 2001 is comparatively high as it includes Net 5 and V8.

Source: STER 2003 and Het Media-Instituut 2003

Distribution

Satellite and digital terrestrial

Satellite development is hindered by the high degree of cable penetration. Canal+ is the only satellite operator to offer a choice of channels via Canal Digitaal Satelliet, which offers approximately 200 channels, including all the free-to-air channels.

The DTT licence was awarded to the Digitenne consortium in 2002. This consists of KPN Telecom, Nozema and a group of broadcasters who constitute Vestra. The channel offering includes the major broadcasters Publieke Omroep, HMG, SBS and Canal+. The service was launched in a limited area of the Netherlands in April 2003 and carries 24 television channels and 16 radio stations, the majority of which are also available through traditional delivery systems.

The ownership structure of Digitenne mirrors the range of operators involved in the service and a complex mix of public and commercial undertakings control the venture.

Cable

The high penetration of cable in the Netherlands (estimated at 91-2 per cent of households) means that cable distribution is the dominant delivery system and franchises are based on a regional structure with one operator in each cable area.

Table 8.8: Cable subscription and market share

<i>Company</i>	<i>Households (000s)</i>	<i>Share (%)</i>	<i>Company</i>	<i>Households (000s)</i>	<i>Share (%)</i>
UPC	2,336	37.7	Kabelnet Veendam V	12	0.2
Essent	1,656	26.7	CAI Uithoorn	11	0.2
Casema	1,330	21.5	CAI Edam Volendam	11	0.2
MultiKabel	299	4.8	KTV Krimpen and IJssel	11	0.2
Zekatel	147	2.4	KTV Brabant Gelderland	11	0.2
COGAS/KTMO	74	1.2	CAI Pijnacker	8	0.1
CAI Westland	61	1.0	CAI Albrandswaard	7	0.1
Nutsbedrijven Maastricht	57	0.1	KTV Waalre	7	0.1
REKAM	45	0.7	Kabeltex	5	0.1
Alkmaarse	41	0.7	OKEM	5	0.1
ONS CAI Schiedam	35	0.6	Doomse CAI	3	0.1
Kabel Noord	25	0.4	CAS Hilverenbeek	3	0.1
CAI Harderwijk	15	0.2	CAI Borculo	3	0.1
CAI Brunsum	14	0.2	CAI Bleiswijk	3	0.1
CAI IJsselstein	13	0.2	Iveka	-	
			CAI Aalsmeer	-	
			Total	6,195	100

Source: CvdM 2002 (original TNO-STB)

The major operators UPC, Essent and Casema control 85.9 per cent of the cable market with the other 28 operators sharing the rest. The majority of franchises, however, have subscription levels of below one per cent of market share.

Television ownership

The RTL/HMG Group is owned by the German pan-European broadcasting group RTL and has sought to circumvent Dutch national broadcasting law by claiming its legal base for Dutch operations lies outside of Dutch territorial boundaries in Luxembourg.

SBS is the second largest commercial broadcasting group and has grown into a viable competitor to the RTL-branded channels. SBS S.A. is a US company and owns 70 per cent of SBS B.V with the remaining 30 per cent held by the Telegraaf group.

Table 8.9: Ownership of SBS

<i>Shareholder</i>	<i>Share (%)</i>
UPC	21
Harry E Sloan	11
Janus Capital Corp.	9
EnTrust Capital Inc.	8
CanWest Global Communications	7
Capital Research & Management	6
State Farm Insurance Companies	6
Others	32
Total	100

Source: Nordicom 2003

The radio sector

The radio sector in the Netherlands is characterised by a range of operators and a strong presence for the public broadcaster, at both national and regional levels. There is a variety of national public and commercial stations as well as local ones. In total the CvdM has recorded some 368 radio stations. The public radio stations are prominent in terms of their market share and the sector as a whole is divided on a 46/54 split between public and commercial operators.

Table 8.10: Radio stations catering for Dutch listeners 2002

<i>Type</i>	<i>Number</i>
National public stations	6
National commercial stations	15
Regional public radio stations	13
Regional commercial radio stations	47
Local public radio stations	287
Total	368

Source: CvdM 2003

The most popular radio stations are Sky Radio (13.2 per cent) followed by Radio 538 (9.9 per cent). The public radio stations Radio 1, 2 and 3FM all have a healthy market share of between 8.6 and 10.4 per cent and the public service radio services collectively retain a large part of the listener share.

Table 8.11: Audience share radio 2002

	<i>Listener share (%)</i>	<i>Owners</i>
Radio 1	8.6	Public
Radio 2	10.4	Public
3FM	9.7	Public
Radio 4	1.5	Public
747 AM	0.9	Public
ConcertZender	-	Public
Regional Public	14.8	Public
Total PSB	45.9	
Sky Radio	13.2	News Corporation
Radio 538	9.9	Vrije Radio Omroep Nederland
Radio 10 FM	7.4	Wegener
Noordzee FM	4.3	Talpa Beheer
Yorin FM	3.6	RTL Group
Classic FM	3.0	Classic FM / News Corporation
Arrow Classic Rock	1.7	Mediad
Radio Nationaal	1.8	Bizned
Kink FM	0.3	Vereniging Veronica
Business Nieuws Radio	0.2	Hal Investments /W. Sijthoff
Radio 192	0.1	Ranoweb
Total commercial	54.1	
Other national operators	5.7	
Regional commercial operators	2.9	
Total	100	

Source: CvdM 2003

A range of operators provide commercial radio services. Although there are some cross-media interests including those of RTL (Wegener sold off its radio assets in 2003), there are additional operators including News Corporation, which owns Sky Radio and has a 50 per cent stake in Classic FM with the UK-based radio group Classic FM plc (GWR) controlling the remaining shares.

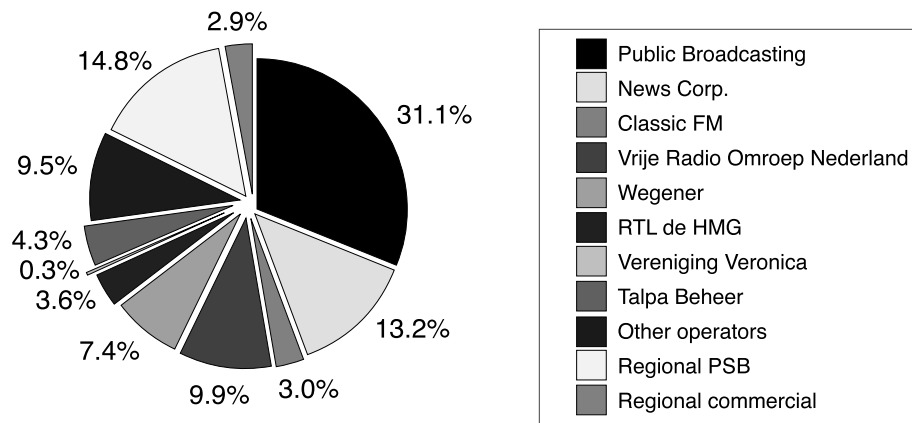
Table 8.12: Group audience share 2002

<i>Company</i>	<i>Share (%)</i>
Public Broadcasting (national)	31.1
News Corporation	13.2
Classic FM	3.0
Vrije Radio Omroep Nederland	9.9
Wegener	7.4
RTL Group	3.6
Vereniging Veronica	0.3
Talpa Beheer	4.3
Other operators	9.5
Regional public service broadcasters	14.8
Regional commercial	2.9
Total	100

Source: CvdM 2003

News Corporation also holds 42 per cent of Radio 538 through Lyntres Ltd, making it the major operator in commercial radio in the Netherlands.

Chart 8.1: Group audience share 2002

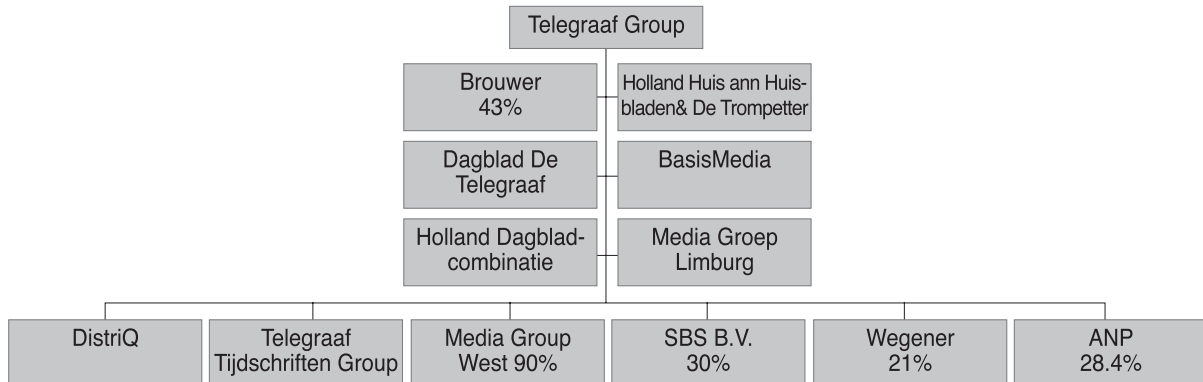


Source: CvdM 2003

8.1.3 Cross media ownership

The 2003 CvdM report on media concentration in the Netherlands identifies an increasing trend towards cross-media ownership. Although there are restrictions on cross-ownership limiting the interests of companies in the newspaper and audiovisual industries, there are media companies operating in the Netherlands that have cross-media strategies and control resources in a number of media.

Chart 8.2: Media assets of Telegraaf Group



The Telegraaf group, for example, owns 21.6 per cent of the regional press group Wegener as well as 30 per cent of the television company SBS B.V. Wegener also has radio assets in the third most popular commercial broadcaster, Radio 10 FM. There is also overlap in the radio and television sectors with major television operator RTL owning radio stations.

Chart 8.3: Ownership and assets of RTL NL

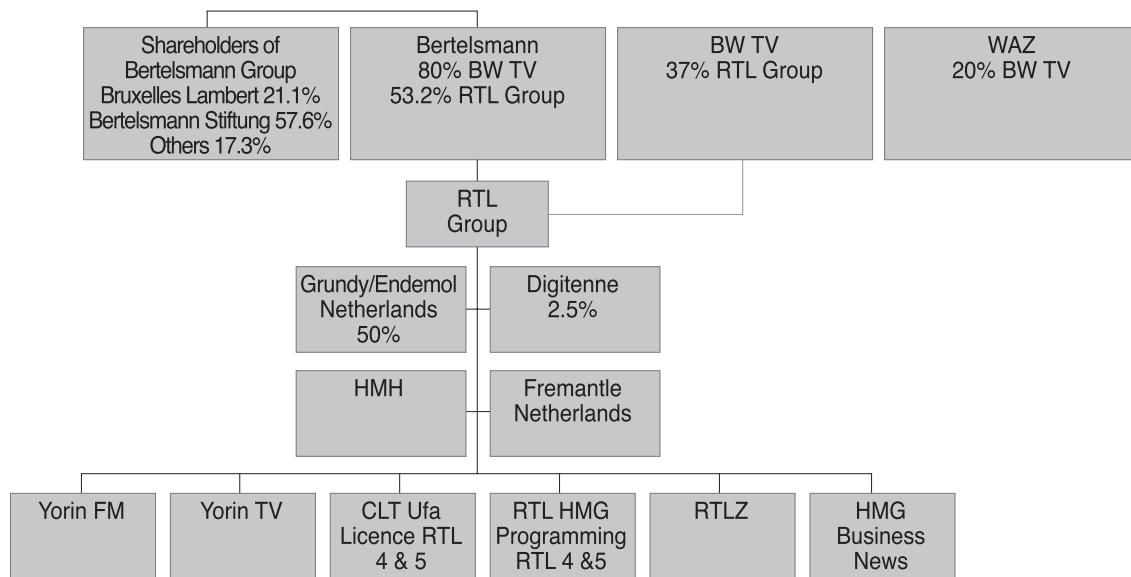
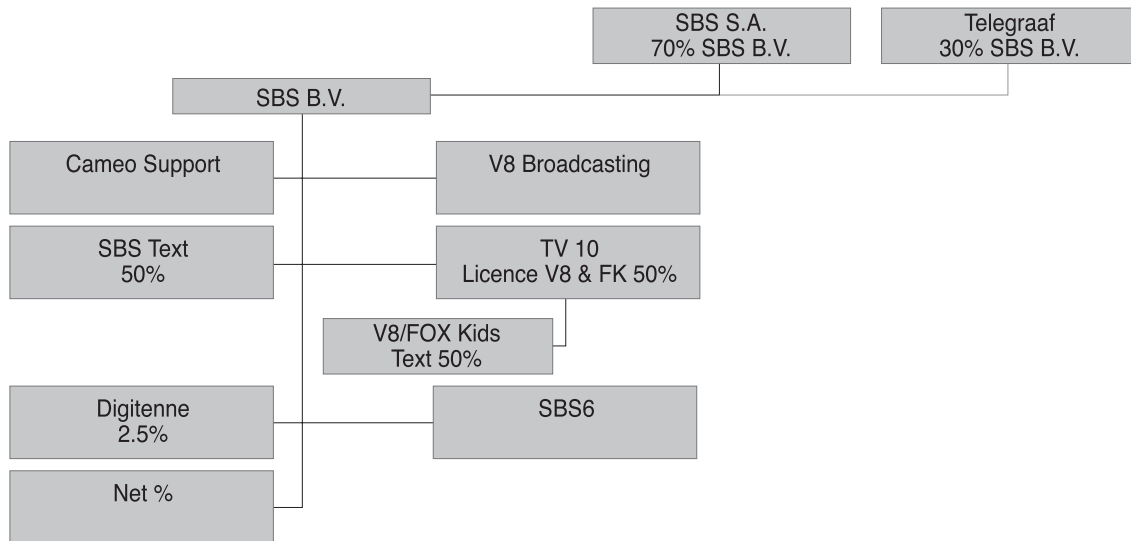


Chart 8.4: Ownership and media assets of SBS



Conclusion

With a C3 score of 88.1 the level of concentration in the regional press sector in the Netherlands means that it is one of the most concentrated regional markets in the report. The national newspaper market is even more concentrated with a C3 score of 98.2 and two companies enjoying a combined market share of 95.1 per cent making it the most concentrated market of any newspaper market in this report.

Table 8.13: Summary

<i>The Netherlands</i>	<i>Television</i>	<i>Radio</i>	<i>National press</i>	<i>Regional press</i>
3 top companies (by market shares)	1 Publieke Omroep	Publieke Omroep	PCM Uitgevers	Wegener
	2 RTL/HMG	News Corp.	NV Holdingmaatschap- pij de Telegraaf	NV Holdingmaatschap pij de Telegraaf
	3 SBS	Classic FM	Reformatorisch Dagblad	Noordelijke Dagblad Combinatie BV
Number of generalist public television service channels	3	-	-	-
Number of commercially funded channels with above 5% market share	3	-	-	-
Number of public service radio stations	-	6 national+ 15 regional+ 287 local	-	-
Number of titles	-	-	7	21
C3	84.6	69	98.2	88.1

The television industry is also highly concentrated according to the C3 calculation. The position of Publieke Omroep, RTL/HMG and SBS as providers of television channels is uncontested by any real competitors and despite a decline in audience share of the public service channels and RTL/HMG channels, and the growth of the SBS channels, market shares over the past have been fairly stable. The radio sector is less concentrated than the other mass media sectors in the Netherlands, though it remains highly concentrated in terms of the C3 calculation. The public stations are very prominent in terms of market share and there is also a leading position in the commercial radio market for News Corporation.

8.2 Summary of ownership rules

The competition authorities that are responsible for assessing any proposed media merger or acquisition that qualifies for investigation by the authorities largely deal with Media ownership and concentration in the Netherlands. In cases that include cross-media ownership the Commissariaat voor de Media (CvdM) has a consultative role.

The general provisions of competition legislation thus apply to media mergers and acquisitions and an investigation into a merger or acquisition is triggered according to the terms of the Competition Act 1997 if it involves more than eight undertakings, or the participants combined have a turnover of in excess of € 4,540,000 for companies whose core activities are the supply of services (€ 908,000 for all other cases).

Rules on cross-media ownership are set out in the Media Act under the provisions of Chapter IV, which, pursuant to Section 71b, prevents an organisation that has interests in newspapers with more

than 25 per cent share of the newspaper market from having more than 30 per cent of the voting rights in a commercial television broadcaster. Furthermore, legal persons are disqualified from owning a commercial television channel if they have a market share of over 50 per cent of the daily or non-daily newspaper market in a specific region if the area in question lacks an alternative television service.

The CvdM, pursuant to the Media Law, can also withdraw permission granted to broadcasters if:

- c) The commercial broadcasting establishment, or one or more of the legal persons or companies with which it forms a group, have had a joint or individual share of twenty five per cent or more of the market for daily newspapers for a period of two consecutive years; or
- d) A legal person, or one or more legal persons or companies with which it forms a group, has a joint or individual share of twenty five per cent or more of the market for daily newspapers and, pursuant to an agreement with other holders of voting rights or otherwise, jointly or individually:
 - 1) Can either exercise more than one third of the voting rights in the general meeting of shareholders of the relevant commercial broadcasting establishment; or
 - 2) Have it in their power to appoint or dismiss more than one third of the directors or the members of the supervisory board of the relevant commercial broadcasting establishment.

(Excerpt from the Dutch Media Act, Section 71)

The Media Act, Section 123 also established a press fund, which incidentally provides financial support and subsidies to newspapers that meet the criteria set out in Section 129, paragraph 2. There was also an agreement between the newspaper publishers that no single entity should control more than one third of the market; this though is not established in Dutch law and is therefore essentially self-regulatory.

The CvdM (2003) has recommended that a threshold system be introduced based on a one plus two rule for the television market and a maximum limit for newspaper market share of 33.3 per cent. At the same time, it has suggested cross-ownership limits could be made less restrictive for economies of scale to be better employed across certain areas of the media supply chain.

SPAIN

9.0 Introduction

The Spanish media sector has some of the lowest levels of concentration in the report. The country's high degree of regionalism supports a strong regional press and although there is a small market for national newspapers this is a relatively undeveloped market.

The television sector is highly competitive and the perennial financial crisis of TVE and the lack of an effective funding solution to finance the public service broadcaster means that two commercial television companies and the public broadcaster are in aggressive competition with one another. The major success in Spanish television is the stable market share of regional public service broadcasters that collectively enjoy a considerable market position, though they are exposed to similar funding conditions as the national public broadcaster. The radio sector is slightly more concentrated than the television one and although there are over 1,000 stations with regional or national coverage, a high degree of syndication and a high degree of horizontal integration means concentration is high.

9.1 Media concentration

9.1.1 The newspaper sector

More than 100 newspaper titles are published in Spain and the overall circulation of the major 90 newspapers monitored by Oficina de Justificación de la Difusión (OJD) stood at almost 4 million copies per day in 2002 (out of a population of around 39 million people).

As Table 9.0 demonstrates, the sector shows a degree of concentration in terms of titles. Twelve titles exceed sales of 100,000 copies sold per issue and account for 63 per cent of overall circulation. If the next four titles with circulations ranging from 50,000 to 100,000 copies per issue are added, the market share of the 16 most popular titles is almost 70 per cent of total circulation.

Table 9.0: Daily press circulation 2002 (by volume of circulation)

<i>Volume of circulation</i>	<i>Number of titles</i>	<i>2002</i>	<i>(%)</i>
< 10,000	33	189,142	4.7
10,000-25,000	24	382,681	9.6
25,000-50,000	17	630,654	15.8
50,000-100,000	4	269,685	6.8
> 100,000	12	2,523,300	63.2
Total circulation	90	3,995,462	100.1

Note: These figures and those shown in the following tables refer to the total circulation of dailies monitored by OJD: there were 94 titles in 2001 and 90 titles in 2002.

Source: Noticias de la Comunicación / OJD 2002

Out of the 90 dailies whose circulation is monitored by OJD, 81 are general information newspapers, six are sporting newspapers and three are financial newspapers.

Table 9.1: Daily press circulation 2002 (by product segment)

<i>Product segment</i>	<i>Number of titles</i>	<i>2002</i>	<i>Change (%)</i>	<i>Share (%)</i>
General information titles	81	3,114,802	-3.19	77.96
Sport titles	6	793,190	0.04	19.85
Economic titles	3	87,470	-3.96	2.19
Total	90	3,995,462	-2.58	100

Source: *Noticias de la Comunicación/OJD 2002*

The general information titles account for almost 80 per cent of total circulation. Of the 81 general information newspapers, only three are truly daily national titles: *El País*, *El Mundo* and *ABC*. They are the first, third and fourth newspapers by national circulation respectively. Although they are the best-selling titles in the country as a whole, in most of the 17 autonomous regions (*Comunidades Autónomas*) they are exceeded in sales by the main regional newspapers. The Catalan newspapers *La Vanguardia* and *El Periódico* sell most of their respective 202,000 and 167,000 copies per issue in Catalonia. *El Correo* sells most of its 130,000 copies in the Basque Country. The same holds for the *La Voz de Galicia*'s 135,000 copies in Galicia.

The six sporting dailies together sell almost 800,000 copies per issue and their combined share of total national circulation (almost 20 per cent) is high by Western European standards. Four have a circulation in excess of 100,000 copies per issue. *Marca* is the second best-selling national title (after *El País*), with 382,000 copies sold per issue. *AS* comes sixth with around 177,000 copies. *Sport* and *El Mundo Deportivo* are two regional titles (published in Catalonia) and are the eleventh and twelfth best-selling titles with circulations of 111,000 and 106,000 copies respectively. *Super Deporte* and *Estadio Deportivo* are the other two sports dailies. They are regional titles and sell about 10,000 copies per issue each.

Table 9.2: Daily press circulation market share 2002 (by title)

<i>Titles</i>	<i>2002</i>	<i>2001</i>	<i>Change (%)</i>	<i>Ownership</i>	<i>Share (%)</i>
<i>El País</i>	435,298	433,617	0.39	Grupo Prisa	10.89
<i>Marca</i> (sport)	381,587	371,455	2.73	Grupo Recoletos (Pearson)	9.55
<i>El Mundo</i>	300,297	312,366	-3.86	Unedisa (RCS)	7.52
<i>Abc</i>	262,874	279,050	-5.80	Grupo Vocento	6.58
<i>La Vanguardia</i>	202,794	198,337	2.25	Grupo Godó	5.08
<i>As</i> (sport)	176,912	181,113	-2.32	Grupo Prisa	4.43
<i>El Periódico de Catalunya</i>	166,951	166,590	0.22	Grupo Zeta	4.18
<i>La Razón</i>	140,096	122,896	14.00	Grupo Planeta	3.51
<i>El Correo Español</i>	130,042	131,383	-1.02	Grupo Vocento	3.25
<i>La Voz de Galicia</i>	110,825	108,201	2.43	Grupo Voz	2.77
<i>Sport</i> (sport)	109,833	115,234	-4.69	Grupo Zeta	2.75
<i>Mundo Deportivo</i> (sport)	105,791	103,615	2.10	Grupo Godó	2.65
Circulation (top 12 titles)	2,523,300	2,523,857	-0.02		63.15
Others	1,472,162	1,577,560	-6.68		36.85
Total circulation	3,995,462	4,101,413	-2.58		100

Source: *Noticias de la Comunicación / OJD 2002*

The financial daily newspapers account for the remaining two per cent of the market. They are published in Madrid and Barcelona. *Expansión* sells about 48,000 copies per issue; *Cinco Días* sells 25,000 copies and *La Gaceta de los Negocios* only 15,000 copies. Their combined circulation has been decreasing over the past few years. Table 9.2 illustrates the ranking and market share of the 12 daily titles with sales exceeding 100,000 copies in 2002. Spain also has a very strong free sheet sector following trends in other regions and today it has become an important part of the press industry with *20 Minutos* and *Metro* titles both circulating over one million copies daily.

As Table 9.3 shows, the Spanish daily press is characterised by a moderate degree of concentration in terms of ownership structures.

Table 9.3: Daily press circulation market share 2002 (by group)

<i>Groups / Titles</i>	<i>2002</i>	<i>Share (%)</i>	<i>Group share (%)</i>
1. Grupo Vocento			
Abc	262,874	6.58	
El Correo Español	130,042	3.25	
El Diario Vasco	91,391	2.29	
Las Provincias	42,905	1.07	
La Verdad	40,832	1.02	
Others (8 titles)	223,941	5.60	
Group's total circulation	791,985		19.82
2. Grupo Prisa			
El País	435,298	10.89	
As	176,912	4.43	
Others (5 titles)	56,388	1.41	
Group's total circulation	668,598		16.73
3. Grupo Recoletos (Pearson)			
Marca	381,587	9.55	
Expansion	48,108	1.20	
Group's total circulation	429,625		10.75
4. Grupo Zeta		0.00	
El Periódico de Catal.	166,951	4.18	
Sport	109,833	2.75	
Others (10 titles)	69,147	1.73	
Group's total circulation	345,931		8.66
5. Grupo Unedisa (RCS)			
El Mundo (all edit.)	317,463	7.95	
Group's total circulation	317,463		7.95
6. Grupo Prensa Iberica			
La Nueva España	57,839	1.45	
Levante	47,173	1.18	
Faro de Vigo	42,794	1.07	
Others (11 titles)	168,377	4.21	
Group's total circulation	316,183		7.91
7. Grupo Godó		0.00	
La Vanguardia	202,794	5.08	
Mundo Deportivo *	105,791	2.65	
Group's total circulation	308,555		7.72
8. Audiovisual Española 2000			
(Grupo Planeta)	140,096	3.51	
La Rázon	140,096		3.51
Group's total circulation			
9. GrupoVoz	110,825	2.77	
La Voz de Galicia	16,691	0.42	
Diario de León	127,516		3.19
Group's total circulation			
10. Grupo Joly	31,627	0.79	
Diario de Cadiz	29,837	0.75	
Diario de Sevilla	28,856	0.72	
Others (4 titles)	89,990		2.25
Group's total circulation			
10 groups' total circulation	3,535,942	88.50	
Others	459,520	11.50	
Total circulation	3,995,462	100	100

The ten major newspaper groups control together 88.5 per cent of the total daily press market by circulation. The first of these groups is Vocento (the new brand name [since June 2003] of Correo Prensa Española), controlling almost 20 per cent of overall national circulation. Vocento is the product of the merger between Grupo Correo (the leading regional press publisher) and Prensa Española (the publisher of the Conservative national daily ABC) in September 2001. The new entity has become the major group in the daily press overtaking Grupo Prisa (publisher of national left-leaning best-selling title, El País and of the sporting daily As). Prisa currently controls about 17 per cent of national circulation following Vocento.

The combined market share of the circulation of the first two groups, Vocento and Grupo Prisa, is approximately 37 per cent. The next five groups (Recoletos, Zeta, Unedisa, Prensa Iberica and Godó) each holds a similar market share, ranging from eight to 11 per cent. Their combined market share of national circulation is about 44 per cent.

The same ten publishing groups are also central in the daily press market in terms of revenue share, collectively taking 85 per cent of all revenues of the sector. The majority of the groups enjoy a share of revenue that reflects the level of circulation of their newspapers.

Table 9.4: Daily press revenues market share 2002 (by group)

Group	2002 € (Mil)	Titles	Share (%)
Grupo Vocento	480,282	ABC; 12 regional titles	20.79
Grupo Prisa	374,854	El País; As; Cinco Días (+ 5 titles)	16.23
Grupo Godó	209,895	La Vanguardia Mundo Deportivo	9.09
Grupo Zeta	196,060	El Periodico de Catal.; Sport; 10 reg. titles	8.49
Grupo Prensa Iberica	200,210	13 regional titles	8.67
Grupo Recoletos	186,065	Marca; Expansion	8.05
Grupo Unedisa	170,082	El Mundo	7.36
Grupo Voz	83,309	La Voz de Galicia	3.61
Audiovisual Española 2000 (Planeta)	43,939	La Razón	1.90
Grupo Joly	31,380	6 regional titles	1.36
Combined revenues of the first ten groups	1,964,96		85.06
Others	345,04		14.94
Total revenues *	2,310,00		100

Notes: Revenues of each group are the result of the aggregate of the revenues collected by each daily press company they own or control.

*Total revenues refer to the aggregate of the revenues of 97 daily press publishing companies considered in the analysis by OJD.

Source: Noticias de la Comunicación / OJD 2002

Spain's daily press sector features a relatively high degree of foreign capital in the major newspapers' publishing groups.

Table 9.5: Recoletos Grupo de Comunicación ownership structure 2003

<i>Company</i>	<i>Share (%)</i>
Pearson (UK)	78.93
Others (minority stakeholders and dispersed capital)	21.07
Total	100

Source: *Noticias de la Comunicación* April 2003

Recoletos, publisher of the leading sporting daily *Marca* and the leading financial title *Expansion*, is controlled by the British group Pearson. Likewise, Unedisa, the publisher of the third best-selling title *El Mundo*, is controlled by the leading Italian newspaper group RCS Media Group (publisher of *Corriere della Sera*).

In March 2003 RCS strengthened its interests in the shareholding of Unedisa, acquiring the 30 per cent stake held by Recoletos and a further 5 per cent held by the founders of *El Mundo*.

Table 9.6: Unedisa ownership structure 2003

<i>Company</i>	<i>Share (%)</i>
RCS Media Group (Italy)	89.1
Minority shareholders	10.9
Total	100

Source: *Noticias de la Comunicación* May 2003

9.1.2 The broadcasting sector

The television sector

One of the main features of the Spanish television sector is the competition between the three national free-to-air broadcasters: the public television broadcaster TVE, and commercial operators Antena 3 and Tele5. A second characteristic is the central role of regional public broadcasting (which reflects the presence of strong local identities within the country).

Terrestrial television

Terrestrial television is organised on three levels: national, regional and local. At the national level, the sector consists of two public networks (TVE's flagship channel TVE-1 and the more high-brow channel La 2), two commercial networks Antena 3 and Tele 5 and a pay-television service Canal+ (with some free-to-air 'windows' during the day).

Table 9.7: Spanish national terrestrial television channels 2003

	<i>Main shareholder</i>	<i>Revenue</i>
TVE-1	State (through Sepi)	ad/gov.
La 2	State (through Sepi)	ad/gov.
Antena 3	Planeta / De Agostini (Italy)	Ad
Tele 5	Mediaset (Italy)	Ad
Canal + España	Sogecable	ad/subscription

Source: *Company data* 2003

At the regional level, the first public broadcasting corporations were created at the beginning of the 1980s. At present, there are 12 terrestrial regional public channels on air, which are run by different broadcasting organisations (some of these organisations, such as EITB in the Basque Country and CCRTV in Catalonia, operate two channels; others, such as RTVM in Madrid, just one). Regional public channels are broadcast in eight of the 17 regions into which Spain is divided. The eighth regional public broadcasting corporation was created in 2001 in Castilla La Mancha.

Table 9.8: Spanish regional public broadcasters 2003

<i>Regional Public Broadcaster</i>	<i>Region (Comunidades Autónomas)</i>	<i>Population (Mil)</i>	<i>Revenue</i>	<i>Ownership</i>	<i>Channels</i>	<i>Launch</i>
EITB	Basque Country	2.1	ad/gov.	Region	Etb1 Etb2	1982 1986
CCRTV	Catalonia	6.3	ad/gov.	Region	TV 3 33 / K3	1983 1989
CRTVG	Galicia	2.4	ad/gov.	Region	Tvg	1985
RTVM	Madrid	5.2	ad/gov.	Region	Telemadrid	1989
RTVA	Andalucia	7.3	ad/gov.	Region	Canal Sur Canal 2	1989 1998
RTVV	Valencia	4.1	ad/gov	Region	Canal 9 Punt Dos	1989 1997
RTVC	Canary Island	0.8	ad/gov.	Region	TV Canaria	1999
CMTV	Castilla La Mancha	1.7	ad/gov.	Region	Cmtv	2001

Source: Various

Finally, an estimated 900 private local television stations operate throughout the country (the highest number in Europe). In many cases these stations are associated through syndication agreements with shared programming and they also jointly sell advertising.

Over the past 15 years, the Spanish television market has changed dramatically, following the liberalisation of the sector in 1989 and the launch in the following year of the two national private free-to-air channels Antena 3 and Tele5.

In terms of viewing figures, the introduction of commercial television has rapidly eroded the audience share of the two public channels. The combined audience share of TVE-1 and La 2 fell from 72 per cent in 1990 to 39 per cent in 1993. However, since then TVE audience share has been declining at a much slower rate.

Since the mid-1990s, there has been fierce competition between the three main national channels (TVE- 1, Tele5 and Antena 3). TVE-1 continues to lead the ratings while Tele5 and Antena 3, with roughly an equal audience share, have often changed position in their attempt to catch up with TVE-1.

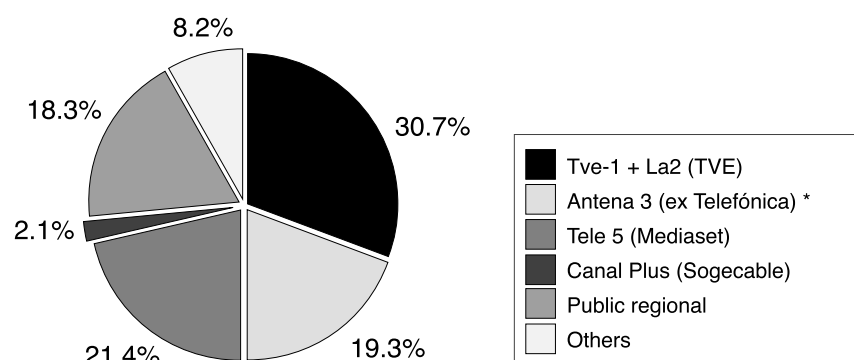
Table 9.9: Annual share of audience 1990-2002 (by channel)

	1990	1992	1994	1996	1998	2000	2002	Change (% points 2002/1990)
TVE-1	52.4	32.6	27.6	26.9	25.6	24.5	124.7	-27.7
Antena 3	3.7	14.7	25.7	25.0	22.8	21.5	20.2	16.5
Tele 5	6.5	20.8	19.0	20.2	20.4	22.3	20.2	13.7
Regional	16.4	16.5	15.2	15.4	16.5	16.9	17.7	1.3
La 2	20.2	12.9	9.8	9.0	8.8	7.9	7.7	-12.5
Canal + España	0.3	1.7	1.9	2.2	2.4	2.1	2.0	1.7
Others	0.5	0.8	0.8	1.3	3.6	4.8	7.4	6.9
Total	100	100	100	100	100	100	100	

Source: *Noticias de la comunicación / SOFRES 2003*

Over the past few years, the most significant trend in viewing has been the increase in multi-channel and local television, the first of which enjoys eight per cent of audience share. The second has seen steady growth of regional public channels whose combined audience share has increased from 15 to 18 per cent since 1996.

Chart 9.0: Television audience share January-November 2003 (by group)



Note: See below for the changes in Antena 3's shareholding structure during 2003.

Source: *Noticias de la comunicación / SOFRES 2003*

Distribution

Cable, satellite and DTT

Satellite is the dominant means of distribution for multi-channel television services in Spain. In November 2002 the Spanish Government approved a merger between the two existing platforms, Canal Satellite Digital (Prisa / Canal+) and Vía Digital (Telefónica). In July 2003 the newly integrated platform (Digital+) started broadcasting with a base of around 1.8 millions subscribers. Its target is to reach 2.5 million by 2005.

Table 9.10: Multi-channel and digital television services penetration and market share 2002

<i>Platform</i>	<i>Households (000)</i>	<i>(%) of Spanish TV households</i>
Digital Satellite	2,146.0	17.3
of which: pay	1,995.7	16.1
of which: FTA	149.3	1.2
Cable	811.4	6.5
of which: analogue cable	740.4	6.0
of which: digital cable	70.0	0.6
Digital terrestrial	150.0	1.2
Adsl	3.0	0.0
Total multi channel TV households*	3,110.4	25.0
of which: digital TV households	2,369.0	19.1
Total TV households	12,418.0	100

Note: The figure on digital terrestrial refers to the subscription base of Quiero TV before its closure in June 2002.

Source: European Audiovisual Observatory

Cable services were launched in 1998 and since then the industry has been growing steadily, though from a very low base. The cable industry is designed to operate on a local basis and has undergone considerable consolidation resulting in two operators, ONO and AunaCable, emerging as dominant players. The other regional cable operators are associated within AOC (Agrupación de Operadores de Cable), a trade and lobbying organisation responsible for promoting the interests of its members and dealing with the acquisition of content rights.

Quiero TV officially launched its digital terrestrial services in May 2000 offering 15 channels, but ceased broadcasting in June 2002, and filed for bankruptcy. Since the demise of Quiero TV a new business model for DTT has been employed largely based on free-to-air channels catering to regional and national audiences including Veo TV (part of a consortium led by publishing groups Recoletos and Unedisa) and Net TV (whose majority stake is held by Vocento).

Since April 2002 the five national analogue terrestrial channels (TVE 1, La 2, Antena 3, Tele5 and Canal+) have been obliged to broadcast their programming simultaneously on digital terrestrial frequencies.

Table 9.11: Subscribers to pay-television services by operator 2002

<i>Platform</i>	<i>Distribution technology</i>	<i>Households</i>		<i>Change (%)</i>
		<i>(000)</i>	<i>(%)</i>	
Canal Satélite Digital	Satellite	1,220.7	34.6	-0.8
Vía Digital	Satellite	775.0	22.0	3.9
Total satellite		1,995.7	56.6	2.0
Canal Plus	Analogue terrestrial	720.2	20.4	-8.5
Quiero	Digital terrestrial	–	–	-21.8
Total terrestrial		720.2	20.4	-21.8
Grupo Cableuropa (ONO)	Cable	286.5	8.1	23.5
Aunacable	Cable	260.1	7.4	57.0
Others AOC	Cable	187.0	5.3	8.9
Other s (independent local cable)	Cable	77.7	2.2	322.9
Total cable		811.4	23.0	38.0
Total		3,527.2	100	-0.5

Source: CMT 2003

Television revenues

The economics of broadcasting revenues in Spain are influenced by the absence of a radio and television licence fee, which was abolished in 1965. Direct subsidies that central and regional governments transfer to the national public broadcaster RTVE and regional public broadcasters have replaced this system. In addition, as both RTVE and regional broadcasters are unable (since the introduction of private commercial television stations in 1990) to generate enough income from advertising to finance their television and radio services (and direct subventions are very low) they are obliged to add to their accrued debt subject to parliamentary approval.

As a consequence, public regional broadcasters and RTVE are burdened with huge accumulated debts, which have been increasing over the years. This weighs heavily on the public broadcasters' finances, as debt servicing costs impinge on their annual returns and ultimately increase their financial deficits. Tables 9.12 and 9.13 show the amount and breakdown of revenues collected in the broadcasting industry by sector and source.

Table 9.12: Broadcasting (radio and television) revenues breakdown 2002 (by sector)

Revenue source	€ (Mil)	(%)	Change2002 / 2001 (%)
FTA television	3,528.4	64.9	7.5
Pay-television	1,466.6	27.0	5.7
Total television	4,995.0	91.9	7.0
Radio	438.0	8.1	-2.8
Total	5,433.0	100	6.1

Source: CMT 2003

Total broadcasting revenues were approximately € 5.4 billion in 2002 and free-to-air television still enjoys the major share of revenues (65 per cent), followed by pay-television (27 per cent) and radio (8 per cent). Advertising is the most significant source of revenues (42 per cent of overall revenues).

Table 9.13: Broadcasting (radio and television) revenues breakdown 2002 (by source)

Revenue source	€ (Mil)	(%)	Change2002 / 2001 (%)
Advertising	2,276.5	41.9	-2.1
Subscription (pay-television and pay-per-view)	1,403.2	25.8	19.2
Subventions *	1,468.7	27.0	16.2
Others	284.6	5.3	6.4
Total	5,433.0	100	6.1

Note: *The category 'subventions' includes both direct subventions to national and regional public broadcasters and indirect subventions (that is, the amount of debt authorised by the national and regional Parliaments).

Source: CMT 2003

Table 9.14: Broadcasting (radio and television) advertising revenues breakdown, 2002 (by sector)

Revenue source	€ (Mil)	(%)	Change2002 / 2001 (%)
Public television	955.8	42.0	2.1
Private television	1,018.5	44.7	-6.5
Total television	1,974.3	86.7	-2.5
Radio	302.2	13.3	-0.6
Total	2,276.5	100	-2.1

Source: CMT 2003

Table 9.15: Television revenues breakdown 2002 (by sector plus subventions to public corporations)

<i>Revenue source</i>	<i>€ (Mil)</i>	<i>(%)</i>	<i>Change2002 / 2001 (%)</i>
FTA television (advertising + others)	2,188.7	43.3	1.2
Pay-television operators (subscriptions + advertising)	1,466.6	29.6	5.7
Subventions to public television	1,339.7	27.1	-
Total	4,995.0	100	3.0

Source: CMT 2003

Of total television revenues, 43 per cent are derived from advertising, 30 per cent from subscription to pay-television services and 27 per cent from subventions transferred to public broadcasters.

As far as advertising revenues are concerned, RTVE, with € 675 million and a market share of 34 per cent, outperforms both its commercial competitors - Antena 3 and Tele 5. RTVE - and unlike most of other European public service broadcasters, is subject to the same advertising ceilings as those applied to private broadcasters.

Table 9.16: Television subventions and advertising revenues 2002 (by broadcaster)

<i>Broadcaster</i>	<i>Subventions</i>		<i>Advertising revenues</i>	
	<i>€ (Mil)</i>	<i>(%)</i>	<i>€ (Mil)</i>	<i>(%)</i>
RTVE	718.6	53.6	674.6	34.2
Antena 3	-		512.1	25.9
Tele 5	-		464.9	23.5
TV 3 (regional)	155.6	11.6	112.5	5.7
Telemadrid (regional)	72.3	5.4	55.4	2.8
Canal Sur (regional)	112.2	8.4	40.8	2.1
Canal 9 (regional)	119.9	8.9	35.2	1.8
ETB (regional)	86.8	6.5	22.2	1.1
Televisio de Galicia (regional)	74.4	5.6	17.9	0.9
Total regional	621.1	46.4	284.0	14.4
Others	-		38.7	2.0
Total	1,339.7	100	1,974.3	100

Source: CMT 2003

In the pay-television sector, the dominant player is Sogecable, which had revenues of almost € 1 billion in 2002 (combined revenues from both its digital satellite platform CSD and the analogue terrestrial channel Canal+ España). It accounted for 67 per cent of total pay-television revenues.

Table 9.17: Revenues of pay-television operator 2002

	<i>Revenues</i>	
	<i>€ (Mil)</i>	<i>(%)</i>
Sogecable (CSD + Canal Plus)	981.8	66.9
Vía Digital	335.8	22.9
CableEuropa (ONO)	61.1	4.2
Aunacable	46.8	3.2
AOC (five cable operators)	29.3	2.0
Other local cable operators (independent)	11.8	0.8
Total	1,466.6	100

Source: CMT 2003

Terrestrial television ownership

RTVE is State-owned. It has been administered by SEPI, a special unit within the Ministry of Finance, since September 2000, which is responsible for implementing a business plan to improve the financial situation of the public corporation.

Both of the two free-to-air national commercial broadcasters have recently undergone major changes in their ownership structure, following relaxation of media ownership rules at the end of 2002 (repealing the ban on a single company holding more than 49 per cent of a national terrestrial television licence).

In December 2002 Vocento agreed to sell nearly half its 25 per cent shareholding of Gestvision Tele 5 and Publiespaña (Tele 5's advertising agency) to the Italian group Mediaset. Since this deal, Mediaset has increased its stake in Tele 5 from 40 to 52 per cent, strengthening its control of the broadcaster. Tele 5's shareholding is now 87 per cent owned by foreign capital.

Table 9.18: Gestvision Tele 5 ownership structure 2003

<i>Company</i>	<i>Share (%)</i>
Mediaset (Italy)	52
Dresdner Bank (Germany)	25
Vocento	13
Ice Finance (Finland)	10
Total	100

Source: *Company data*

Until the beginning of 2002 the telecommunications operator Telefónica (through its media subsidiary Admira Media) was the major shareholder of Antena 3 (47 per cent). During 2003, however, Telefónica progressively sold its stake in the broadcaster and sold its final shares in October 2003 when Antena was listed on the Spanish stock exchange.

The major shareholder of Antena 3 is Kort Geding, a company jointly owned by the Spanish and Italian publishing groups Grupo Planeta and De Agostini. The second major shareholder is the RTL Group. Both the joint venture formed by Planeta and De Agostini and the RTL Group are expected to increase their shareholdings in the near future.

Table 9.19: Antena 3 ownership structure

<i>Company</i>	<i>Share (%)</i> <i>(December 2002)</i>	<i>Share (%)</i> <i>(September 2003)</i>	<i>Share (%)</i> <i>(December 2003)</i>
Admira Media (Telefónica)	47.2	34.1	—
Kort Geding *	—	27.6	33.5
Banco Santander Central Hispano - BSCH	30.2	16.0	10.1
RTL Group (Germany)	17.3	17.3	17.3
Others (minority shareholders)	5.4	5.0	—
Dispersed Capital	—	—	39.1
Total	100	100	100

Note: *Kort Geding is 55 per cent controlled by Grupo Planeta and 45 per cent controlled by De Agostini.

Source: *Noticias de la Comunicación and Intermedios 2003*

In the case of local television, major groups have built chains of local broadcasters. The publishing and radio group Prisa controls 75 per cent of Pretesa, a company which manages Localia, a network of 75 local stations. Prisa has an interest or controls slightly more than half of them, while the others are simply associated to it.

The leading newspaper group Vocento also holds controlling stakes in around ten local stations (including the digital terrestrial channel Onda 6). In addition, Vocento holds an eight per cent stake in Canal 4 Castilla y Leon, a network of 18 local stations (14 plus four associated) where Vocento manages the acquisition of national content and the sale of national advertising airtime.

Satellite and cable industry ownership

Digital+, the newly integrated digital satellite platform, started broadcasting in July 2003 and replaced the two rivals CSD Canal Satellite Digital and Vía Digital. It is controlled by Sogecable. Sogecable also controls the terrestrial pay-television channel Canal+ España.

Following the merger by acquisition of Distributora de Television Digital (the company that operates the second satellite platform Vía Digital) by Sogecable (which was the controlling company of the leading satellite platform Canal Satellite Digital), ownership of the latter has changed. Through a capital increase, Telefónica (which formerly held a controlling stake of DTS) has entered the shareholding of Sogecable and currently holds a majority stake of 22.23 per cent (but with the same voting share as Prisa and Canal+ España).

Table 9.20: Sogecable ownership structure 2003

<i>Shareholder</i>	<i>Share (%)</i>
Telefónica	22.23
Prisa, Promotora de Informaciones	19.09
Groupe Canal+ (France)	16.38
Corporacion Financiera Caja Madrid	5.02
Corporacion General Financiera	3.87
Eventos	3.23
Dispersed capital	30.18
Total	100

Source: Sogecable 2003

Table 9.21: Media interests of Sogecable 2003

<p><i>Pay-television</i></p> <p>Canal + (Sogecable, SA), 100% Canal Satellite Digital, SL, 83.25% (now Digital +)</p>	<p><i>Film rights production and management</i></p> <p>Sociedad General de Cine, SA (Sogecine), 100% Sogepaq, SA, 55% Canal + Investment Us Inc., 60% StudioCanal Spain, SL, 49%</p>
<p>Theme channels</p> <p>Compañía Independiente de Televisión, SL, 100% Canal Estilo, SL, 100% Sogecable Fútbol, SL, 100% Cinemanía, SL, 90% Sogecable Música, SL, 50% Fox Kids España, SL, 50% Compañía Independiente de Noticias de Televisión, SL (CNN+), 50%</p> <p>Sports rights management and production</p> <p>Gestión de Derechos Audiovisuales y Deportivos, SA (Gestsport), 100% Audiovisual Sport, SL, 40%</p>	<p>Film distribution and screening</p> <p>Warner Sogefilms AIE, 50% Warner Lusomundo Sogecable, SA, 33.33%</p> <p>Others</p> <p>Plataforma Logística de Usuarios de Sogecable, SL (plus.es), 100% Canal+ Technologies, SA, 3.19% Centro de Asistencia Telefónica, SA (CATSA), 100% Cable Antena, SA, 100% Canal Club de Distribución Ocio y Cultura, SA, 25% Servicios Técnicos de Sogecable, SL, 100%</p>

Source: Sogecable 2003

Aunacable and CableEuropa are the major cable operators, with five and four regional franchises respectively. Five operators associated within AOC hold the remaining six regional cable franchises; they are R (Galicia); Telecable (Asturias); Euskatel (Basque Country); Tenaria (La Roja and Navarra); Retecal (Castilla Leon).

Until recently the five regional franchises controlled by Aunacable - Madritel (Madrid), Menta (Catalonia), Able (Aragón), Canarias Telecom (Canary Islands) and Supercable (Andalucía) - were also part of AOC.

Aunacable is a subsidiary of the telecom operator Auna. It holds five regional franchises, including Barcelona and Madrid as well as Andalucía, Aragon and the Canary Islands. At the end of 2002 it had around 260,000 subscribers to its television services.

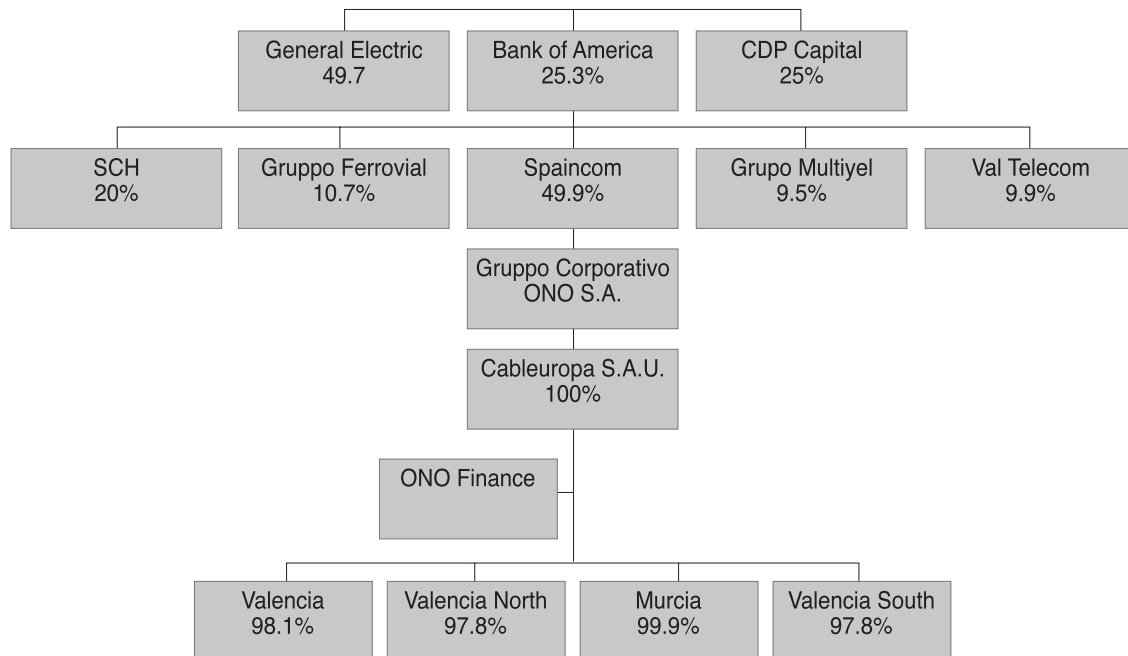
Table 9.22: Auna Group ownership structure 2002

Shareholder	Share (%)
Endesa	29.88
Banco Santander	23.49
Union Fenosa	18.70
ING	10.27
CAM	2.70
Kutxa	2.70
Unicaja	2.50
Euskatel	2.40
C. Navarra	2.30
BBK	2.00
Caixanova	1.20
Ibercaja	1.00
Others	0.86
Total	100

Source: Auna Group 2003

The other major operator is CableEuropa (ONO), which operates in four regions and holds a number of provincial franchises. At the end of 2002 ONO had 286,000 television subscribers. In December 2003, CableEuropa acquired 53 per cent of Retecal, one of five independent regional cable operators.

Chart 9.1: Ownership structure of ONO



Source: ONO 2003

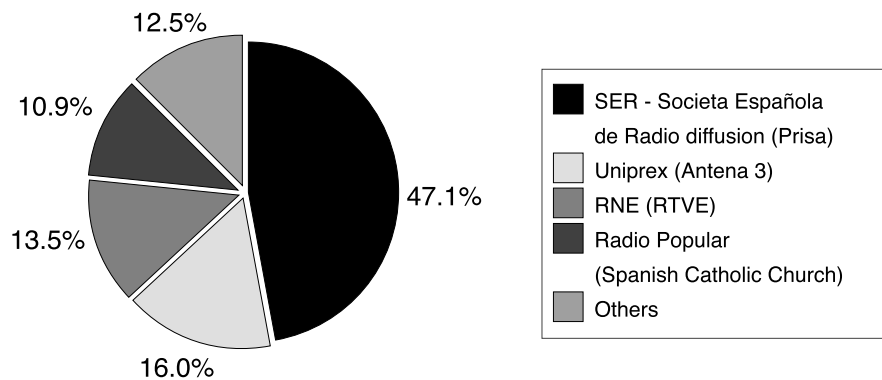
The radio sector

The Spanish radio market has over 1,000 stations, most of which are part or simply repeat, the programming of a number of generalist or thematic networks, and with either a national or regional coverage. There are also some private stations with local coverage that are not syndicated to networks.

Overall, the sector is dominated by four main groups in terms of audience share and revenues: on the one hand, the public service broadcaster RNE (RTVE), and on the other hand, three private groups, SER (controlled by Grupo Prisa), Uniprex (Antena 3) and Radio Popular (Spanish Catholic Church). Each of these four groups operates a number of radio networks (generalist and thematic) and together have a combined listener share estimated at 87.5 per cent of total national listening.

Behind these four groups there are smaller radio companies, among which there are subsidiaries of regional public broadcasters (Catalunya Radio, Canal Sur Radio, Radio Euskadi, etc.) and radio subsidiaries of prominent national private groups such as Radiocat XXI (owned by Grupo Godó) and Zeta Faix (50 per cent held by Grupo Zeta).

Chart 9.2: Radio listener market share February 2003-March 2003 (by group)



Note: Percentage of total number of 'contacts' of radio stations with listeners over 100,000 in the average day.

Source: Noticias de la comunicación / SOFRES 2003

Table 9.23: Main radio stations' listener figures February 2003-March 2003 (by network)

Station	2003 (Listeners in the average day) 000	2002 (Listeners in the average day) 000	Change (%)	Ownership
Total listeners	20,535	18,880	8.77	
Generalist radio				SER - Societa Española de Radio diffusion (Prisa)
SER - conventional	4,779	4,231	12.95	
Onda Cero Radio	2,079	2,425	-14.27	Uniprex (Antena 3)
Radio 1	1,715	1,022	67.81	RNE (RTVE)
COPE - conventional	1,571	1,688	-6.93	Radio Popular (Spanish Catholic Church)
Catalunya Radio	591	575	2.78	Catalunya Ràdio (CCRTV)
Canal Sur Radio	387	256	51.17	Canal Sur
Radio Euskadi	284	220	29.09	EITB
Radio Galega	139	129	7.75	RTVG
Thematic radio (‘radio fórmulas’)				
Music-based radio				
Cadena 40 Principales	2,710	2,683	1.01	SER - Societa Española de Radio diffusion (Prisa)
Cadena Dial	1,570	1,438	9.18	SER - Societa Española de Radio diffusion (Prisa)
Kiss FM	1,059			Uniprex (Antena 3)
Cadena 100	751	667	12.59	Radio Popular (Spanish Catholic Church)
M-80	462	738	-37.40	SER - Societa Española de Radio diffusion (Prisa)
Canal Fiesta Radio	410	386	6.22	Canal Sur
Radio Olé	378	412	-8.25	SER - Societa Española de Radio diffusion (Prisa)
Radio Tele-taxi	327	234	39.74	Tele-taxi
Radio 3	254	292	-13.01	RNE (RTVE)
Flaix	246	238	3.36	Grupo Zeta (50 %)
Máxima FM	175			SER - Societa Española de Radio diffusion (Prisa)
Flaixbac	163	147	10.88	Grupo Zeta (50%)
Europa FM	149	83	79.52	Uniprex (Antena 3)
Cadena Hit Radio	141			Uniprex (Antena 3)
Radio Clásica	130	116	12.07	RNE (RTVE)
News-based radio				
Radio 5 Todo Noticias	792	674	17.51	RNE (RTVE)
Catalunya Informació	122	134	-8.96	Catalunya Ràdio (CCRTV)

Note: People who have listened to the radio station for at least some consecutive minutes during the average day; people are not allowed to declare to have listened to more than one station/network in the same half an hour of the day.

Source: Noticias de la Comunicacio / EGM-AICM 2003

Table 9.24: Ranking of the top five radio companies by revenues 2002

<i>Company</i>	<i>2002 € (Mil)</i>	<i>2001 € (Mil)</i>	<i>Change (%)</i>	<i>Group</i>
SER - Societa Española de Radio diffusion	153,235	150,946	1.52	Grupo Prisa
Radio Nacional de España (RNE)	128,678	140,411	-8.36	RTVE
Radio Popular	74,524	75,431	-1.20	independent
Uniprex	71,323	68,087	4.75	Antena 3 de Television
Catalunya Ràdio	11,097	10,619	4.50	CCRTV

Source: *Noticias de la Comunicación 2003*

Sociedad Española de Radio (SER) is overall the major player in the radio sector and by far surpasses the market share of any other individual group, controlling an estimated 47 per cent of listener share. Grupo Prisa owns it. Approximately 200 local stations currently broadcast the group's programming. In addition to its flagship generalist network, SER operates a further five networks.

Uniprex was sold to Antena 3 by Telefónica in 2002 and operates the network Onda Cero Radio, the second most popular radio network after SER and another four music-based networks. It operates the sport news radio station Radio Marca (a spin-off of the leading national sport daily La Marca, published by Recoletos) jointly with the publishing group Recoletos. Uniprex holds, through its five networks, an estimated 16 per cent of overall national listeners.

The national public service broadcaster RNE runs four national services: Radio 1 (RNE's flagship talk/news channel), Radio Clásica (classical music channel), Radio 3 (easy listening music) and Radio 5 (all news and current affair channel). It holds 14 per cent audience share, behind SER and Uniprex.

Radio Popular is the fourth major radio group and operates the network COPE and 'fórmula radio' network Cadena 100. The Catholic Church controls Radio Popular and other different religious organisations hold stakes in it. Minority stakes are also held by some of the major national media players, such as publishing group Planeta and leading newspaper publisher Vocento.

Table 9.25: Radio Popular (COPE) ownership structure October 2003

<i>Company</i>	<i>Share (%)</i>
Conferencia Episcopal Española (Spanish Church)	47.67
Diócesis (Catholic organisation)	21.14
Planeta 2001 (Grupo Planeta)	10.44
Diario de Navarra	5.00
Caja Sur	5.00
Vocento (formerly Correo Prensa Española)	4.00
Padres Jesuitas (Catholic organisation)	2.62
Padres Dominicos (Catholic organisation)	1.61
ONCE (national association of the blind)	2.00
Staff of Radio Popular	0.53
Total	100

Source: *Noticias de la Comunicación 2003*

In terms of ownership patterns there is hardly any foreign investment in the Spanish radio industry. The sector is largely in the hands of major national media groups with their core business in sectors other than radio (e.g. Prisa and Antena 3).

9.1.3 Cross media ownership

The absence of restrictions on cross-media ownership has meant that companies have been allowed to expand as much as they have wanted, as long as they have complied with the thresholds applied within the individual media sectors (broadcasting). As a consequence, Spanish media ownership is highly interwoven. A major role is played by groups such as Grupo Prisa, Vocento and Grupo Planeta with their core business in the daily press or magazine publishing.

Chart 9.3: Spanish media interests of Grupo Prisa

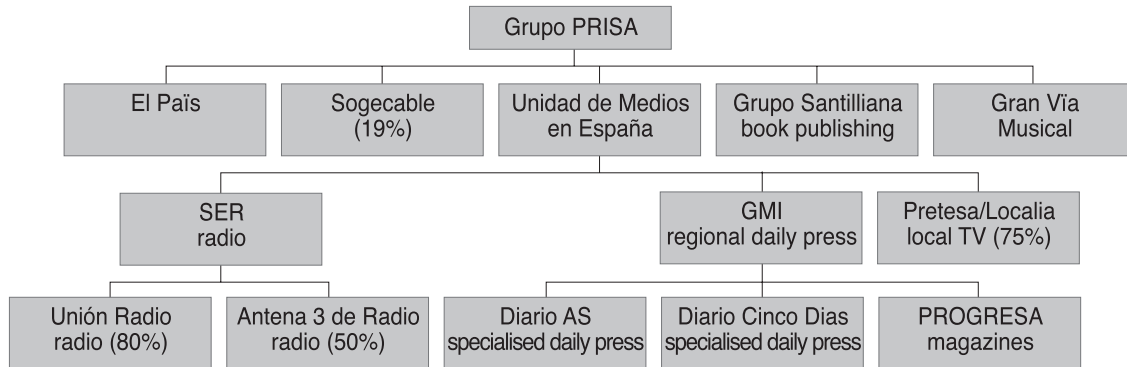


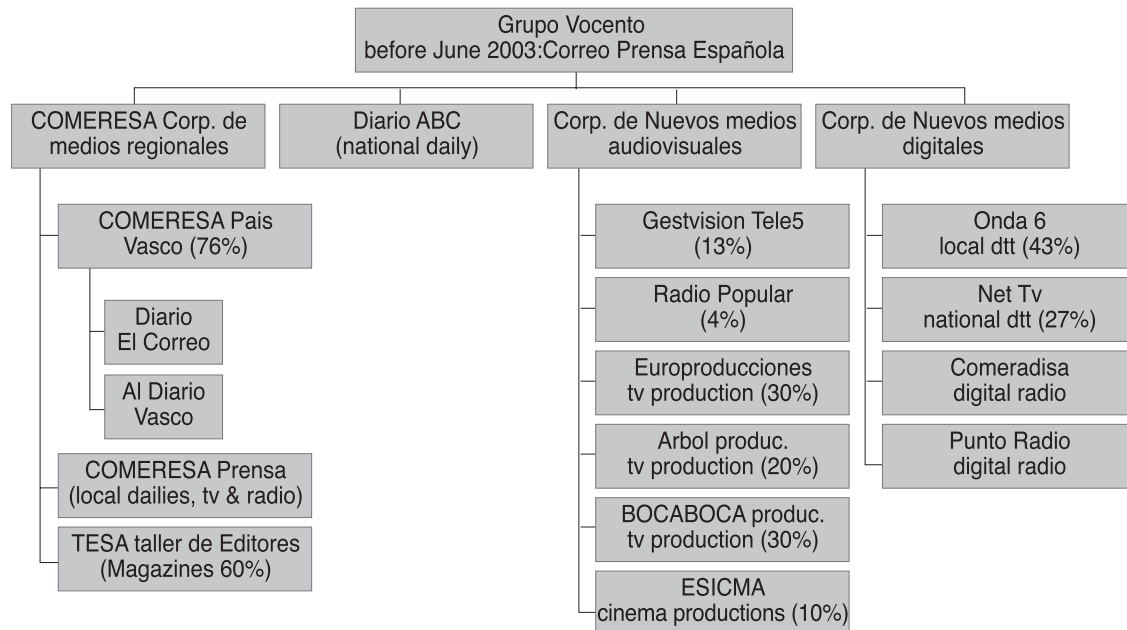
Table 9.26: National media interests of Spanish major communications groups 2003

<i>Group</i>	<i>Daily Press</i>	<i>National FTA TV</i>	<i>Local TV</i>	<i>Pay-television</i>	<i>Radio</i>	<i>Other activities</i>
Prisa	El País; As; Cinco Días; (+ four other titles)		Localia (75%)	Sogecable (19%)	SER Antena3 Radio (50%)	AV production magazines books music
Sogecable	–	–	–	Canal+ España; Digital+	–	theme channels AV production rights management
Grupo Planeta	La Razón	Antena 3 de Televisión (33%)	–	–	Radio Popular (10%); Rkor	theme channels magazines books AV production
RTVE	–	TVE (TVE 1, La2)	–	–	RNE	theme channels
Antena 3 de Televisión	–	Antena3	–	–	Uniprex	–
Vocento	Abc; (+12 other titles)	Gestvisión (13%) Net Tv-dtt (27%)	10 local stations Onda 6 - dtt	-	Radio Popular (4%); Unedisa; Punto Radio; local stations	AV production magazines
Gestvisión-Tele5	-	Tele 5	-	-	-	theme channels AV production
Grupo Zeta	El Periódico de Catal.; Sport; (+ 10 other titles)	-	1 station (Onda Mezquita)	-	Zeta Flaix (50%)	magazines books
Editorial Prensa Iberica	14 regional titles	-	-	-	-	-
Grupo Godó	La Vanguardia; Mundo Deportivo	-	City TV Barcelona Canal Metro	-	RAC; Antena 3 Radio (50%) ; Union Radio (20%)	magazines AV production
Recoletos (Pearson)	Marca; Expansion	Vevo Tv - dtt (25.5%)	-	-	Radio Marca (50%)	magazines theme channels
Unidad Editorial (RCS)	El Mundo	Vevo Tv - dtt (25.5%)	-	-	Unedisa – dab	theme channels AV production
CCRTV	–	Catalunya Televisio	–	–	Catalunya Radio	theme channels sports rights

Source: Company data

Grupo Prisa and Vocento are the leading companies and have expanded their interests across a variety of media. Grupo Prisa's assets encompass daily press (national, specialised and regional), radio, pay-TV, local television, audiovisual production, magazines, books and music. Vocento's interests include daily press (national and regional), FTA television (Tele5), local television, radio, television production and magazines.

Chart 9.4: Spanish media interests of Grupo Vocento



Conclusion

The daily press is moderately concentrated and the lack of one dominant player supports a competitive market. The market largely consists of seven groups that enjoy above seven per cent of market share each. The leading group Grupo Vocento has a market share of 19.8 per cent followed by Prisa with 17 per cent. There is a degree of chain ownership and these seven main groups collectively control 88.5 per cent of market share.

Table 9.27: Summary

<i>Spain</i>	<i>Television</i>	<i>Radio</i>	<i>Daily press</i>
3 top companies (by market shares)			
	1 RTVE	SER	Grupo Vocento
	2 Mediaset	Uniprex	Grupo Prisa
	3 Antena 3	RNE	Grupo Recoletos
Number of generalist public television service channels	2+ regional public stations	-	-
Number of commercially funded channels with above 5% market share	2	-	-
Number of public service radio stations	-	4	-
Number of titles	-	-	100
C3	71.4	76.6	47.3

The television sector is highly concentrated according to the C3 calculation. TVE is the market leader and it is complemented by two groups, who have an equal share of the market (resembling the market in Germany). The local public service broadcasters also retain a healthy share of the audience.

The radio sector is the most concentrated of all the mass media markets in Spain, despite the fact that the public service radio services have the lowest market shares in the ten countries. The four major groups including RNE enjoy a combined market share of 87.5 per cent. Spain is also the only country in this report where the public service radio broadcaster is not leader in the sector.

9.2 Summary of ownership rules

The only media sector with extensive specific anti-trust legislation in Spain is television broadcasting. Legislation does not prescribe any sector-specific limit on the ownership assets in the print or publishing sectors. Furthermore, there are no specific cross-media restrictions and companies are allowed to hold assets across different media sectors as long as they comply with general competition law (introduced in 1989) and horizontal media ownership rules applicable to the broadcasting sector.

Until recently, the legal framework for national television ownership dated back to Act No. 10/1988 (Ley de Televisión Privada) as amended by Act No. 50/1998. In order to prevent the formation of a dominant position in the market and to foster media pluralism, the Act laid down two ownership limits on any entity holding stakes in the share capital of broadcasters granted a national analogue terrestrial television licence. These restrictions have also been applied to national digital terrestrial television licence holders. There are also some restrictions on local terrestrial television companies that have been set down by Act No. 41/1995. However, due to a set of transitional provisions the ownership limits for local television have never come into force. They are expected to be fully enforced once the national technical plan for the allocation of digital local frequencies (Plan Técnico Nacional de la Televisión Digital Local) has been fully implemented in 2004.

More recently, Act 53/2002 accompanying the General State Budget 2002 brought about a series of modifications (repeals and new restrictions) to the existing broadcasting anti-trust legislation. The regulations however, have recently once again been reformed in December 2003 (Ley 62/2003) and a

new set of ownership rules have been introduced establishing limits on the cross ownership of local, regional and national television channels. The new law sets limits on the assets one company may own based on restrictions on owning national, regional and local television channels.

SWEDEN

10.0 Introduction

Sweden has a highly regional press market and with some of the highest readership rates in the world and a press subsidy scheme, for a country with a relatively small population it has an abundance of titles that is only surpassed in number on a per capita basis by Switzerland. The television and radio industries are both highly concentrated and the public broadcaster is the leader in both sectors. Coupled with the market position of the public service channels and stations the growth of a handful of powerful groups such as MTG and Bonnier lead to high levels of concentration.

10.1 Media concentration

10.1.1 The newspaper sector

The Swedish press market has two important features: its regional and local character together with high levels of subscription. According to Nordicom, there are 154 Swedish newspapers of which 84 are published daily. Of these there are only three national titles: Aftonbladet, Expressen and Dagens Industri.

Table 10.0: Top ten daily newspapers 2002 (Metropolitan newspapers)

<i>Title</i>	<i>Circulation</i>	<i>Owner</i>
Aftonbladet	435,900	Schibsted
Dagens Nyheter	364,200	Bonnier AB
Expressen	321,800	Bonnier AB
Goteborgs Posten	249,100	Tidnings AB Stampen
Svenska Dagbladet	183,600	Schibsted
Sydsvenska Dagbladet	138,800	Bonnier AB
Dagens Industri	116,000	Bonnier AB
Skanska Dagbladet	43,600	AB Skanska dagbladet
Nya Dagen	19,200	Dagengruppen
Naringsliv	4,900	-
Total	1,887,100	

Source: Nordicom 2003 and TS

The circulation of Swedish newspapers is extremely high per capita population and the Swedes are currently some of the most diligent newspaper readers in the world, which means that in relative terms there is a very strong newspaper market in Sweden. Although there are a high number of titles there are levels of concentration most notably through the newspaper assets of Bonnier. As the Swedish press sector has a largely regional structure the newspapers that enjoy significant market share are the two national tabloid titles Aftonbladet and Expressen, although the Stockholm-based broadsheet Dagens Nyheter and other morning papers serving the larger cities such as Gothenburg also retain comparatively high circulation rates.

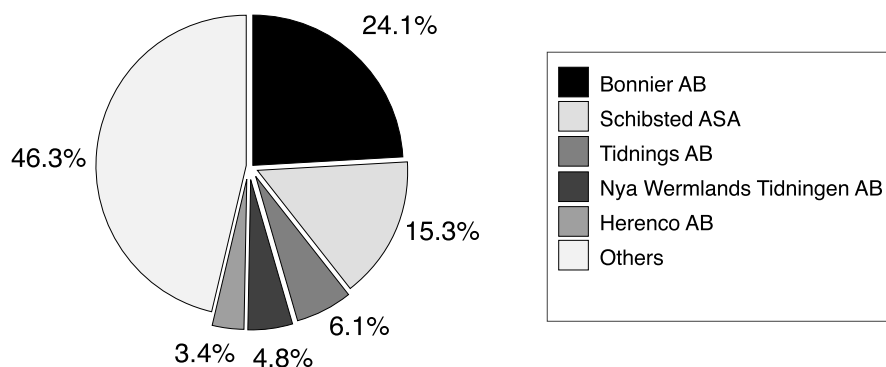
Table 10.1: Newspaper market share of top five groups 2002

<i>Company</i>	<i>Circulation (000s)</i>	<i>Share (%)</i>	<i>Titles</i>	<i>Major owner</i>
Bonnier AB	977	24.1	6	Bonnier
Schibsted ASA	620	15.3	2	Schibsted
Tidnings AB Stampen	249	6.1	1	Hjorne
Nya Wermlands Tidningen AB	195	4.8	9.5	Ander
Herenco AB	137	3.4	5	Hamrin
Total top 5	2,178	53.7	23.5	
Total all	4,056	100	151	

Source: Nordicom 2003

With the key national titles Expressen and Dagens Nyheter and the business title Dagens Industri the Bonnier group enjoys a market share of 24 per cent. The other major player in the Swedish newspaper market is the Norwegian group Schibsted ASA that, with its two titles Aftonbladet and Svenska Dagbladet, enjoys a 15 per cent market share.

Chart 10.0: Newspaper market share of top five groups 2002 (of total market)



Source: Nordicom 2003

These two groups hold 39 per cent of the market between their eight titles. There is, however, a second tier of regional press groups which have wide interests in a number of regional titles. Amongst these are Herenco and Nya Wermlands Tidningen AB (Ander Group). The second-tier groups typically control a number of regional titles with a market share of below two per cent of circulation; most have below one per cent of circulation.

Table 10.2: Top ten daily newspapers 2002 (local newspapers)

Titles	Circulation (000s)	Owners
Helsingborgs Dagbladet with Nordvastra Tidningar	87,300	Pukslagaren I Helsingborg AB
Ostgota Correspondenten	65,600	AB Ostgota Correspondenten
Nerikes Allehanda	65,400	Liberala Tidningar
Uppsala Nya Tidning	62,800	AB Uppsala Nya Tidning*
Nya Wermlands Tidningen A+B	58,700	Nya Wermlands Tidningen AB
Boras Tidning	50,100	AB Boras Tidning**
Norrkopings Tidningar	49,400	Norrköpings Tidningar
Vestmanlands Lans Tidning	48,200	Vestmandlands Lans Tidning AB
Barometern med Oskarshamns Tidningen	44,500	Gota Media AB***
Vasterbottens Kuriren	42,500	VK-Press

Notes:

* AB Uppsala Nya Tidning is owned by three Johansson funds, Axel Johanssons Donation, Axel Johanssons Minne and Axel Johansson Understodsfond.

** Tore G Warenstams Stiftelse largely owns AB Borås Tidning.

***Gota Media AB is owned by Barometern and Tore G Warenhams Stiftelse.

Source: TS 2003

Table 10.3: Sample of tier 2 newspaper groups (circulation) 2002

<i>Group</i>	<i>Title</i>	<i>Circulation</i>	<i>(%) Share*</i>
Ander (Nya Wermlands Tidningen AB)	Nya Wermlands Tidningen	58,700	1.6
	Nordvästra Skånes Tidningar**	40,400	1.1
	Skaraborg Läns Allehanda	24,100	0.6
	Mariestads-Tidningen Tidning för		
	Skaraborgs län	13,300	0.3
	Arvika Nyheter	12,700	0.3
	Enköpings-Posten	10,000	0.3
	Karlskoga Tidning	8,300	0.2
	Nya Kristinehamns-Posten	7,800	0.2
	Säffle-Tidningen	6,100	0.2
	Filipstads Tidning	4,000	0.1
Total		185,400	4.9
Herenco	Jönköpings-Posten	41,800	1.1
	Smålands-Tidningen	33,700	0.9
	Västgöta Tidningar	25,500	0.7
	Värnamo Nyheter	23,200	0.6
	Smälänningen	13,200	0.3
Total		137,400	3.6
Norrköpings Tidningar	Norrköpings Tidningar	49,400	1.3
	Norrbottnens-Kuriren	28,100	0.7
	Västerviks Tidningen	13,200	0.3
	Gotlands Tidningar	12,800	0.3
	Gotlands Allehanda	10,800	0.3
	Folkbladet Norrköping	8,700	0.2
Total		123,000	3.1
Total		445,800	11.6

Notes:

* Share of total circulation

** Nordvästra Skånes Tidningar merged with Helsingborgs Dagblad (HD) under the name of HD in 2001. HD is now published as three titles - Nordvästra Skånes Tidningar, HD and Landskrona Posten - with a total circulation of 87,300. The group is still Nya Wermlands Tidningen AB.

Source: Nordicom 2002 and TS, TU

The overall market is made up of a mix of strong multi-media conglomerates such as Bonnier and Schibsted and regional chains specialising in local and regional newspapers.

10.1.2 The broadcasting sector

The television sector

The Swedish public broadcaster SVT has retained a prominent position in the television market place and represents the largest broadcaster in Sweden. The strongest commercial channel TV4 is the only other broadcaster to have a national terrestrial licence and the remaining commercial broadcasters are distributed through cable and satellite and have considerably lower population coverage.

Table 10.4: Main television broadcasters and owners in Sweden

Owners	Channels
SVT	SVT 1, SVT 2, SVT 24, SVT Extra, Barnkanal 11 regional windows
Bonnier 22%, Alma 23%,* MTG 15%	TV4
MTG	TV3
SBS	Kanal 5**
MTG	ZTV
MTG	TV8
MTG	ViaSat Sport
Various	DTU7

Notes:

* Bonnier holds a 33 per cent stake in Alma Media and as a result have a total stake in TV4 of 45 per cent.

** Kanal 5 is transmitted via satellite from the UK.

Source: Nordicom 2003

Three major media groups control the commercial television sector with a degree of overlap in interests, mainly through MTG's 15 per cent stake in TV4.

Table 10.5: Television audience share (main channels) 1993-2003 (%)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003*
SVT	56	54	51	49	48	48	47	44	42	43	41
TV3	9	9	9	9	10	10	11	11	11	10	11
TV4	23	26	28	28	27	27	27	27	28	25	24
Kanal 5	3	3	4	6	6	6	6	6	7	8	8
Other	9	8	8	9	9	9	10	11	12	14	16
Total	100	100	100	101	100	100	101	99	100	100	100

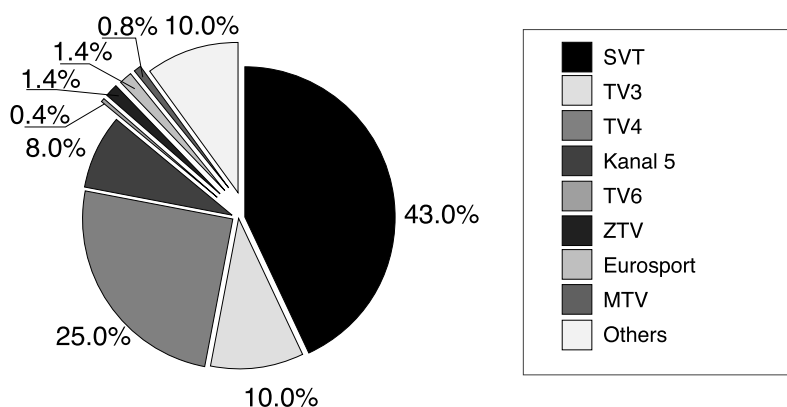
Note: * Results for third quarter 2003.

Source: Nordicom 2003 and company data

Of the three commercial television channels, TV4 is the most popular and has enjoyed an extremely stable market share over the past decade despite the presence of two other actors and nearly 60 per cent cable and satellite penetration, overall the market has remained stable.

The market share of SVT has declined over the past decade, although it is still, by European standards, in an extremely prominent position in terms of audience share. Overall audience share for the four main broadcasters is approximately 86 per cent, with SVT enjoying the highest percentage of viewing share with its two channels combined enjoying 43 per cent market share.

Chart 10.1: Television broadcaster audience share 2002



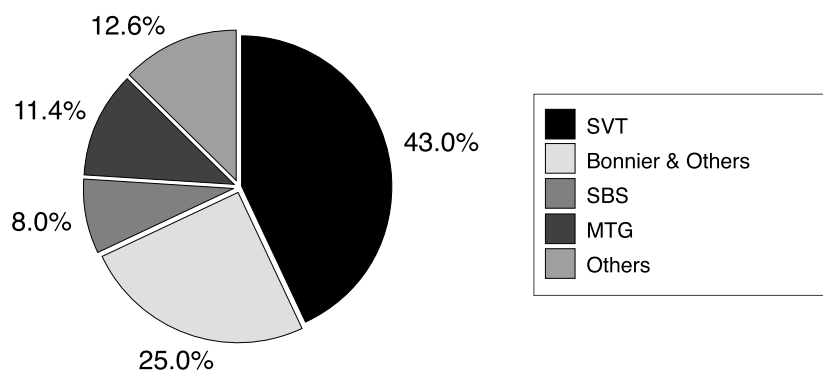
Source: Nordicom 2003

Table 10.6: Group market share of audience 2002

Group	Channels	Audience share (%)
SVT	SVT 1, SVT2	43
Bonnier 22%, Alma 23%, MTG 15%	TV4	25
SBS	Kanal 5	8
MTG	TV3, ZTV	11.4
Others		12.6
Total		100

Note: Excludes ViaSat and other channels with a market share of below one per cent.

Chart 10.2: Group market share of audience 2002



Source: Nordicom 2003

Television revenues

In terms of market share of revenues, reflecting its significant market share of the audience, TV4 is the market leader with 55.5 per cent of the market with the two other major television operators TV3 and Kanal 5 enjoying 23.1 and 15 per cent of the market respectively.

Table 10.7: Revenue share of commercial television companies (Swedish market) companies with nationwide coverage 2001

<i>Company</i>	<i>Revenue in € (Mil)</i>	<i>Share of total revenue (%)</i>
TV4	241	44
MTG	179	33
Canal+	67	12
Kanal 5	55	10
Total	542	100

Source: *Konkurrens och samarbete inom medierna 2003*

Table 10.8: Share of commercial revenues of the major commercial broadcasters 2002

<i>Broadcasters</i>	<i>Source</i>	<i>Share (%)</i>
TV3	Advertising and sponsoring/ other	23.1
TV4	Advertising and sponsoring/ other	55.5
Kanal 5	Advertising and sponsoring/ other	15.0
Others	Advertising and sponsoring/ other	6.4
Total		100

Note: *Estimated.*

Source: *Medieutveckling 2003, Swedish Radio and Television Authorities and TV4 data*

Distribution

Satellite and cable television

Since 1992 cable subscriptions have decreased slightly, with a penetration rate in 2002 of 37 per cent (calculated as households with potential access to cable). After significant initial growth in satellite between 1993 and 1994 satellite households have panned out at 22 per cent of households.

Table 10.9: Cable and satellite penetration (households %) 2002

	<i>Cable</i>	<i>Satellite</i>	<i>Total</i>
Homes	37	22	59

Source: *Nordicom 2003*

As stated above, the main four channels retain 86 per cent of audience share leaving the remaining 14 per cent to smaller channels carried on cable and satellite. The two main operators are MTG (ViaSat) and Canal Digital, the latter of which is a wholly owned subsidiary of Telenor and has an exclusive carriage deal with Canal+. The pay-television market differs from the free- to-air market in Sweden as companies have adopted a pan-Nordic strategy. MTG channels include TV1000, TV3, Cinema, ZTV, TV8, ViaSat Sport, ViaSat Explorer and ViaSat Nature/Action.

Television ownership

SBS has 100 per cent control of Kanal 5 and TV4 is owned by a combination of smaller shareholders and the publisher Bonnier, who has a controlling stake of the company as a result of its interests in Alma Media Oyj.

Table 10.10: Ownership of SBS

<i>Shareholder</i>	<i>Shareholding (%)</i>
UPC	21
Harry E Sloan	11
Janus Capital Corp.	9
EnTrust Capital Inc.	8
CanWest Global Communications	7
Capital Research & Management	6
State Farm Insurance Companies	6
Other	Remaining shares
Total	100

Source: *Nordicom 2003*

MTG owns 100 per cent of TV3 and also holds shares in TV4 making it the most prevalent company in the television market.

Table 10.11: Ownership of TV4

<i>Shareholder</i>	<i>Shareholding (%)</i>
Bonnier	23.4
MTG	15.1
Alma Media Oyj*	23.4
Fidelity Funds	8.8
JP Morgan Chase Bank	6.2
LRF-sfären	6.2
Bokförlaget Natur och Kultur	5.9
Handelsbankens fonder	1.6
Svenska Industritjänstemannaförbundet	1.6
Robur	1.4
Others	6.4
Total	100

Note: * *Bonnier holds a 33 per cent stake in Alma Media Oyj.*

Source: *Nordicom 2003*

The radio sector

There are over 1,323 radio stations in Sweden, although most of these are small, non-commercial community radio services and are not significant in terms of market share. There are 87 commercial radio stations and these are largely gathered together under the ownership of a handful of media groups.

Table 10.12: Type of radio operators 2002

<i>Company</i>	<i>Number</i>
SR	10 + 26 regional stations
Commercial	87 local stations
Community radio	1200 stations
Total	1323

Source: *Nordicom 2003 and Swedish Radio and Television Authority 2004*

Prima facie a great degree of diversity is evident in the Swedish radio market, however, the community radio stations combined hold only seven per cent of listener share and the market is dominated by SR and to a far lesser extent the commercial radio stations.

Table 10.13: Radio listener market shares 2002

<i>Type</i>	<i>Share (%)</i>
All SR	64
Local commercial stations	29
Other	7
Total	100

Source: Nordicom 2003

There are six major operators including SR, which has four national radio stations and 26 regional ones and is the major radio broadcaster in Sweden, dominating the radio industry. SR stations enjoy 64 per cent of listener share, whilst the commercial stations hold a market share of 29 per cent of listeners.

Table 10.14: Radio groups and number of stations 2002/2003 excluding community radio

<i>Radio group</i>	<i>Number of stations</i>	<i>Owner</i>
Rix FM	25	MTG
NJR/Energy	21	NRJ S.A
Mix Megapol	16	Bonnier*
Fria Media	13	Fria Media
Radio City	3	SBS
Other commercial	9	
Total	87	

Note: * In 2003 the radio assets of Bonnier and SBS were merged with SBS holding 51 per cent stake and Bonnier 49 per cent share.

Source: Nordicom 2003

Table 10.15: Listener share by group fourth quarter 2002

<i>Group</i>	<i>Share (%)</i>
SR	64
Rix FM (25 stations)	10
Mix Megapol	7
NRJ/Energy	7
Fria Media	5
Others	7
Total	100

Source: Nordicom 2003

The major commercial stations are organised on a network structure with five groups controlling 78 of the 87 stations. Out of the major networks Fria Media is the only one that caters specifically to local interests and the other networks broadcast the same service through all of their affiliate stations.

10.1.3 Cross media ownership

The largest two media groups own assets across a number of media industries. Bonnier AB, whose main activities relate to publishing, have interests in all sectors covered in this report. It is the major newspaper group with a 24 per cent share of total circulation. It is also the majority shareholder of the most popular commercial channel TV4 and has interests in the radio industry through its Mix Megapol network of stations. Its main competitor is MTG, which has a similar range of assets including the second most popular commercial channel TV3, a 15 per cent stake in TV4 and other satellite channels, the most popular radio network and a raft of other related media interests.

The third major player is the pan-European channel SBS a US-based, Luxembourg- registered company which controls radio and television assets.

Chart 10.3: SBS Swedish media assets

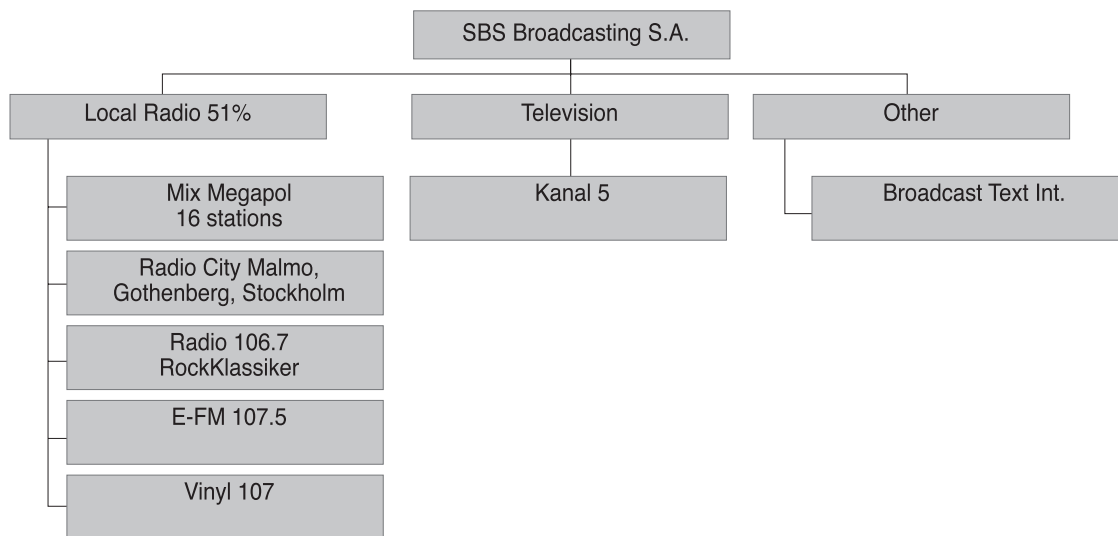
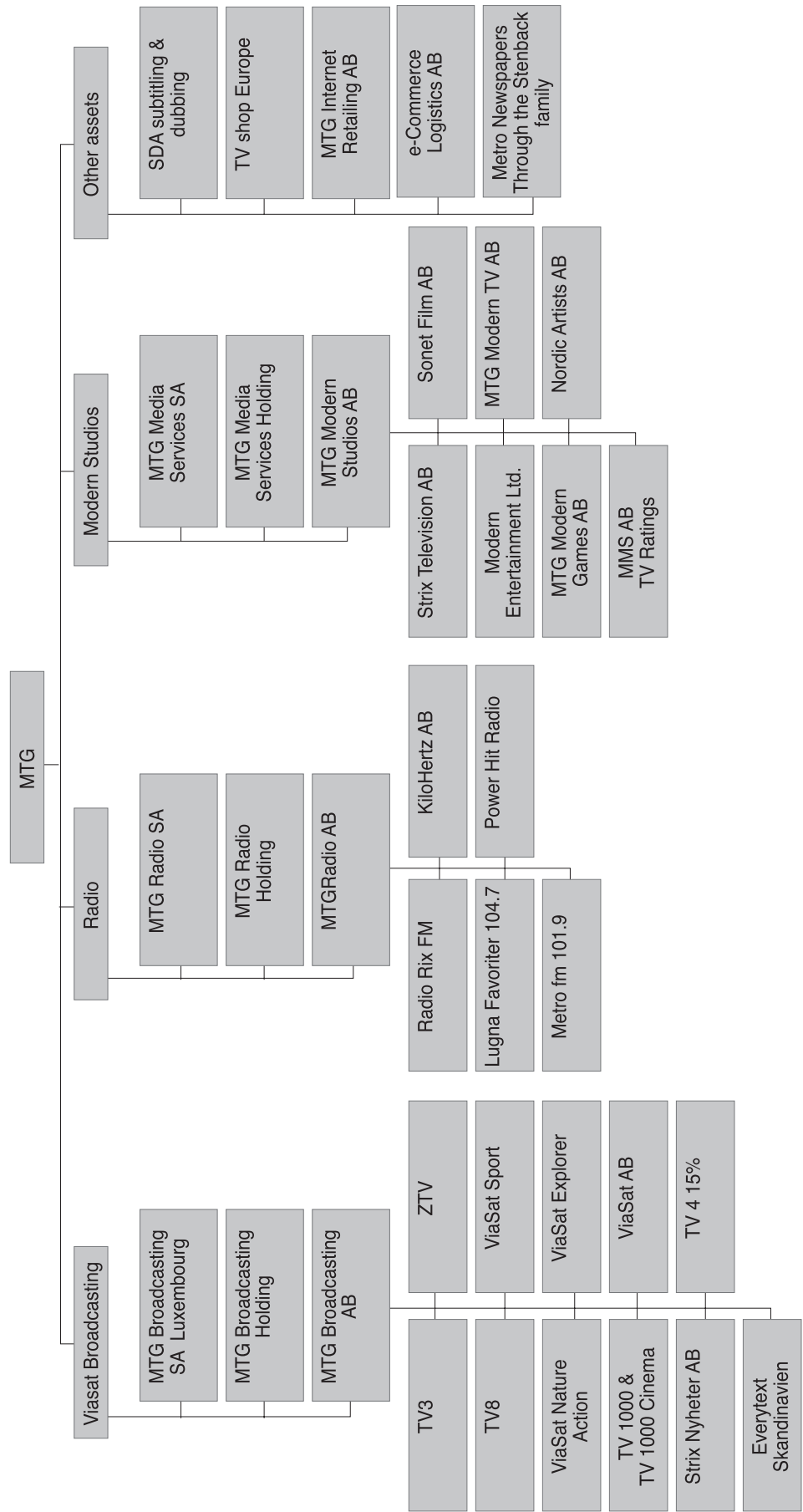
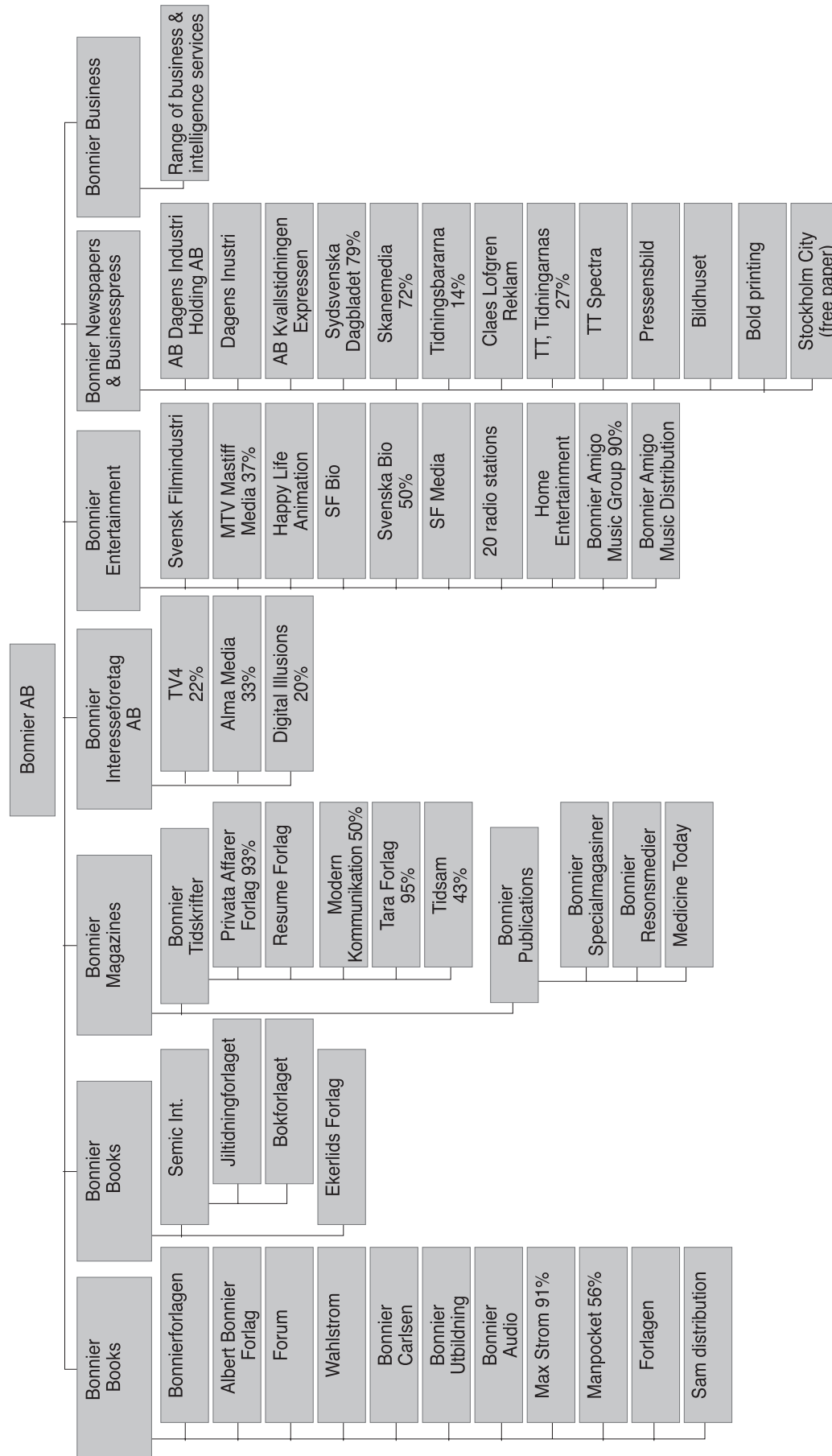


Chart 10.4: Swedish media assets of Modern Times Group



Source: Nordicom 2003

Chart 10.5: Swedish assets of Bonnier AB



Source: Nordicom 2003

Conclusion

The Swedish regional newspaper market is moderately concentrated according to the C3 calculation. This is largely due to the smaller local and regional titles (tier 2) that represent a large percentage of the overall market. Three groups: Bonnier AG, Schibsted AB and Tidnings AB Stampen are the major players, but they have either adopted strategies to expand on a Nordic level or into different sectors leaving the local titles in the hands of a range of other operators.

Table 10.16: Summary

<i>Sweden</i>	<i>Television</i>	<i>Radio</i>	<i>Regional press (Daily)</i>
3 top companies (by market shares)			
	1 SVT	SR	Bonnier AG
	2 Bonnier	Rix FM	Schibsted AB
	3 MTG	Mix Megapol	Tidnings AB Stampen
Number of generalist public service channels	2	-	-
Number of commercially funded channels with above 5% market share	3	-	-
Number of public service radio stations	-	4+ 26 regional outlets	-
Number of titles	-	-	84
C3	79.4	81	45.5

The television sector is highly concentrated with the public broadcaster performing strongly. Three strong competitors, the most successful of which is TV4 that enjoys around 25 per cent of audience share, follow the SVT channels in terms of audience share. The growth in the past decade of the audience share of Kanal 5 and a small rise in the audiences of niche channels have been at the expense of SVT's market share, which shows an annual decline.

The public service broadcaster performs extremely strongly in the radio industry and enjoys 64 per cent audience share. Four commercial networks three of which are owned by the major media companies Bonnier, MTG and SBS follow SR. The merger of the radio assets of Bonnier and SBS has further increased concentration in the sector.

10.2 Summary of ownership rules

There is no set framework for the regulation of media ownership in Sweden and a general framework of ad hoc competition law is employed by the authorities to assess media mergers and market pluralism across all the mass media sectors. Although there has been discussion over the question of whether to introduce ownership rules, as yet there has been no movement towards developing a set of thresholds or a more specific framework for the media sector.

Parties involved in a merger or acquisition are obliged to notify the Competition authorities in cases where the turnover of the undertakings involved exceeds €44 million or where at least two of the undertakings each has a turnover exceeding €11 million.

In addition to competition policy, there is a provision in the Radio and Television Act 2002 that requires the Radio and Television Authority to protect the public from undue market power and ensure that a diverse range of opinions and views is maintained in the local radio market. In this respect the

Radio and Television Authority should consider whether an applicant:

1. Publishes a daily newspaper or broadcasts radio or television in the transmission area.
2. Exercises a decisive influence as a result of shareholdings, participations or agreements over an undertaking specified in 1.
3. Is a company in which a person or entity specified in 1 and 2 has a decisive interest.

(Excerpt from the Radio and Television Act 1996, Section 8)

SWITZERLAND

11.0 Introduction

Despite the comparatively wide range of media outlets in Switzerland the media sector has witnessed consolidation in recent years with the growth of strategic alliances and a greater degree of concentration of ownership. Its regional press sector has the most daily titles per capita in the countries included in this report and its television sector is highly international in character, with French, German and Italian broadcasters serving the different linguistic communities. This situation supports the dominant domestic position of the public service broadcaster SRG. The radio sector in Switzerland is also dominated by SRG that on average commands a 70.3 per cent listener share. However, contrary to the television sector the radio market is far more developed in terms of domestic operators.

11.1 Media concentration

11.1.1 The newspaper sector

The Swiss press market is divided along national and regional lines as well as according to linguistic communities. In each of the country's three parts, the German-speaking Deutschschweiz (D-CH), the French-speaking Suisse romande (F-CH) and the Italian-speaking Svizzera italiana (I-CH), there is a range of daily newspapers catering to the different language communities.

A very strong market share for newspapers of national advertising revenues supports a strong and dynamic newspaper sector. Despite a decrease in spending on newspaper advertising, newspapers generated twice the amount of advertising revenue during the period January-August 2003 as television and radio combined.

Table 11.0: Gross advertising revenues January-August 2003

<i>Medium</i>	<i>Mil €</i>	<i>Share (%)</i>
Newspapers	587.1	40.4
Television	256.0	17.6
Radio	55.6	3.8
Others	553.4	38.1
Total	1,452.1	100

Source: IP Switzerland 2003

This strong performance has not, however, totally shielded the press sector from a downturn in the advertising market. In 2003 eight titles folded - part of a long-term trend that has witnessed an overall decrease from a high of 257 in 1995 to 216 at the end of 2003.

Table 11.1: Number of newspapers, average daily and total circulation figures 1995-2003

Year	Number of newspapers	Annual change (%)	Average daily circulation	Annual change (%)	Total circulation	Annual change (%)
1995	257		2,597,768		4,261,970	
1996	249	-3.11	2,585,418	-0.48	4,202,212	-1.40
1997	245	-1.61	2,569,524	-0.61	4,170,631	-0.75
1998	234	-4.49	2,556,128	-0.52	4,228,532	1.39
1999	233	-0.43	2,556,892	0.03	4,226,998	-0.04
2000	232	-0.43	2,544,035	-0.50	4,214,337	-0.30
2001	224	-3.45	2,513,827	-1.19	4,105,564	-2.58
2002	224	0.00	2,490,320	-0.94	4,158,024	1.28
2003	216	-3.57	2,415,250	-3.01	3,918,066	-5.77
Total change		-15.95		-7.03		-8.07

Note: Total circulation includes all newspapers that are published at least once a week.

Source: Verband Schweizer Presse 2003

The majority of newspapers that have closed catered to the German-language market, while in relative terms the Italian-speaking area of the country has been the most affected, with a reduction of almost one fifth in the total number of newspapers during the past five years.

Table 11.2: Number of newspapers per linguistic community 1999-2003

	1999	2000	2001	2002	2003
German	163	162	155	155	153
French	52	52	53	52	48
Italian	16	16	14	15	13
Rhaeto-Romanic	2	2	2	2	2
Total	233	232	224	224	216

Source: Verband Schweizer Presse 2003

This is all the more problematic as the Italian community's part of the overall market is relatively small, making it largely unattractive to the national Swiss publishing houses and advertisers. As is the case with other sectors of the media industry, the Tessin remains relatively isolated from the rest of the country's media activities.

Table 11.3: Largest daily newspapers per linguistic community 2002-2003 circulation / market share

<i>Publication</i>	<i>Circulation</i>	<i>Group</i>	<i>Market share (%)</i>
D-CH			
20 Minuten	325,838	Schibsted (50.5), Tamedia (49.5)	11.9
Blick	292,292	Ringier	10.7
Tagesanzeiger	234,518	Tamedia	8.6
Mittelland Zeitung	193,665	AZ Medien Gruppe	7.1
Berner Zeitung	163,000	Espace Media Groupe	5.9
NZZ	145,944	NZZ	5.3
Die Südostschweiz	138,117	Südostschweiz Mediengruppe AG	5.0
Aargauer Zeitung	131,841	AZ Medien Gruppe	4.8
Neue Luzerner Zeitung	133,304	LZ Medien Holding	4.9
St Galler Tagblatt	110,209	NZZ	4.0
Basler Zeitung	103,649	Basler Zeitung Medien	3.8
Der Bund	66,242	NZZ, Espace Media Groupe, Publicitas	2.4
F-CH			
24 heures	88,543	Groupe Edipresse	3.2
Tribune de Genève	75,029	Groupe Edipresse	2.7
Le Matin	66,531	Groupe Edipresse	2.4
Le Temps	55,112	Le Temps	2.0
I-CH			
Corriere del Ticino	39,567	-	1.4
La Regione Ticino	33,062	-	1.2
Giornale de Popolo	27,359	-	1.0
Others	449,107		16.4
Total	2,741,088		100

Note: Majority stakeholder Schibsted presently controls 20 Minuten, though it will eventually be taken over by Tamedia in association with Berner Zeitung which is to obtain a 17.5 per cent share in the holding Express Company which owns the 49.5 per cent stake that Tamedia currently holds in 20 Minuten. The changes are contingent on the Swiss Competition Commission's clearance of the case.

Source: WEMF 2003

Collectively, the three biggest daily newspapers published in the Italian-speaking part of the country hold less than 3.6 per cent of the entire Swiss newspaper market, which is little more than what is held by the largest domestic French-language daily, the Lausanne-based 24 heures, with 3.2 per cent of the market. The largest newspapers are the German-language titles, the most popular titles of which are the free sheet 20 Minuten and the tabloid Blick. The Neue Zürcher Zeitung holds sixth place in the national marketplace, with an additional 20,347 copies sold outside the country's borders.

Three important features define the contemporary parameters of the Swiss newspaper market. The first is that the Italian-language publishers have so far failed to increase their standing in the national market by way of consolidation, and these titles remain in the hands of individual publishers. Secondly, the newspaper market in the French-speaking part of the country is highly concentrated and is almost exclusively in the hands of Groupe Edipresse, an international press company active in nine countries, including mainly across Southern and Eastern Europe. The group's dominance becomes even more pronounced when the 41 per cent stake it holds in the fourth biggest newspaper of the French linguistic community, Le Temps, is taken into account.

Table 11.4: Newspaper group market share 2002-2003

<i>Group</i>	<i>Circulation</i>	<i>Share (%)</i>
Schibsted	325,838	11.9
Ringier	292,292	10.7
NZZ	256,153	9.3
Tamedia	234,518	8.6
AZ Medien Gruppe	193,665	7.1
Espace Media Groupe	163,000	5.9
Südostschweiz Mediengruppe AG	138,117	5.0
LZ Medien Holding	133,304	4.9
Basler Zeitung Medien	103,649	3.8
Der Bund	66,242	2.4
Groupe Edipresse	230,103	8.4
Le Temps	55,112	2.0
Corriere del Ticino	39,567	1.4
La Regione Ticino	33,062	1.2
Giornale de Popolo	27,359	1.0
Others	449,107	16.4
Total	2,741,088	100

Note: Der Bund is owned by NZZ (40%), Espace Media Groupe (40%), Publicitas (20%)

Le Temps is owned by Groupe Edipresse (41%), Ringier (41%) and others (18%).

Source: WEMF 2003

Thirdly, the German-speaking community of Switzerland has three large newspaper groups that combine to control one third of the entire market. Of these, both Schibsted and Ringier owe their success to the publication of one high-circulation title each (20 Minuten and Blick, respectively), while the NZZ group is involved in three dailies, two of which it controls (Neue Zürcher Zeitung and St. Galler Tagblatt).

If the proposed acquisition of Switzerland's most popular daily, the free sheet 20 Minuten, by the Tamedia group is cleared by the competition authorities, this will change the current situation and make Tamedia the largest press group in Deutschschweiz, giving it unequivocal market leadership with about 20 per cent of the entire Swiss newspaper market.

11.1.2 The broadcasting sector

The television sector

The Swiss television market, like the press and radio markets, is divided along linguistic lines. The dominant broadcaster serving all the linguistic communities is the Swiss Broadcasting Corporation (SRG-SSR idée suisse), which provides a range of public radio and television services for the entire Swiss population. In order to serve its different constituencies, the SRG-SSR produces seven television channels, three for the German community and two each for the French and Italian communities. Additionally, the broadcaster produces a programme window for the Rhaeto-Romanic community, which is integrated into the schedule of the German-speaking services.

Commercial television

Competition in the television market is provided almost exclusively from foreign broadcasters, as the market for commercial television in Switzerland is relatively underdeveloped. The first private venture in the sector was the European Business channel, a joint venture led by Thames Television and Sat.1, which was established in 1988, prior to the introduction of the current regulatory regime in

1992 which formally established the legality of privately owned (satellite) television in Switzerland. Following the channel's collapse in 1990, there was a period of five years before another initiative was launched.

This was partly due to one of the central foundations of Swiss media policy introduced in line with the adoption of the current regulatory regime in 1992. The so-called three-level model (Drei-Ebenen-Modell) subdivided the broadcasting market into three tiers, namely the local/regional, the linguistic/national and the international level. Parallel to creating the legal preconditions for an increase in domestic competition, the linguistic/national level was in principle allocated to the SRG-SSR. This prioritisation led to a rejection of RTL's first attempt at providing a Swiss window in 1994, and also the denial of a broadcasting licence to niche channel provider Car TV in 1997.

A major departure from this logic occurred between 1998 and 1999 when the Federal Council awarded broadcasting licences to three private operators as well as approving programme windows produced by SAT.1, and Pro7 and RTL. In 1999, the Pro7/RTL venture together with the channels TV3 and SWIZZ Music Television (which later became VIVA Swizz in 1999) began broadcasting, after Tele 24 and the SAT.1 programme window went on air in 1998 alongside the Deutschschweiz's then only private free-to-air broadcaster Star TV (which had been established in 1995). Today, VIVA Swizz and SAT.1 Schweiz are the only companies still operating from among the 1998-1999 market entrants, the former being largely owned by VIVA and the latter split in terms of ownership between the German ProSiebenSAT.1 group and Swiss publishing house Ringier.

Corresponding to the relative size of the three linguistic communities, efforts at establishing a private alternative to the public service incumbent have traditionally focused on the German-speaking part of the Swiss market. Thus of the nine broadcasters currently licensed to broadcast to the language community ('national') level, seven target their programming at this part of the Swiss population and the remaining services have not as yet been launched. Of these programmes SAT.1 Schweiz, Star TV and VIVA Swizz are distributed by satellite and cable, whereas Teleclub and Cablecom Digital Cinema are available exclusively via cable. The windows produced by Alphavision and Presse-TV are distributed via satellite and cable because they are broadcast via SRG-SSR's frequencies and qualify within the must carry obligations of cable operators.

Alphavision and Presse-TV have achieved some success due to their cooperation with SF2, which has integrated their programming into the schedule of the public service broadcaster. Alphavision produces Fenster zum Sonntag a 90-minute Christian special interest programme, which is aired once a fortnight. Presse-TV, a joint venture between Ringier, NZZ (30 per cent each), dtcp (20 per cent), Basler Mediengruppe and Jean-Frey-Verlag (ten per cent each), produces programming for SRG and has some of its own programming shown on SF2.

During the past decade, most attempts to establish private broadcasting in the various parts of Switzerland have failed, the most recent case being the closure of the TV3 joint venture in December 2001, which was initially operated by SBS Broadcasting Systems and Swiss publishing company Tamedia AG. Following a takeover in August 2001 by the then only private competitor in German-speaking Switzerland, Tele 24, TV3 failed to consolidate financially. This is despite the fact that the channel acquired the programme rights for high-profile programming such as 'Big Brother' and 'Robinson' and a market share of four per cent in its final year before its closure.

Regional and local broadcasters

In addition to the regional language-based television channels, there is a number of local and regional television outlets, but these do not command any significant share of the audience or advertising revenues. From among a total of 43 licensees, only 18 are qualified as demonstrating 'high broadcasting activity' by the national regulator, meaning that they produce programming on an everyday basis and have total programming budgets of more than € 320,000 per year.

National initiatives at fostering private television have traditionally been hampered by the strong presence of foreign operators who have been a force in broadcasting since the mid-1980s, i.e. prior to

any real initiatives towards opening the domestic broadcasting market by issuing licenses to private operators.

A restrictive television advertising regime, combined with the fact that more than 90 per cent of viewers are connected to cable networks, imposes clear limits to future private initiatives in the field of terrestrial broadcasting. By constraining potential advertising revenues and limiting the attractiveness of digital terrestrial television as a potential means of introducing competition into the market it remains restricted. Under these conditions, it has mainly been left to foreign broadcasters to challenge the dominant status of SRG-SSR, a task that has been met with varying success depending on the region of Switzerland. While the public service broadcaster remains the major force in the German-speaking part of Switzerland, foreign competitors have made greater inroads into the television markets of the French- and Italian-speaking communities.

Table 11.5: Television audience share (German-speaking community) 1998-2003 (%)

	1998	1999	2000	2001	2002	2003
SF1	26.3	26.8	25.3	26.5	26.7	26.4
RTL	8.4	8.5	7.9	7.7	7.9	8.0
SF2	7.5	6.4	7.2	6.4	8.1	8.5
PRO7	7.0	6.7	6.2	5.9	5.6	5.6
SAT.1	6.7	6.0	5.4	5.1	6.4	5.4
ARD	5.8	5.6	5.6	5.5	5.8	5.7
ORF1	4.9	4.6	4.2	4.3	4.5	4.4
ZDF	4.3	4.0	4.3	4.4	4.4	4.4
RTL2	3.7	3.8	4.0	3.2	3.5	3.6
ORF2	2.4	2.3	2.3	2.3	2.4	2.1
3SAT	0.8	0.8	0.9	0.9	0.9	1.0
TSR1	0.4	0.3	0.3	0.3	0.3	0.3
TSI	0.4	0.3	0.3	0.3	0.2	0.2
Others	21.3	23.8	26.2	27.1	23.4	24.4
Total	100	100	100	100	100	100

Note: 2003 data for the first six months of the year.

Source: Publica Data AG / Telecontrol 2003

In the German-speaking region of Switzerland, the market for television broadcasting is characterised by a strong public service broadcaster and a broad range of broadcasters which target Swiss audiences from abroad. The continuously high market share attained by SRG-SSR's channel SF1 has been successfully complemented by SF2. A restyling of the latter channel profile to focus on children's programming and complementing this with highbrow cultural programming has proved a successful mix to build market share. Table 11.5 shows that this new programming strategy has resulted in both SRG-SSR channels occupying strong positions in the German-speaking television market.

Following the closure of TV3 and Tele 24, the regional private broadcasters in this part of the country have captured a larger share of the market. According to Telecontrol data produced for the programmes of Tele M1, Tele Tell, Tele Züri and Tele Bärn, these channels now hold a total 3.9 per cent market share. From among the Swiss private broadcasters, only SAT.1 Schweiz attracts a significant share of audience viewing.

Table 11.6: Television broadcasting group share of audience (German-speaking community) 2003

<i>Group</i>	<i>Market share (%)</i>
SRG-SSR	34.9
RTL	11.6
ORF	6.5
ARD	5.7
ProSiebenSat.1 Media AG	5.6
Sat.1 Schweiz	5.4
ZDF	4.4
3SAT	1.0
Others	24.4
Total	100

Note: 2003 data for first six months of the year.

Source: IP Switzerland 2003

In terms of group share, the SRG-SSR group ranks first, with an overall viewing share of almost 35 per cent. The German-language channels of the RTL Group are the second most popular with an 11.6 per cent share. The Austrian and German public service broadcasters ORF and ARD, and the private companies ProSiebenSat.1 Media AG and Sat.1 Schweiz have a market share between 5.5 and 6.5 per cent each. Despite these five groups having moderate market shares, the top three companies enjoy more than 50 per cent of audience share.

Table 11.7: Television audience share (French-speaking community) 1998-2003 (%)

	1998	1999	2000	2001	2002	2003
TSR1	28.7	27.8	26.8	26.0	25.3	25.5
TF1	15.4	15.8	16.0	15.9	16.8	16.2
France 2	9.8	9.5	9.4	9.3	9.5	9.7
M6	7.8	7.6	7.4	8.8	9.2	8.6
France 3	6.5	6.3	6.3	6.5	6.6	6.6
TSR2	5.1	5.1	5.4	5.1	5.0	5.0
RTL 9	4.3	4.8	4.6	4.9	4.6	4.2
TNT	2.3	2.6	2.9	2.9	3.0	3.6
SF1	1.8	2.1	1.8	1.9	1.7	1.8
TV 5	1.3	1.5	1.7	1.7	1.6	1.5
TSI1	0.8	0.8	0.6	0.5	0.3	0.3
Others	16.2	17.0	17.0	16.6	16.4	17.0
Total	100	100	100	100	100	100

Note: 2003 data for first six months of the year.

Source: Publica Data AG / Telecontrol

Similarly, in the French-speaking part of Switzerland, the main television service offered by the SRG-SSR's regional branch has remained the most popular with audiences during the past six years, despite suffering a decrease in audience share of three percentage points throughout the period. Whilst it has defended its pole position in the market, the SRG-SSR's market share is less pronounced than in the German-speaking part of the country, with French public (France 2, France 3) and private broadcasters (TF1, M6) occupying significant positions in the market.

The market shares of all of the channels servicing the Suisse romande community are extremely stable and are characterised by a high degree of continuity. Although there have been losses and

increases in the absolute shares of each broadcaster, the overall ranking has remained largely unchanged since 1998.

The importance of French public and private broadcasters becomes far more evident when they are represented as group share, as together the three major actors account for close to two-thirds of viewing time on average; this rises to almost 75 per cent when M6 is added to the calculation.

Table 11.8: Television broadcasting group share of audience (French-speaking community) 2003

<i>Group</i>	<i>Market share (%)</i>
SRG-SSR	32.6
France Télévisions	16.3
TF1	16.2
M6 Group	8.6
AB Group	4.2
TBS	3.6
TV5 Monde	1.5
Others	17.0
Total	100

Note: 2003 data for the first six months of the year.

Source: IP Schweiz 2003

Table 11.9: Television audience share (Italian-speaking community) 1998-2003 (%)

	1998	1999	2000	2001	2002	2003	<i>Group</i>
TSI1	26.4	26.7	25.3	26.1	24.5	27.6	SRG-SSR
Canale 5	12.3	12.7	14.4	14.7	13.8	13.6	Mediaset
RAI 1	9.9	9.2	10.5	11.7	12.0	10.3	RAI
RAI 2	9.2	8.6	8.1	7.4	7.5	7.0	RAI
Italia 1	8.8	8.7	8.3	7.4	8.2	8.2	Mediaset
Rete 4	6.2	5.7	5.7	5.6	6.1	5.9	Mediaset
RAI 3	5.7	5.1	5.1	5.2	5.3	4.9	RAI
TSI2	5.5	5.7	6.0	5.4	5.1	5.7	SRG-SSR
La 7	2.1	1.7	1.7		1.8	1.8	La 7
TSR1	1.9	1.7	1.1	0.9	0.9	0.8	SRG-SSR
SF1	1.4	1.6	1.3	1.3	1.4	1.2	SRG-SSR
Others	10.6	12.5	12.5	14.3	13.6	13.0	-
Total	100	100	100	100	100	100	

Note: 2003 data for the first six months of the year.

Source: Publica Data AG / Telecontrol 2003

In Switzerland's Italian-speaking community, TSI has remained the market leader, demonstrating the popularity of the Swiss public service broadcasting across all the linguistic communities. Contrary to the case of the French-speaking community, there has been a greater degree of change in the overall performance of channels catering to the Italian-speaking community. There has been a decline in the audience share of the Italian public channels RAI 2 and RAI 3 and also the major French-language public service channel produced in Switzerland, TSR1, has seen its market share more than halved.

Table 11.10: Television broadcasting group share of audience (Italian-speaking Switzerland) 2003

<i>Group</i>	<i>Market share (%)</i>
SRG-SSR	35.3
Mediaset	27.7
RAI	22.2
La 7	1.8
Others	13.0
Total	100

Note: 2003 data for the first six months of the year.

Source: Publica Data AG / Telecontrol 2003

In terms of group share, this part of Switzerland is the most heavily concentrated of all the regional language community markets. The Swiss public service broadcasting group SRG-SSR and the Italian media conglomerate Mediaset are the two major actors and control 63 per cent of audience share. Together with the RAI channels the top three broadcasting groups control 85.5 per cent of the market.

Advertising and television revenues

Following trends in the overall European market, the Swiss advertising market witnessed negative growth rates in 2001 and 2002. While the television industry outperformed the overall market in terms of advertising revenue growth in 1999 and managed to retain positive growth in 2001 when the Swiss market in general was badly hit, it was disproportionately affected in 2002 when sector growth dropped by 12.6 percentage points.

Table 11.11: Gross television advertising revenues per type of operator (€ 000s)

	<i>2001</i>	<i>2002</i>	<i>Share of total gross ad spend 2002 (%)</i>
D-CH			
SRG-SSR (SF)	163,649	163,197	40.0
Private and advertising windows D-CH	118,201	132,353	32.4
Private broadcasters D-CH	56,790	5,005	1.2
Regional private broadcasters D-CH	10,468	15,449	3.8
Total D-CH	349,108	316,004	77.4
F-CH			
SRG-SSR (TSR)	77,580	76,592	18.8
Advertising windows		3,339	0.8
Private broadcasters F-CH			
Total F-CH	77,580	79,931	19.6
I-CH			
SRG-SSR (TSI)	10,841	12,145	3.0
Total I-CH	10,841	12,145	3.0
Total CH	437,530	408,080	100

Source: PROGNOS 2003

Broadcasters that cater to the German-speaking community emerge as the most prominent in the advertising market, together with the services of SRG-SSR. Broadcasters located in the Deutschschweiz attracted 77.4 per cent of total television advertising revenues and the Swiss public service broadcaster accounted for between 51.6 per cent (D-CH) and 100 per cent (I-CH) of televi-

sion advertising revenues in 2002, collecting 61.7 per cent of the entire amount spent on television advertising that year.

Using slightly different data, the distribution of advertising revenues in 2002 demonstrates the significance of both the German-language services and the share of the public service broadcaster.

Table 11.12: Share of gross television advertising revenue 2002

<i>Channel</i>	<i>Market share (%)</i>	<i>Group</i>
SF1	34.4	SRG-SSR
TSR1	17.8	SRG-SSR
RTL	9.7	RTL
PRO7	9.4	SAT.1 Satelliten Fernsehen GmbH
SAT1	6.9	SAT.1 Schweiz
SF2	5.6	SRG-SSR
RTL2	3.0	RTL
TSI	2.8	SRG-SSR
TeleZüri	2.3	Tamedia
VOX	1.8	RTL
KABEL1	1.5	SAT.1 Satelliten Fernsehen GmbH
Others	4.7	
Total	99.9	

Source: IP 2003

Table 11.13: Group share of gross television advertising revenue 2002

<i>Group</i>	<i>Market share (%)</i>
SRG-SSR	60.6
RTL	14.5
ProSiebenSat.1 Media AG	10.9
SAT.1 Schweiz	6.9
Tamedia	2.3
Others	4.7
Total	99.9

Source: IP 2003

Group share of advertising revenues presents a similar picture. SRG-SSR is dominant, with 60.6 per cent share of gross television advertising revenues, the RTL Group achieves a 14.5 per cent share and ProSiebenSat.1 another 10.9 per cent. Together the three groups control 86 per cent of the Swiss market for television advertising.

Distribution

Satellite and digital terrestrial

Cable is the dominant delivery system in Switzerland mainly due to the country's unique geographic features that render terrestrial transmission difficult or even impossible in certain locations. As a result of the high degree of cable penetration digital terrestrial television is undeveloped and there is no domestic Swiss satellite operator.

Table 11.14: Delivery source for television services 2003

	<i>Households (Mil)</i>	<i>(%)</i>
Cable	2.03	67.2
Satellite	0.85	27.9
Terrestrial	0.15	5.0
Total	3.03	100

Source: SES Astra

Cable ownership

As of January 1st 2003, the Swiss cable market recorded 2.7 million homes connected, of which over two-thirds were located in the German-speaking part of the country, with another quarter representing the French-speaking part and the final 7.2 per cent in Italian-speaking Switzerland.

Table 11.15: Homes connected to cable per regional language community January 2003

	<i>Homes connected</i>	<i>Homes connected (%)</i>
D-CH	1,839,244	67.7
F-CH	681,906	25.1
I-CH	195,607	7.2
Total	2,716,757	100

Source: Swisscable 2003

Table 11.16: Structure of the Swiss cable market 2003

<i>Number of homes served</i>	<i>Number of operators</i>	<i>Number of customers</i>	<i>Market share (%)</i>
> 22,000	11	1,734,338	63.9
10,000–22,000	20	284,889	10.5
5,000–10,000	35	236,907	8.7
2,000–5,000	61	195,434	7.2
1,000–2,000	61	88,280	3.2
< 1,000	67	38,876	1.4
Others	169	138,033	5.1
Total	424	2,716,757	100

Source: Swisscable 2003

An analysis of the cable market by operator size reveals a strong tendency towards consolidation with the top 11 companies serving almost two-thirds of all customers. Table 11.17 lists the eight largest companies with a subscriber base significantly above 22,000.

Table 11.17: The eight largest Swiss cable operators January 2003

<i>Operator</i>	<i>Subscriber base</i>	<i>Group</i>	<i>Market share (%)</i>
Cablecom	975,000	Cablecom	35.9
Balcab	200,000	Cablecom	7.4
Télégenève	130,000	022 Télégenève SA	4.8
Besonet	120,000	Besonet AG	4.4
Service industriels de Lausanne	72,000	City of Lausanne	2.7
Sitel	72,000	Cablecom	2.7
Telezug	56,000	Wasserwerke Zug AG	2.1
GGA Rheinach	42,600	InterGGA AG	1.6
Others	1,049,157		38.6

Source: *Swisscable 2003 and company data*

Group share demonstrates the dominant position of Cablecom (formerly NTL), which was sold to a consortium of investors including Apollo, Soros Private Equity Partners and Goldman Sachs Capital Partners following the restructuring of NTL in 2003. The company controls a combined share in the market of close to 50 per cent with the second largest company in the market, 022 Télégenève SA, having a share of a little under five per cent.

Table 11.18: Market share of cable network 2002

<i>Group</i>	<i>Market share (%)</i>
CableCom	45.9
022 Télégenève SA	4.8
Besonet AG	4.4
City of Lausanne	2.7
Wasserwerke Zug AG	2.1
InterGGA AG	1.6
Others	38.6
Total	100

Source: *Swisscable 2003 and company data*

Television ownership

SRG-SSR is organised as a private association, which has been given the task of producing a public service for the entire Swiss population. Organisationally, this has meant that SRG-SSR has established six subsidiaries that provide radio and television services for each of the country's main linguistic communities. In the television field the subsidiaries of SRG-SSR *idée suisse* are Schweizer Fernsehen DRS (SF DRS), Télévision Suisse Romande (TSR) and Radiotelevisione svizzera di lingua italiana (RSI). Four regional associations, which act as umbrella organisations for a range of local organisations, own the SRG-SSR membership, which is open to natural and legal persons who are residents in and/or have a specific association with the given locality.

Aside from SRG-SSR there is only a limited number of Swiss private television broadcasters at the language community level. The ownership of these stations is summarised in Table 11.19, together with the share of the market they hold (where available).

Table 11.19: Ownership structure of operating regional language community broadcasters D-CH 2003

<i>Channel</i>	<i>Operator</i>	<i>Owned by</i>	<i>Stock (%)</i>
Alphavision TV	Alphavision AG	-	-
Cablecom Digital Cinema	Cablecom	Apollo Management / Soros Private Equity Partners / Goldman Sachs Capital Partners	51
		Others	49
Presse-TV	Presse TV AG	Ringier AG	30
		Neue Zürcher Zeitung AG 30%	30
		dtcp (20%)	20
		Basler Mediengruppe (10%) Jean Frey Verlag (10%)	10 10
Sat.1 Schweiz	Sat.1 Schweiz AG	Ringier AG	50
		SAT.1 Satelliten Fernsehen GmbH	50
Star TV	Star TV AG	Paul Grau	50
		Edipresse	30
		Walter Bosch	20
VIVA Swizz Music Television		VIVA Media AG	96
		Various	4
Teleclub	Teleclub AG	Ringier AG	33.3
		ML Medializenz AG	33.3
		Chriteco AG	33.3

Source: Company data 2003

A number of regional and local broadcasters play a minor role in the Swiss television sector. Nevertheless, these small-scale operators have proved to be attractive to the major Swiss newspaper publishers, many of whom hold shares of between 6.5 and 100 per cent in these channels.

The radio sector

The Swiss radio sector closely resembles the television industry as to the dominance of the public service broadcaster SRG-SSR and its regional divisions. On average SSR-SRG enjoys 70.3 per cent listener share in each of the regional markets, mainly through the programmes specifically developed for each region. The leading stations enjoy between 40 and 50 per cent of the market with private competitors holding no more than a 16.1 per cent share. These figures are, however, misleading, as SSR-SRG performs differently in the different communities so that a national overview masks important performance indicators in these different regions. For example, RSI and other SSR-SRG stations control 81.3 per cent of the market in the Italian-speaking part. However, in German-speaking Switzerland, the various DRS radio stations face competition from a wide range of private Swiss broadcasters whose share in their regional markets is significantly higher than is indicated, as demonstrated by Table 11.20.

On the other hand, none is able to challenge the public broadcaster at the level of the entire linguistic community, mainly due to technical limitations that confine them to specific geographic localities. In terms of ownership, the most significant private Swiss player is the Tamedia group, which owns two of the top ten radio stations. The role of foreign broadcasters is limited, although this might change in the future if French Radio NRJ, which acquired 49 per cent of Energy Zürich in 2003, expands its interests.

Table 11.20: Radio listener share (German-speaking community) 2003

<i>Channel</i>	<i>Market share (%)</i>	<i>Channel</i>	<i>Market share (%)</i>
DRS 1	42.6	Radio 32	1.5
DRS 3	12.5	Basilisk	1.4
DRS 2	5.0	Zürisee	1.4
Radio 24	3.0	Radio Top	1.3
Musigwälle 531	2.7	Radio Sunshine	1.1
Energy Zürich	1.9	Radio Grischa	1.1
Argovia	1.7	Other SRG-SSR	4.0
Pilatus	1.6	Foreign broadcasters	8.1
		Other Swiss (20)	9.1
		Total	100

Note: 2003 data for the first six months of the year.

Source: Radiocontrol 2003

Table 11.21: Radio broadcasting group share of listeners (German-speaking community) 2003

<i>Group</i>	<i>Market share (%)</i>
SRG-SSR	66.8
Tamedia AG	4.4
Goldbach Media	1.9
Regional commercial operators	18.8
Foreign broadcasters	8.1
Total	100

Note: 2003 data for the first six months of the year.

Source: Radiocontrol 2003

This is already the case in the French-speaking part of the country where NRJ fares moderately well. However, the most successful regional broadcaster remains the French-based Radio Nostalgie (3.2 per cent market share, included in 'foreign broadcasters' category).

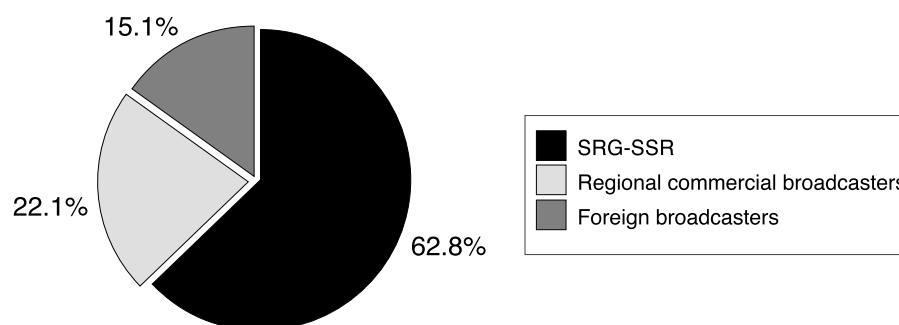
Table 11.22: Radio listener share (French-speaking community) 2003

<i>Channel</i>	<i>Market share (%)</i>	<i>Channel</i>	<i>Market share (%)</i>
RSR La Première	39	Rhone	2.0
RSR Option Musique	8.8	Chablais	1.6
RSR Couleur 3	4.2	Lac	1.6
RSR Espace 2	3.4	Fribourg	1.6
Lausanne FM	3.0	NRJ	1.5
One FM	2.3	Radio Jura Bernois	1.3
Framboise	2.2	WRG	0.3
RTN 2001	2.2	Canal 3 francais	0.3
Fréquence Jura	2.2	Other SRG-SSR	7.4
		Foreign broadcasters	15.1
		Total	100

Note: 2003 data for the first six months of the year.

Source: Radiocontrol 2003

Chart 11.0: Radio broadcasting group share of listeners (French-speaking community) 2003



Note: 2003 data for the first six months of the year.

Source: Radiocontrol 2003

The ownership structure in this part of the country is wholly fragmented, with no major international or domestic media companies controlling any of the most popular stations. Foreign broadcasters are also more salient than in Deutschschweiz.

Table 11.23: Radio broadcasting group share of listeners (French-speaking community) 2003

<i>Group</i>	<i>Market share (%)</i>
SRG-SSR	62.8
Regional commercial broadcasters	22.1
Foreign broadcasters	15.1
Total	100

Note: 2003 data for the first six months of the year.

Source: Radiocontrol 2003

Table 11.24: Radio listener share (Italian-speaking community) 2003

<i>Radio station</i>	<i>Market share (%)</i>
RSI Rete Uno	51.7
RSI Rete Tre	10.2
RSI Rete Due	7.6
Fiume Ticino	2.2
3iii	2.0
Other Swiss (2)	1.4
Other SRG-SSR	11.8
Foreign broadcasters	13.1
Total	100

Note: 2003 data for the first six months of the year.

Source: Radiocontrol 2003

Finally, in the Tessin, the national public service broadcaster enjoys something close to a monopoly, where foreign service providers, contrary to the situation in the television sector, have failed to generate major audience shares. The most popular among them, Radio RTO, currently enjoys a share of 2.9 per cent (included in 'foreign broadcasters' category).

Table 11.25: Radio broadcasting group share of listeners (Italian-speaking community) 2003

<i>roup</i>	<i>Market share (%)</i>
RG-SSR	81.3
egional commercial broadcasters	5.6
oreign broadcasters	13.1
otal	100

Note: 2003 data for the first six months of the year.

Source: Radiocontrol 2003

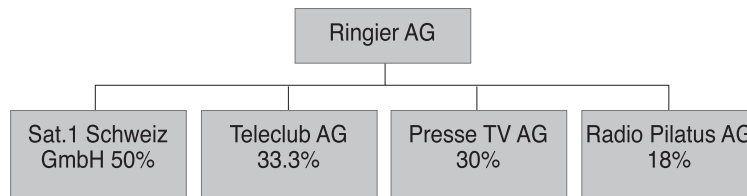
11.1.3 Cross media ownership

A lack of restrictions on cross-media ownership combined with the traditionally strong standing of the printed press, and especially the newspaper industry, has meant that several publishing houses have expanded into other media sectors.

At the same time the presence of foreign channels, together with the significant position of the public broadcaster, has limited the incentives for these companies to move into television and radio broadcasting. The revision to the Federal Radio and Telecommunications Law might introduce some renewed dynamism into the market, should the amendments to the current advertising regime proposed during the review process become reality, thus possibly rendering such activities more profitable. Even then, however, doubts would remain as to the long time viability of these operations, with critics pointing to limited market size as the main obstacle for more diverse radio and television sectors.

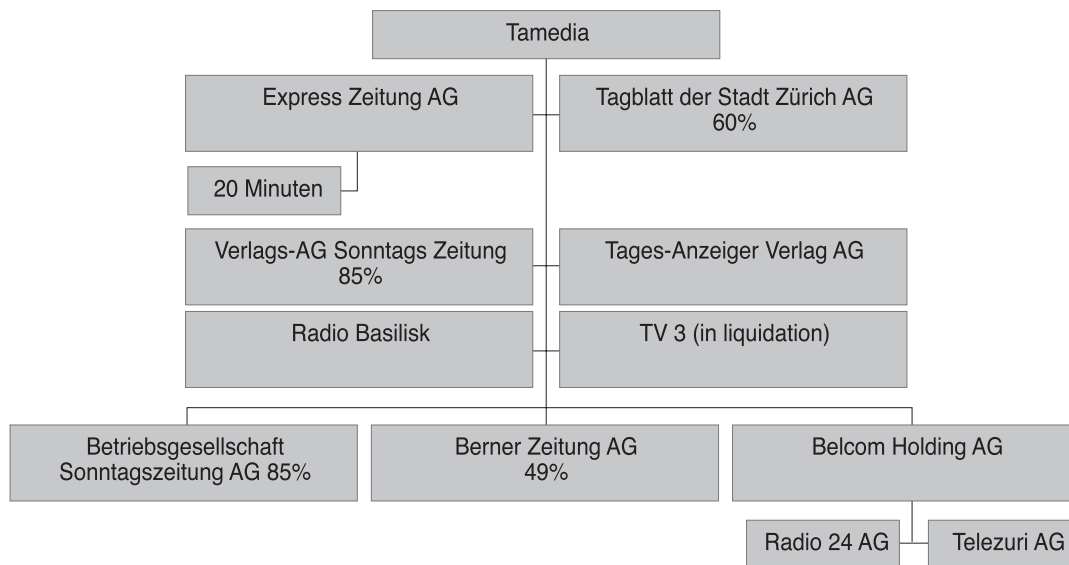
Strategies of expansion across media have tended to concentrate on the German-speaking part of Switzerland, which is the largest of the three language-specific regional markets. Companies tend to remain focused on their home bases, with none of the major companies - apart from Ringier - having actively sought involvement in other parts of the country.

Chart 11.1: Swiss media assets of Ringier AG



It is also Ringier, together with the Zurich-based Tamedia AG, which shows the highest degree of involvement in other areas of the media industry with stakes in three television channels (among them Sat.1 Schweiz) and one radio station. Tamedia, on the other hand, owns two of the most successful regional Swiss broadcasters as well as the regional television broadcaster TeleZüri.

Chart 11.2: Swiss media assets of Tamedia



Conclusion

The regional press sector in Switzerland has a low degree of concentration and this is supported with a wide range of titles. Although the majority of these titles cater to the German-speaking community the French-speaking and Italian-speaking communities also have titles catering to the individual communities. Only in the French-speaking part is there extremely high levels of concentration with Group Edipresse controlling a large percentage of the market.

Table 11.26: Summary

<i>Switzerland</i>	<i>Television</i>			<i>Radio</i>			<i>Regional press</i>
	DE	FR	IT	DE	FR	IT	All regions
3 top companies (by market shares)	1	SRG	SRG	SRG	SRG	SRG	Schibsted
	2	-	-	Tamedia AG	-	-	Ringier
	3	-	-	Goldbach	-	-	NZZ
Number of generalist public service channels	2	2	2	-	-	-	-
Number of commercially funded channels with above 5% market share	-	-	-	-	-	-	-
Number of public service radio stations	-	-	-	3	4	3	-
Number of titles	-	-	-	-	-	-	216
C3	-	-	-	73.1	68.1	85.5	31.9

The Swiss television sector is highly internationalised and the opportunities for domestic operators are linked to the linguistic make-up of the country. The position of French, German and Italian broadcasters in the respective linguistic markets would suggest that there is little room for domestic operators other than the ones already operating. The public service broadcaster SRG is the only major domestic broadcaster and although there are small regional channels these enjoy a small percentage of audience share. In this respect competition to SRG largely comes from outside the borders of Switzerland.

The radio sector is also dominated by SRG, however there is a greater degree of competition to the position of SRG from commercial radio broadcasters. The German-speaking community's radio sector is the least concentrated and the Italian one the highest, due to the fact that SRG's stations achieve a market share above 81 per cent in this market.

11.2 Summary of ownership rules

The framework governing acquisitions and mergers in the media sector is one of general competition law, which contains no specific thresholds for the media sector. Until the revision of the Swiss anti-trust law of 6 October 1995 was enacted in 2002, the special character of the media was acknowledged by significantly lower notification thresholds which amounted to only five per cent of the thresholds generally applicable (cf. Section 9(2) of the Bundeskartellgesetz). The significantly lower values were justified by the need to regulate media consolidation at both regional and national levels. This low threshold resulted in the Swiss Competition Commission (Wettbewerbskommission, WEKO) receiving more than 45 notifications relating to the media industry between early 1996 and 2003. The Commission cleared the majority of these cases, and the formal investigation procedure was initiated in only eight cases.

During the review of the anti-trust law, the system was judged to be ineffective and the lower threshold was subsequently withdrawn. Parliament removed the special notification thresholds applying to media merger cases in mid-2003 and today the Competition Commission processes media mergers that are of national importance only.

Following publication of a report by the Federal Office of Statistics identifying a continuing trend towards concentration in the press sector and the collapse in 2001 of a number of private television channels launched in 1999, two parliamentary initiatives were established to ensure protection of media pluralism. One is aimed at the insertion of a new article into the Swiss constitution, which would grant the federal level general competence to regulate the media, thereby replacing the old Article 93, pursuant to which, the federal level is competent only to regulate broadcasting activities. This is to facilitate both the development of a coherent media policy at the federal level and the transformation of the current system of indirect press subsidy into one of direct support for the written press. The other initiative has been launched as part of an ongoing revision of the Swiss Broadcasting Act and has taken the form of a clause to militate against media concentration.

The draft of the new Act suggests a return to the original system that has only recently been withdrawn, as the central concept of the proposed piece of legislation is the notion of market dominance, which will be assessed by the Competition Commission. The parliamentarians seem to have come full circle, reintroducing the competition law regime through the back door, but until any final decision on this matter is reached, the current regime, without any specific limitations on media ownership, will prevail at least for another year. A constitutional amendment like the one envisaged might take even longer to enter into force given the need for a popular referendum, according to the Swiss constitution.

UNITED KINGDOM

12.0 introduction

The UK has one of the largest media markets in Europe and has recently radically overhauled its regulatory framework and rules for media concentration and ownership to bring about a greater degree of liberalisation. It has mature national and regional press markets and a television industry that is undergoing structural change and expansion due to the growth of multi channel television and a more liberalising policy framework. The BBC remains a key player in the television and radio industry and the terrestrial commercial broadcasters, together with the commercially funded public service broadcaster Channel 4, all retain significant market positions. The radio sector is dominated by the BBC's national, regional and local services with the remaining market shares largely taken up by seven commercial radio groups. The newspaper sector has witnessed consolidation in recent years in both the regional and national markets and copy sales, in line with trends across Europe are steadily declining.

12.1 Media concentration

12.1.1 The newspaper sector

The press sector in the UK consists of national and regional markets with both sectors demonstrating some degree of horizontal integration and a small group of press groups that have a high degree of market share.

The national press

There are over 12.5 million national newspapers sold daily in the UK. Although the industry is in slow decline overall, the presence of a strong national daily market continues to be a central factor in the overall structure of the press industry. The national press sector in the UK is characterised by the presence of four major groups who dominate the national daily market.

Table 12.0: National press circulation share (titles) October 2003

<i>Titles</i>	<i>October 2003</i>	<i>October 2002</i>	<i>Change (%)</i>	<i>Group</i>	<i>Market share (%)</i>
Sun	3,458,269	3,612,258	-4.26	News Corporation (International)*	27.6
Daily Mirror	1,943,382	2,095,125	-7.24	Trinity Mirror	15.5
Daily Star	908,037	856,691	5.99	Northern & Shell	7.2
Daily Record	503,668	531,344	-5.21	Trinity Mirror	4.0
Daily Mail	2,359,074	2,249,751	0.40	Daily Mail & General Trust	18.8
Daily Express	885,721	929,877	-4.75	Northern & Shell Group	7.1
Daily Telegraph	890,274	922,069	-3.45	Hollinger	7.19
The Times	588,860	637,453	-7.62	News Corporation	4.7
Financial Times	412,781	422,749	-2.36	Pearson	3.29
Guardian	375,494	388,538	-3.36	Scott Trust	3.0
Independent	198,177	184,309	7.52	Independent News & Media	1.6
Total	12,523,737	12,830,164			99.98

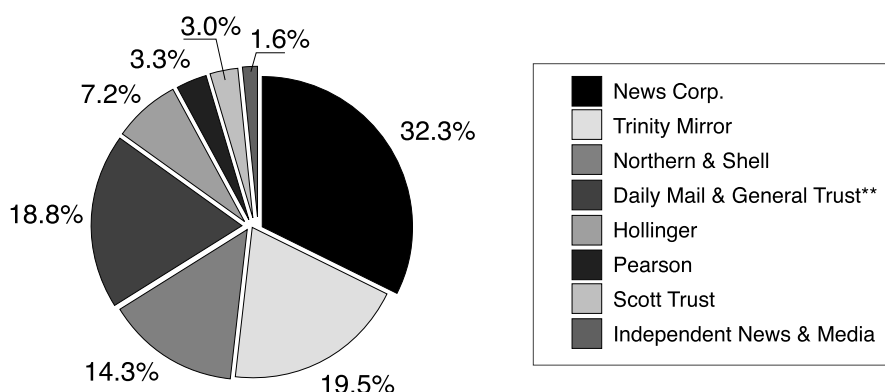
Notes: In September 2003 the Independent began to distribute a tabloid format of its broadsheet edition in the Greater London area and has received a boost in circulation as a result. In November 2003 it extended this strategy to the North West of England. On 26 November 2003 The Times also launched a daily edition of its broadsheet edition in tabloid format and other broadsheet titles are expected to follow suit.

** News International is the UK arm of News Corporation. For consistency reasons News Corporation will be used throughout. The regional press group Northcliffe is part of the Daily Mail and General Trust group. In March 2004 Press Holdings International and Axel Springer AG were, amongst other potential buyers, attempting to acquire the Daily Telegraph. Excludes the Scotsman.*

Source: ABC 2003

There are three titles with major market shares of total national sales, two of which are popular tabloids: the Sun and the Mirror, together with one title belonging to the middle market, the Daily Mail. The broadsheet sector's most popular title is the Daily Telegraph, which holds seven per cent of the overall market share. Although there are 11 national daily titles (excluding the Scotsman), the combined market share of the top three groups amounts to 70.6 per cent of overall sales. The next two groups hold a further 21.5 per cent of the market, which means that five groups control 92.1 per cent of national daily sales.

Chart 12.0: Group market share of national daily sales October 2003



Source: ABC 2003

The market leader, with both the Sun and The Times is News Corporation, which enjoys a leading position in the overall daily newspaper market.

A similar trend is evident in the Sunday newspaper market where sales are dominated by the popular press, most notably the News of the World with a 28.94 per cent share of sales, which far surpasses any of the other titles in the Sunday market.

Table 12.1: National circulation Sunday titles October 2003

Titles	October 2003	October 2002	Change (%)	Group	Market share (%)
News of the World	4,035,732	4,004,427	0.78	News Corporation	28.94
Sunday Mirror	1,628,441	1,697,419	-4.06	Trinity Mirror	11.68
People	1,112,021	1,202,315	-7.51	Trinity Mirror	7.97
Sunday Mail	616,873	646,380	-4.56	Daily Mail & General Trust	4.42
Daily Star Sunday	603,792	521,762	15.72	Northern & Shell	4.33
Mail on Sunday	2,322,372	2,336,339	-0.60	Daily Mail & General Trust	16.65
Sunday Express	860,315	878,558	-2.08	Northern & Shell	6.17
Sunday Times	1,374,589	1,375,573	-0.07	News Corporation	9.86
Sunday Telegraph	692,683	757,585	-8.57	Hollinger	4.97
Observer	446,831	462,776	-3.45	Scott Trust	3.20
Independent on Sunday	174,371	187,887	-7.19	Independent News & Media	1.25
The Business	77,464	74,386	4.14	Press Holdings Int.	0.56
Total	13,945,484	14,145,407			100

Source: ABC 2003

The Sunday titles are concentrated in the same groups as their daily counterparts. Although the majority of the groups hold a similar market share as they do in the daily markets, there is an even greater market share for News Corporation.

Table 12.2: National daily and Sunday press market share by circulation (group) October 2003

<i>Group</i>	<i>Daily market share %</i>	<i>Sunday market share (%)</i>
News Corporation	32.3	38.8
Trinity Mirror	19.5	19.65
Daily Mail & General Trust	18.8	21.07
Northern & Shell	14.3	10.50
Hollinger	7.19	4.97
Scott Trust	3.0	3.20
Pearson	3.29	-
Independent News & Media	1.6	1.25
The Business	-	0.56
Total	100	100

Source: ABC 2003

The market share of the UK national newspaper market is therefore highly concentrated, with both the daily and Sunday newspaper markets showing high degrees of concentration and a handful of media groups enjoying high degrees of control of both the number of titles on the market and market share overall.

The regional press

In terms of titles owned by individual press groups, the regional press sector has even greater degrees of horizontal integration than the national press when titles controlled by individual media groups are considered, as there is high levels of chain ownership.

Table 12.3: Regional press share of titles and circulation 2003 for top 20 groups

Group	Daily titles paid and free	Sunday titles paid and free	Weekly paid	Weekly free	Total titles	Total weekly circulation	Market share (%)
Trinity Mirror	14	4	76	140	234	15,833,079	23.1
Newsquest	18	3	70	121	212	10,594,420	15.4
Northcliffe	20	1	27	57	105	9,011,708	13.1
Johnston	16	2	119	104	241	8,373,902	12.2
Associated News	7	-	-	-	7	6,485,985	9.4
Guardian Media	2	1	14	27	44	2,609,191	3.8
Archant	4	-	20	38	62	2,445,842	3.6
Midlands News Association	2	-	4	13	19	2,149,244	3.1
Independent News & Media*	1	1	9	16	27	1,503,255	2.2
D.C Thomson & Co Scotsman Publications	2	1	-	-	3	1,218,051	1.8
Yattendon Investment	2	1	-	3	6	1,216,578	1.8
Kent Messenger Ltd	2	-	5	15	22	827,331	1.2
Tindle	-	-	9	10	19	644,739	0.9
CN Group	-	-	22	20	42	522,015	0.8
North Wales Newspapers	2	-	5	3	10	486,628	0.7
Observer Standard Newspapers	1	-	4	8	13	465,431	0.7
Local Sunday Newspapers	-	-	-	9	9	438,493	0.6
Clyde & Forth Press	-	6	-	1	7	351,109	0.5
Irish News	1	-	10	3	14	315,291	0.5
Others (79)	1	-	-	-	1	300,690	0.44
Total						68,621,913	99.1

Note: *In December 2003 Archant acquired Independent News and Media's London regional titles. A previous attempt to sell the titles to Newsquest was blocked by the Competition Commission. The change in market share has not been calculated in this table for consistency reasons.

Source: The Newspaper Society 2003

There are approximately 1,286 regional newspaper titles in the UK. These fall into a number of categories based on their frequency of distribution and the distinction between titles with a copy price and free sheets. However, taken as a whole, the regional press market is dominated by 20 companies. The four top companies hold 61.6 per cent of titles available in regional markets and control a total of 792 titles between them.

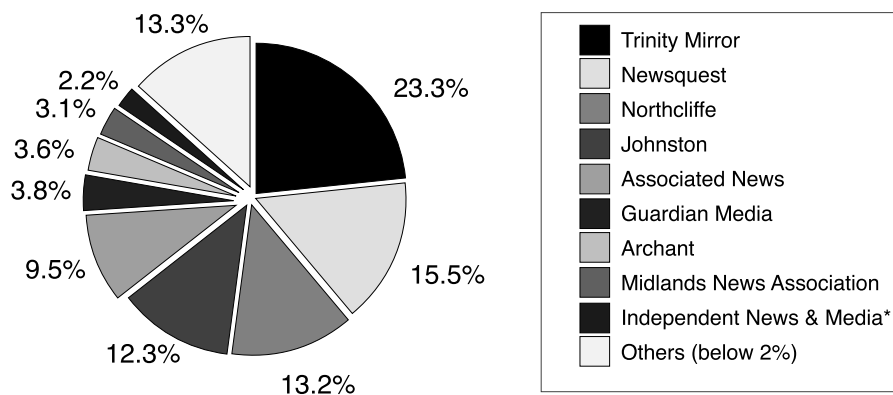
Table 12.4: Regional press share of titles and circulation 2003

Group	Daily titles paid and free	Sunday titles paid and free	Weekly paid	Weekly free	Total titles	Total weekly circulation	Market share (%)
Top 20	95	20	394	588	1,097	65,792,982	85.3
Other groups (79)	4	1	130	54	189	2,828,931	14.7
All groups	99	21	524	642	1,286	68,621,913	100

Source: The Newspaper Society 2003

In terms of circulation, the top 20 companies control 85.3 per cent of all regional newspapers distributed throughout the UK. Furthermore, the top five press groups control 73.8 per cent of this market.

Chart 12.1: Regional press group share of circulation 2003



(100=99.1% due to rounding)

The markets are not only horizontally integrated but most regional markets are also characterised by local monopolies, where there is usually only one daily title with a cover price available in the individual region and, if more than one title is available, the same group controls both. The major cities in the UK are, as Table 12.5 demonstrates, highly concentrated markets, and even in consideration of the introduction of the Metro free sheets this trend has not been significantly reversed (the Metro free sheets are owned by Daily Mail and General Trust through its subsidiary Associated Newspapers).

Table 12.5: Regional daily titles in major UK cities

Regional centre	Daily titles	Owners
London	Evening Standard	Daily Mail & General Trust
Birmingham	Birmingham Post	Trinity Mirror
	Birmingham Evening Mail	Trinity Mirror
Manchester	Manchester Evening News	Scott Trust
Liverpool	Daily Post	Trinity Mirror
	Liverpool Echo	Trinity Mirror
Glasgow	Evening Times	Newsquest

Source: Company data 2003

12.1.2 The broadcasting sector

The television sector

The television sector in the UK has a strong publicly funded broadcaster, which holds 36.5 per cent of audience share, an increasing market share for multi-channel television services and three advertising funded free-to-air broadcasters. The most notable trend over the past decade has been the decline in audience share enjoyed by ITV¹, especially since 1991 as competition has increased in UK television.

⁽¹⁾ Since the 1990 Broadcasting Act the ITV network has been referred to as Channel 3 in broadcasting legislation. References in the relevant legislation to the channel 5 licence refer to FIVE.)

Table 12.6: Annual share of audience 1981-2002 (%)

Channel	1981	1986	1991	1996	2001	2003
BBC1	39	37	34	33.5	26.9	25.6
BBC2	12	11	10	11.5	11.1	10.9
ITV	49	44	42	35.1	26.7	23.7
Channel 4	-	8	10	10.7	10	9.7
FIVE	-	-	-	-	5	6.3
Others	-	-	4	9.2	20.3	23.6

Source: BARB 2003

The increasing growth of multi-channel television services has significantly changed the television landscape and there is a decline in the market share of the terrestrial broadcasters ranging from a fairly small reduction in the audience share of Channel 4 to a significant decrease in the market share of the ITV network companies and the BBC. At year-end 2003 multi-channel television penetration was estimated to be over 12 million households according to the ITC/Ofcom.

Table 12.7: Television market audience share 2003 (up to October 2003) and 2002 (%)

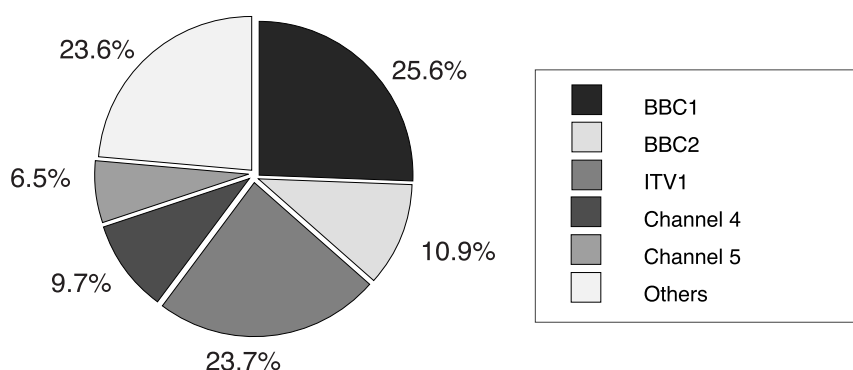
	BBC1	BBC2	ITV1	Channel 4	FIVE	Others	Total
Average hours per viewer	6.58	2.81	6.07	2.48	1.68	6.04	25.65
Audience share % 2003	25.6	10.9	23.7	9.7	6.5	23.6	100.0
Audience share % 2002	26.1	11.3	24.2	9.8	6.3	22.0	100.0

Source: Broadcast 2003

Terrestrial television

In terms of the free-to-air analogue market the two dominant operators are the BBC and the ITV network (Channel 3). Terrestrial television therefore consists of the BBC and three other broadcasters (taking the ITV network as a whole). The BBC remains the most popular broadcaster with its two channels BBC1 and BBC2 holding a combined audience share of 36.5 per cent. The most popular commercially funded broadcaster is ITV with 23.7 per cent of audience share. Next is Channel 4 with slightly below ten per cent of audience share and finally FIVE enjoys 6.5 per cent audience share.

Chart 12.2: UK television audience share 2003 (up to October 2003)



Source: *Broadcast 2003*

Distribution

Digital terrestrial, satellite and cable television

Satellite dominates multi-channel television services in the UK in terms of both subscribers and revenue share. In October 2003 BSkyB announced that it had seven million subscribers to its services and its churn rate had fallen to below ten per cent at 9.6 per cent. With the closure of ITV Digital in April 2002 the licence for DTT was re-issued to Freeview (a consortium of the BBC, Crown Castle and BSkyB). Freeview provides a range of television channels and radio stations based on a free-to-air model with some additional opportunities for consumers to subscribe to premium channels. The BBC has become central to the development of digital terrestrial television in the UK, with the launch of Freeview. It has introduced a number of new digital channels (with the permission of the Secretary of State for Culture, Media and Sport) including a highbrow cultural channel, BBC4, Youth (BBC3), Children's (CBeebies and CBBC), Parliamentary (BBC Parliament) and a News channel (BBC News 24).

Table 12.8: Digital television services penetration and market share second quarter 2003

<i>Platform</i>	<i>Households (000)</i>	<i>UK TV households (%)</i>
Pay digital satellite	6,559	26.4
FTA digital satellite	739	3.0
Digital cable	2,188	8.8
Digital terrestrial	1,790	7.2
ADSL	11	0.0
Total	11,287	45.5

Source: *ITC 2003*

Television revenues

The breakdown of revenues that the television industry enjoys has also undergone changes in the past decade largely due to the development of subscription as a major part of the overall finance of the sector. Traditionally, funds from the licence fee and advertising have provided the public and commercially funded broadcasters with the majority of their revenues. Although this has not changed in respect of the terrestrial television services supplied by these broadcasters, overall there is a significant growth in revenues derived from subscription models for satellite and cable.

Table 12.9: Revenue breakdown for the UK television sector 2002

<i>Revenue source 2002</i>	<i>€</i>	<i>(%)</i>
Advertising	4.4bil	44
Subscription	2.13bil	21
BBC licence fee	2.56bil	26
Sale of goods	352mil	3
Sponsorship	116mil	1
Other	452mil	4

Source: ITC 2003

The traditional advertising market is still dominated by the ITV network companies and despite its decline in audience share ITV remains the most popular commercially funded channel in the UK and it also retains the majority share of advertising revenues.

Table 12.10: Net advertising revenues by channel 2002

<i>Channel</i>	<i>2002 (Mil) €</i>	<i>Market share (%)</i>
ITV	2,452	54.9
Channel 4	884	19.8
FIVE	314	7.0
Cable, satellite and other	816	18.3
Total	4,466	100

Source: ITC 2003

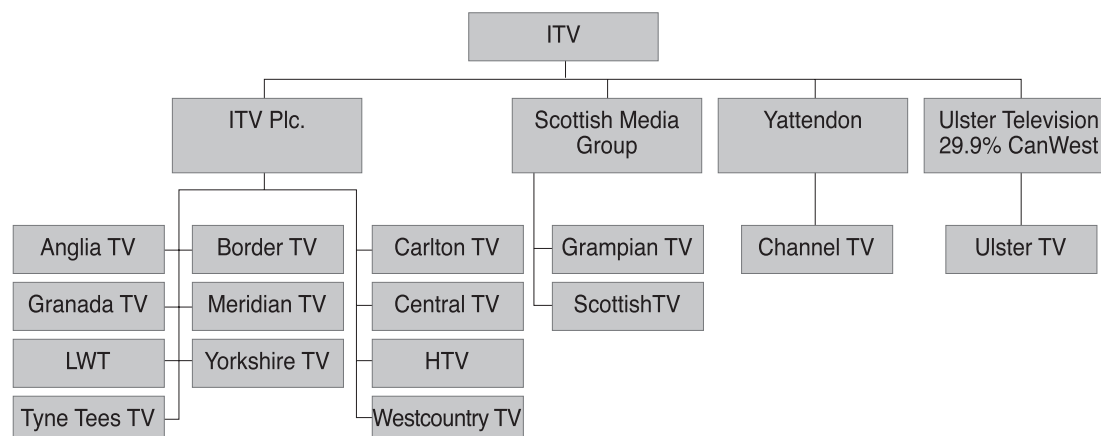
Television ownership

Both the BBC and Channel 4 are publicly owned. ITV was originally designed to have a regional ownership structure with limits set restricting the amount of regional franchises each member of the network could control. In reality, changes in legislation and relaxation of ownership rules mean that this structure has been eroded by the growth of Carlton and Granada as they have expanded and acquired the other network operators. The merger between the two groups' ITV assets has completed this process and one company today controls the majority of the network as the 15 per cent audience share ceiling has been lifted. The authorities cleared the merger and the new entity ITV plc. was floated on the stock exchange at the beginning of February 2004.

Table 12.11: Ownership of ITV network (main groups)

<i>Granada Group</i>	<i>Carlton Group</i>	<i>Scottish Media Group</i>
Anglia	Carlton	Grampian
Border	Central	Scottish
Granada	HTV	
LWT	West Country	
Meridian		
Tyne Tees		
Yorkshire		

Chart 12.3: Ownership structure of the ITV network 2004



Note: There is also a morning window programme provided by GMTV (GMTV is owned jointly by Carlton, Granada, Disney and SMG).

The merger results in the majority of ITV franchises, and all of the larger franchises, being owned by one company, which will retain a regional remit for programming and production, but essentially will benefit from greater economies of scale in areas such as programming, advertising sales and administrative resources. The new group enjoys a combined market share, based on the 2003 audience share enjoyed by the two groups, of 19.6 per cent.

Table 12.12: Audience share of ITV companies and channels 2003

<i>ITV channel</i>		<i>Media group</i>	<i>Audience share (%)</i>
Anglia	1.3		
Border	0.3		
Granada	2.8		
LWT	1.5		
Meridian	1.9		
Tyne Tees	1.3		
Yorkshire	2.4	Granada	11.5
Carlton	2.1		
Central	3.5		
HTV	1.9		
West Country	0.6	Carlton	8.1
Grampian & Scottish	2.1	SMG	2.1
Channel	NA		
Ulster	0.6		0.6
GMTV	1.6		1.6
Total			24.0

Source ITC data 2003

The final terrestrial free-to-air broadcaster is FIVE, of which a majority share of 66.6 per cent was acquired by the RTL Group from Pearson in 2000. The remaining 35.4 per cent shareholding is owned by United Business Media. The channel has successfully carved out a market niche and RTL

highlighted FIVE as one its stable of channels, which outperformed other channels in the RTL Group of companies in 2002/2003.

Table 12.13: Ownership of FIVE

<i>Stakeholders</i>	<i>(%)</i>
RTL Group	66.6
United Business Media	35.4
Total	100

Source: RTL 2003

Cable industry ownership

Since 1992 the cable industry in the UK has undergone significant consolidation as the regional licences that were owned by 29 companies have increasingly become dominated by two companies: NTL and Telewest. Even in the short period between 1997 and year-end 2003 the 13 companies that controlled 155 regional licences has decreased to two major players and a few minor operators operating in the Isle of Man and the North West of England and South-West Scotland.

Telewest also has a content arm that it acquired when it merged with Flextech in 2000 as a result of which it inherited 11 channels that were established as a joint venture between Flextech and the BBC under the brand UKTV. Its 2003 annual report records a decline in its cable television subscribers of 47,973 to 1,293,811 of which 66 per cent are digital households.

Table 12.14: Principal shareholders of Telewest

<i>Shareholder</i>	<i>Share capital (%)</i>
Liberty Media	25.2
IDT	22.6
Capital Group Companies Inc.	6.5
Others	45.7
Total	100

Note: Microsoft sold its stake in Telewest in May 2003 to IDT.

Source: Telewest Annual Report and Accounts 2002

Table 12.15: Telewest cable and content assets

<i>Content</i>	<i>Delivery</i>
19 companies including: Bravo TV Range of Flextech companies	42 regional franchises 9 regional franchise partnerships 4 regional franchise joint ventures

Source: Telewest Annual Reports and Accounts 2002

The other main cable operator, NTL, holds 102 franchises and claims some 1,294,000 subscribers. The company's cable assets were extended considerably when it purchased the UK cable networks of Cable & Wireless Communications (owned by Cable & Wireless Plc.) in 2000, a bid that was partly financed by France Telecom.

Table 12.16: Principal shareholders of NTL common stock

<i>Shareholder</i>	<i>Share capital (%)</i>
Fidelity Management & Research	13.3
Huff Williams	13.0
Farnklin Resources	9.7
Appaloosa management	7.3
Angelo Gordon & Co.	6.7
Citigroup Inc.	4.4
Others	

Source: NTL 2003

Table 12.17: Principal stakeholders NTL

<i>Stakeholder</i>	<i>Shareholding (%)</i>
France Telecom	18.8
C&W	Between 8.39 and 16.66
Bell Atlantic	9.1
Public (excluding NTL)	49.5

Source: Competition Commission 2000

Both companies have experienced significant financial losses in their UK cable operations due to a combination of strong competition from satellite in the content market, the strong position of BT in the telephony market and the decrease in confidence in the delivery sector generally, though there are signs of recovery in the cable sector.

Satellite industry ownership

News Corporation is the largest shareholder of BSkyB and effectively has control of the company's activities; there is no competitors to its satellite activities. Given the high sunk costs necessary to establish a viable competitor in the area and the considerable market power of BSkyB, any real competition in the satellite market is highly unlikely. In this sense, BSkyB has a monopoly in the satellite industry and its highly successful business model has fundamentally transformed the UK television market in the past decade. Three of BSkyB's channels are broadcast free-to-air on the Freeview DTT platform and on its digital satellite platform it offers a basic package of between seven and 92 television channels and a range of radio services to UK subscribers.

Table 12.18: Breakdown of shareholders of BSkyB, June 2003

	<i>Share (%)</i>	<i>Location</i>	<i>Share (%)</i>
News Corporation	35	BSkyB Holdco Inc.	35
Fund management groups	34	London	34
Other	13	USA and Canada	10
Insurance companies	11	Other	7
Pension funds	4	Scotland	5
Miscellaneous banks	3	Rest of UK and Eire	2
		Continental Europe	7
Total	100		100

Note: Liberty Media lifted its stake in News Corporation in October 2003 from 18 to approximately 23 per cent.

Source: BSkyB Annual Report and Accounts 2003

News Corporation has a range of national and international media assets stretching across the globe and across different media industries and is a model international media conglomerate. These include film, television, newspapers and magazines and book publishing. In terms of the UK market, its major assets are newspapers, publishing and satellite television services.

Table 12.19: News Corporation UK media assets

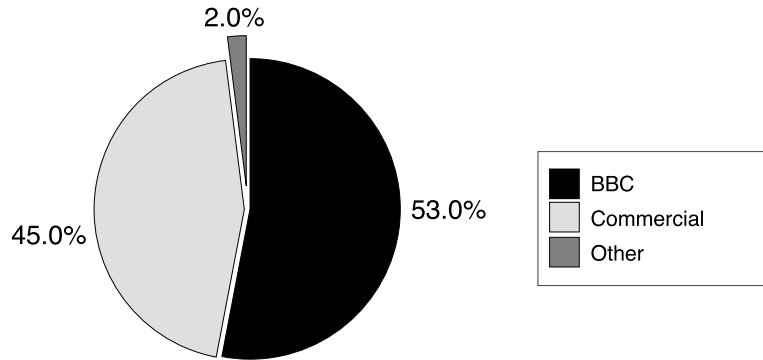
<i>Companies</i>	<i>Stake (%)</i>		<i>Stake (%)</i>
<i>Newspapers</i>		<i>Television</i>	
The Sun	100	BSkyB	35
The Times	100	Music Choice Europe	49
News of the World	100	QVC	20
Sunday Times	100	Sky Multi channels	100
The Times Supplement	100	.tv	100
<i>Publishing</i>		National Geographic channel UK	50
		Paramount channel	25
HarperCollins	100	Sky One	100
		Sky News	100
		Sky Soap	100
		Sky Travel	100
<i>Technology</i>		The Computer Channel	100
		Nickelodeon UK	50
News Digital Systems	100	The History Channel	50
Line One	33	Sky Scottish	50
Sportal	5.5		
		Granada Sky Broadcasting (includes seven channels)	49.5
Wireless Group	19.9		
		Fox Kids (part of the Fox Entertainment group)	81
		Sky Movies	100
		The Movie Channel	100
		Sky Sports	100
		Sky Movies Gold	100
		Sky Sports 2	100
		Sky Sports 3	100

Source: BSkyB Annual Report and Accounts 2003

The radio sector

The UK analogue radio sector consists of three national analogue commercial radio licences, five national BBC licences, 43 BBC regional stations and a range of local commercial radio stations. The BBC is a major player in the overall radio sector and far surpasses the market share of any individual commercial group.

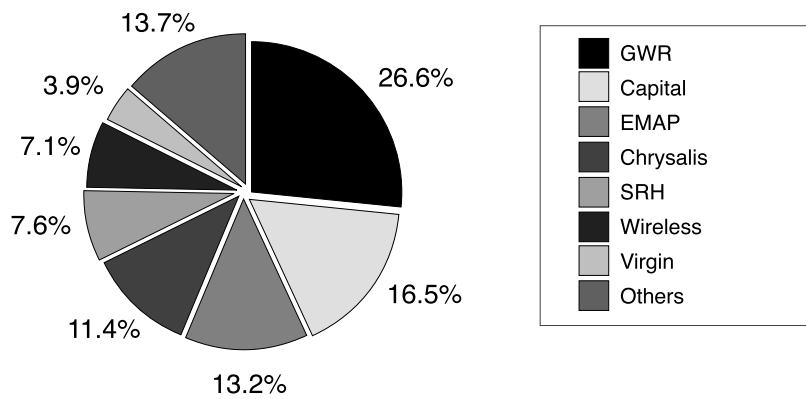
Chart 12.4: Market share (public and commercial and other) 2002



Source: Radio Advertising Bureau 2003

The radio sector is highly competitive and, as a result of its regional structure, horizontal expansion and integration has meant a number of leading groups have consolidated to control a significant position in the overall sector.

Chart 12.5: UK radio major groups' (commercial only) listener share 2002



Source: Rajar 2002 and company data

The audience share of the commercial radio sector is carved up between seven groups, which together enjoy 86 per cent of the audience share for commercial radio across the UK. Of these groups GWR and Capital are the most prominent. Capital focuses on the regional centres such as Birmingham and Manchester, whilst GWR holds a national licence and a range of regional stations.

Table 12.20: Major UK-based radio groups

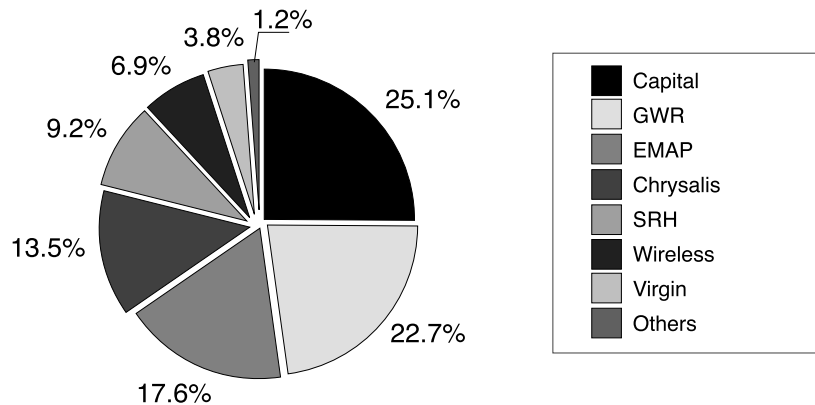
<i>GWR Group</i>	<i>EMAP</i>	<i>Capital Radio</i>	<i>SMG</i>
Beacon FM	Heat (digital)	Xfm	Virgin FM 105.8
Broadland 102	Kerrang (digital)	Ocean FM 97.5 & 96.7	Virgin Radio
Champion FM	Mojo (digital)	Century FM 106	
Chiltern 96.9 FM	Q (digital)	Life	SMG has a 29.5 %
Chiltern 97.6 FM	Smash Hits (digital)	Century FM 105.4	stake in Scottish
Classic FM	The Hits (digital)	Century FM 100-102	Radio Holdings that
Coast FM	Friday Night Kiss	Gold Manchester	includes:
Core (Digital)	Hallam FM	Gold London	Vibe FM
Essex FM	Key 103	Gold South Wales	Vibe 101
Gemini FM	Kiss 100	Gold Sussex	West Sound FM
GWR FM (Bristol & Bath)	Magic 105.4 FM	Gold Kent	West Sound AM
WR Swindon & West	Magic 1152	Gold Hampshire	West FM
Wilts	Magic 1152	Gold Birmingham	Wave 105 FM
Hereward 102.7 FM	Manchester	Southern FM	Tay FM
FM 103 Horizon	Magic 1161	Red Dragon FM	Radio Tay
Lantern 96.2 FM	Magic 1170	Power FM	South West Sound
Leicester Sound FM	Magic 1548	Invicta FM	SIBC (Shetland)
Marcher Gold	Magic 828	Fox FM	Northsound 2
Mercia FM	Magic 999	95.8 Capital FM	Northsound 1
Mercury 102.7 FM	Magic AM	96.4 BRMB	Moray Firth
Mercury 96.6 FM	Metro Radio	Beat 106	Forth 1
MFM 103.4	96.3 Radio Aire		Forth 2
Northants 96.6FM	Radio City 96.7		Downtown Radio
Orchard FM	Rock FM 97.4		Cool FM
Planet Rock	TFM		Clyde 2
Plymouth Sound FM	96.9 Viking FM		Clyde 1
Q103			CFM
Ram FM			Radio Borders
Severn Sound FM			
SGR			
SGR Colchester			
The Storm			
Ten 17			
96 Trent FM			
2CR FM			
2-Ten FM			
Wirral's Buzz 97.1 FM			
Wyvern FM			

Notes:

There are only three commercial UK national analogue radio stations and Talk Radio, Virgin Radio and Classic FM hold the licences. Granada holds a 16.87 per cent share in SMG. DM&DT hold a 29.5 per cent stake in GWR. Liberty Media holds a 30 per cent stake in the Wireless Group and News Corporation holds 19.9 per cent. In January 2004 SMG sold its stake in Scottish Radio holdings to EMAP. Change in share has not been calculated for consistency purposes.

Source: Radio Advertising Bureau 2003

Chart 12.6: UK radio percentage of revenue share (commercial stations only) 2002



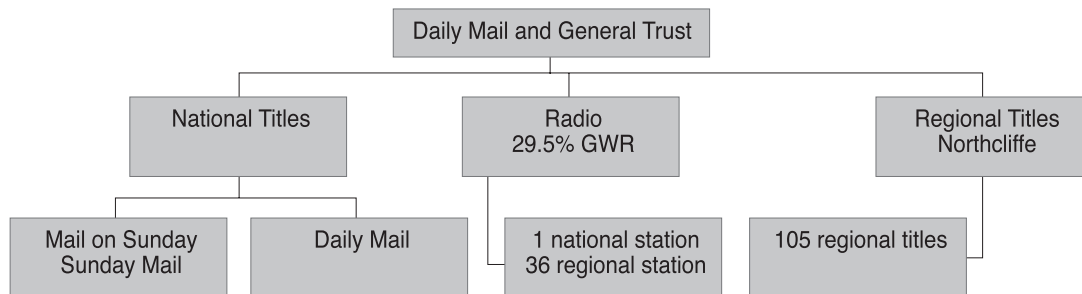
Source: Capital Radio Annual Report and Accounts 2003

The commercial revenue market is moderately concentrated as seven main groups share these revenues, although this is even more extreme than in the case of audience share, with the seven groups collectively enjoying 99 per cent of all commercial revenues. The largest two groups, Capital and GWR, enjoy 47 per cent of all commercial revenues in the UK radio industry.

12.1.3 Cross media ownership

The restrictions on cross-media ownership have meant that there have been limits on the amount of expansion across media sectors a company has been allowed to develop. Although all of the media groups have slightly different strategies the Daily Mail and General Trust and Granada plc. have quite typical structures of horizontal and diagonal integration both within specific media and across different media.

Chart 12.7: UK media interests of the Daily Mail and General Trust Group



Such a strategy is common in the UK as companies attempt to create greater economies of scale and scope. Due to the nature of the media rules that have traditionally restricted cross-ownership between certain sectors a natural tendency has been to expand within the regulatory framework. This has led to a high degree of integration between the newspaper and radio sectors, terrestrial television and radio assets through the Granada Group, and satellite television and newspapers and publishing interests. The changes brought about in the Communications Act 2003 are seen to support new constellations of ownership patterns with a greater degree of liberalisation of cross media ownership rules.

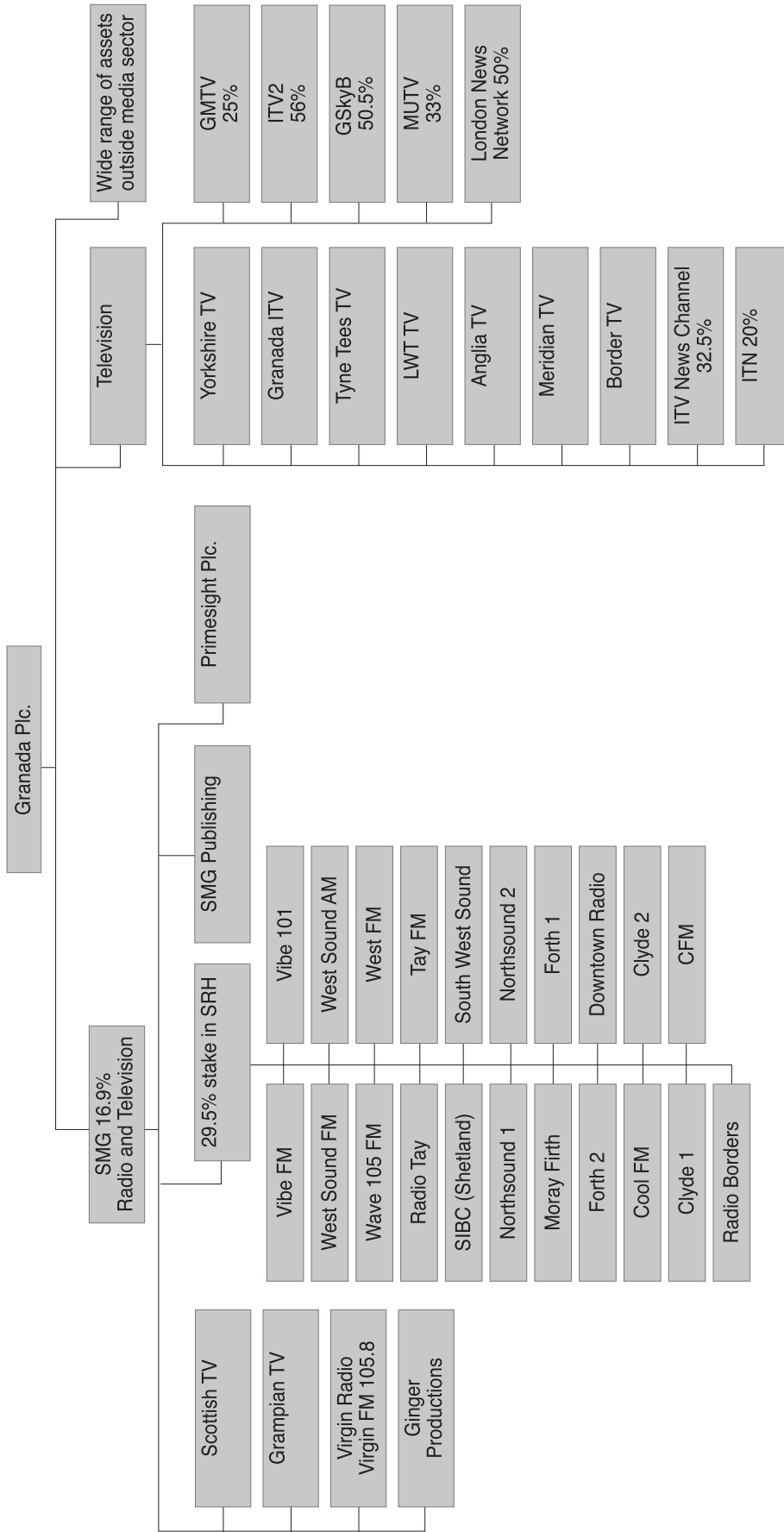


Chart 12.8: Media assets of Granada Plc.
 Note: SMG sold its stake in SRH in January 2004.
 Source: Competition Commission 2003, Radio Advertising Bureau 2003, company data

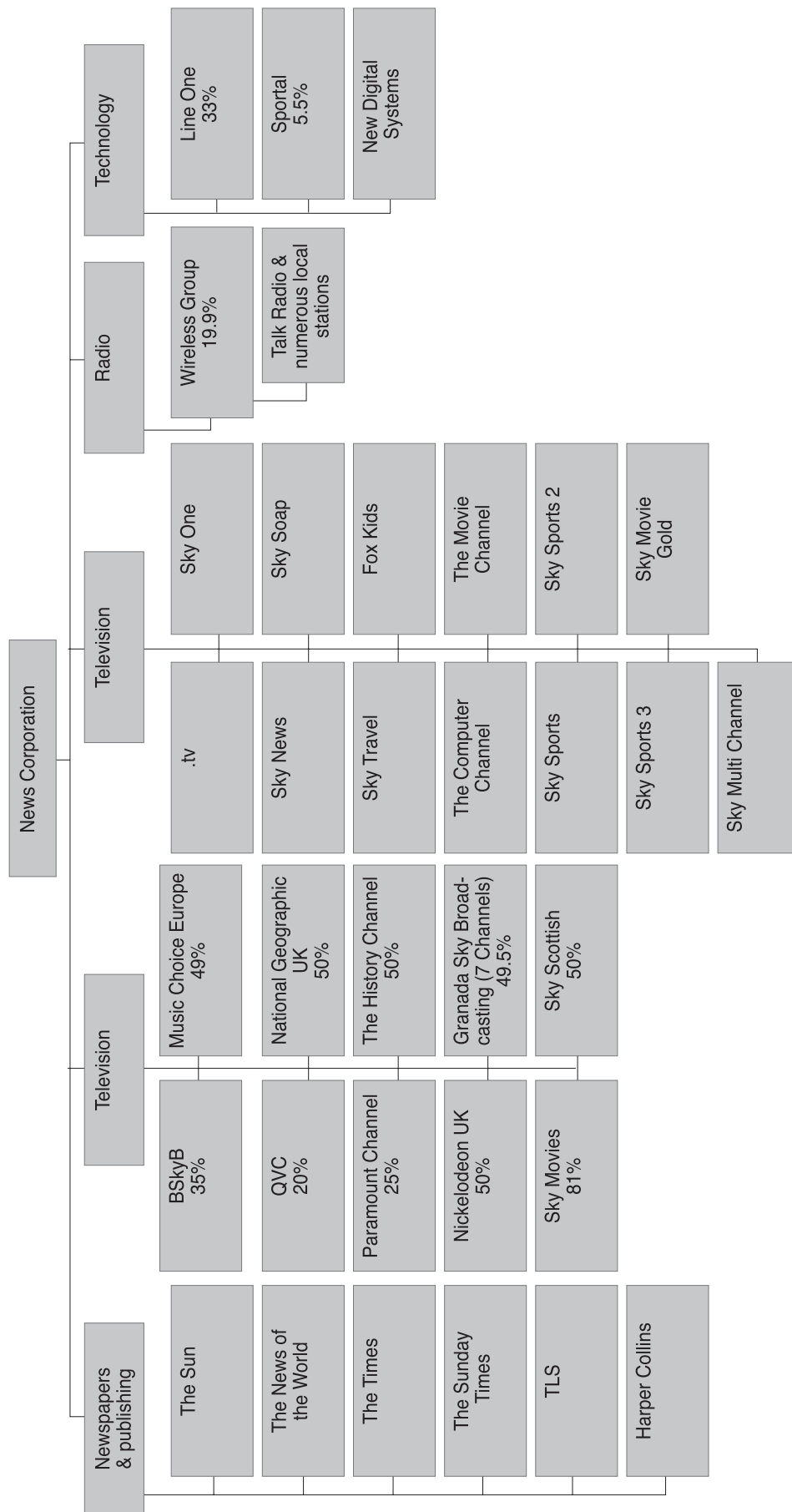


Chart 12.9: UK Media assets of News Corporation

Conclusion

The regional press sector is moderately concentrated according to the C3 calculation and although there is a high degree of chain ownership with some groups owning more than 200 titles concentration remains moderate with a range of large and smaller press groups. The national press is far more concentrated and the groups that control the popular tabloids that dominate sales of national newspapers have an extremely strong market position. Out of these groups News Corporation, the owner of both the leading tabloid *The Sun* and the broadsheet *The Times* is the market leader.

Table 12.21: Summary

<i>UK</i>	<i>Television</i>	<i>Radio</i>	<i>Regional and local press</i>
3 top companies (by market shares)			
	1 BBC	BBC	Trinity Mirror
	2 ITV	GWR	Newsquest
	3 C4	Capital	Northcliffe
Number of generalist public service channels	2	-	-
Number of commercially funded channels with above 5% market share	3	-	-
Number of public service radio stations	-	5 national + 43 regional and local stations	-
Number of titles	-	-	1286*
C3	69.9	72.3	51.6

* Includes regional and local. All UK terrestrial broadcasters are classified as public service broadcasters as they all have a degree of public service obligations. For comparative purposes the BBC has been taken to be the sole public broadcaster.

The UK television sector is the least concentrated in the report though it is, according to the C3 calculation a highly concentrated market. This should also be seen in the context of the strong performance of the fifth channel FIVE and the growing position of News Corporation as the major multi channel television provider, as it not only has a controlling stake in BSkyB's satellite platform, but is also a partner in the Freeview DTT platform. The radio sector in the UK is slightly more concentrated than the television one and the strong performance of the BBC in the radio sector leads to a small number of players in the market. The growth of commercial networks has resulted in seven major radio groups dominating the commercial radio sector and the sale of SMG's radio assets held in Scottish Radio Holdings to one of its competitors EMAP in January 2004 increases the degree of concentration in the sector. There is also a move that might see Capital and GWR merge their radio assets, though this will have to undergo a public interest test (see below) for clearance on competition grounds.

12.2 Summary of ownership rules

The framework for the regulation of media ownership and market concentration in the UK consists of a number of rules that have recently undergone reform to reflect a greater degree of liberalisation in

ownership rules, to encourage competitiveness whilst theoretically protecting media pluralism. At the same time, what has been termed a 'public interest test', which has already been employed in the press and radio sectors in merger and acquisition decisions, has been extended to television and woven into the fabric of the overall regulatory framework at the instigation of the House of Lords, during the passing of the Communications Act 2003. As a result, any merger or acquisition between media companies raising any issues that might be deemed to have features that might be against the public interest, in any of the media sectors covered by the Act, together with the newspaper sector, will have to be reviewed by a combination of the new regulator responsible for the media sector Ofcom and the Office of Fair Trading. Their opinions will be delivered to the Secretary of State, who in turn can refer any qualifying case to the Competition Commission. These reforms have been incorporated into the Enterprise Act 2002, which deals with newspaper mergers and acquisitions above a certain threshold. On the whole, the Communications Act 2003 repeals some of the provisions regulating media ownership and replaces them with a more liberalised, case-by-case procedure.

Since the introduction of the Broadcasting Act 1996 the system for evaluating and monitoring media ownership and pluralism has consisted of an audience share framework rather than outlet share limits.

Television

The main changes to legislation brought about by the Communications Act 2003 that concern television ownership are:

- Non-EEA members are now allowed to own terrestrial television channels.
- The upper limit of 15 per cent audience share that one company could control, introduced in the Broadcasting Act 1996, has been removed.
- The rule preventing the joint ownership of the two ITV (Channel 3) London franchises has been removed.
- The rule preventing ownership of both an ITV company and FIVE has been removed.

There are, however, some restrictions on owning an ITV company. These include the exclusion of the following entities:

- An entity with a national newspaper with a national market share of 20 per cent or above.
- An entity with national newspapers with a combined national market share of 20 per cent or above.
- An entity with a local newspaper that has a local market share of 20 per cent or more in the coverage area of the service.

(Excerpt from Schedule 14, Part 1 Communications Act 2003)

Some of the restrictions previously placed on the ownership of FIVE have been lifted by the 2003 Act. There are no set restrictions on newspapers or other broadcasters owning FIVE. However, any such move will have to undergo a review as to its impact on the services provided by the broadcaster and investment in regional and UK programming under the public interest test that would be applied by the authorities.

Radio

The Communications Act 2003 also liberalises the ownership restrictions previously employed in the radio sector. Its basic reforms include the following:

- The restriction that prevented ownership of more than one national analogue licence has been removed, although companies are excluded from holding two national radio multiplex licences.
- The restriction preventing any one entity owning stations that cross a ceiling of 15 per cent of audience share has been removed.

There are provisions in the Communications Act 2003 that allow for the exclusion of certain entities holding a specific radio licence based on the following considerations:

- The extent to which there is coverage overlap of the services provided by the entity.
- The size of the potential audience, and the times when the services are to be made available.
- Whether the person runs a national newspaper and the national share of the relevant title.
- Whether the entity controls a regional newspaper that is distributed in the same area as the regional radio station.
- Whether the entity holds an ITV (Channel 3) licence in the same area as the radio licence that they seek to take control of.

(Summary of Schedule 14, Part 3 Communications Act 2003)

Newspapers

Mergers and acquisitions in the press sector are subject to special provisions set out in the Fair Trading Act 1973 and have recently been replaced by the Enterprise Act 2002, which came into force in 2003. Generally, all mergers are reviewed by the UK authorities if the turnover of the enterprise being taken over exceeds €100 million or in cases where market share is 25 per cent or above.

However, newspaper mergers and acquisitions can be investigated below this threshold. Traditionally, any proposed newspaper merger should have the prior consent of the Secretary of State and undergo a public interest test to assess the impact of any such merger, based on a number of principles such as plurality of information and market actors. Under the new regime no prior notification of a newspaper merger needs to be submitted to the authorities. However, if a public interest test case later blocks the merger, the parties may be requested to offer remedies or reverse it.

The Department of Trade and Industry (DTI) and Department for Culture, Media and Sport (DCMS) have initiated a consultation process as to the nature of the 'new newspaper merger regime' and have set provisional guidelines. The new regime, according to a document jointly presented by the DTI and DCMS, will apply the public interest test on the basis that a takeover of a newspaper may work against:

- Accurate presentation of the news in newspapers.
- Free expression of opinion in newspapers, and;
- To the extent reasonable and practicable, a plurality of views in newspapers in each market for newspapers in the UK or a part of the UK.

(Excerpt from Section 58 (2a and b) Enterprise Act 2002)

The public interest test

The public interest test is potentially a significant device in protecting pluralism in the UK media industries and while many ceilings and fixed limits have been removed by the Communications Act 2003, it has to be seen how this test will be employed and what kind of precedents will be set for the individual media sectors as well as the sector overall in terms of pluralism and diversity. In December 2003 the DTI started a consultation process outlining the framework within which the media ownership guidelines and the public interest test would be developed.

The public interest test can be employed where the transaction level is below €100 million and where one of the parties has a 25 per cent or above market share in the relevant broadcasting or newspaper sector, or for cross-media purposes. When one of the criteria is set off, the Secretary of State can intervene where it is believed that a public interest consideration is relevant. On this basis, where a media merger or acquisition case arises, the considerations set out below will be the central factors determining whether a case is blocked or cleared, though the Secretary of State must make a decision that a case is a special interest case before this process is initiated.

As it relates to broadcasting and cross-media mergers or acquisitions the considerations as to

whether a merger or acquisition will be rejected or cleared are (together with the ones summarised above) as follows:

- There is a sufficient plurality of persons with control of media outlets.
- The availability for the end consumer of a wide range of quality television and radio service.
- The owners have a commitment to fulfilling the objectives set out in Section 319 of the Act (standards).

A whole range of considerations will be carried out in any assessment based on these principles, including the number of outlets and audience share of the actors involved in the merger or acquisition, the availability of a wide range of quality programmes and the owners' strategic planning policy for programming. Furthermore, the standards set out in Section 319 of the Communications Act 2003 relate to a raft of obligations ranging from advertising standards to the protection of minors.

There are also other anticipated criteria that would lead to an investigation under the public interest test that includes mergers or acquisitions with any of the following characteristics:

- Mergers involving national newspapers with more than 20 per cent of the market share and the Channel 5 licence holder.
- Mergers involving national newspapers with more than 20 per cent of the market share and a national radio service.
- Mergers involving a change of control of the Channel 3 licence holder.
- Mergers involving the national Channel 3 licence holder and a national radio service.
- Mergers involving the Channel 5 licence holder and a national radio service.
- Mergers involving two or more national radio services.
- Mergers involving on the one hand, owners outside the EEA, and, on the other, any of Channel 3, Channel 5, digital and analogue radio licences.
(Excerpt from DTI, 2003)

Mergers involving satellite and cable services are unlikely to be included in this regime and no intervention is anticipated, according to the DTI, in mergers or acquisitions in these areas, as they are approached as part of general competition policy.

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COMPARATIVE CHARTS

Chart 2.0: Regional newspaper market share of top five groups 2002 (includes language markets)

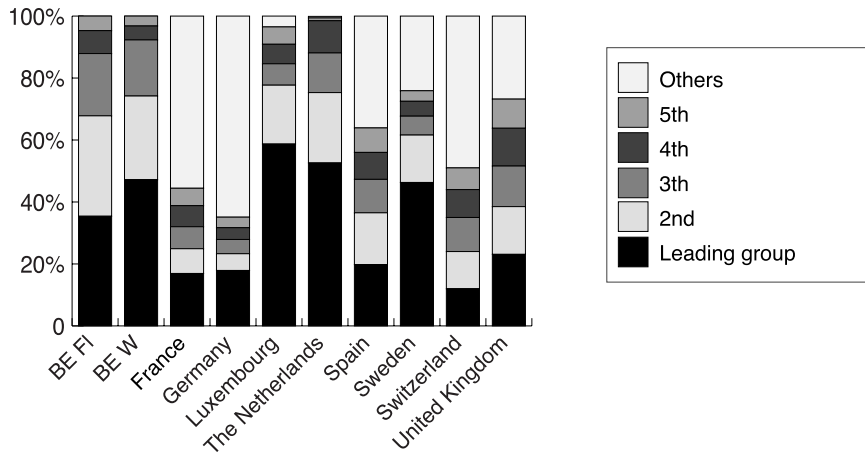
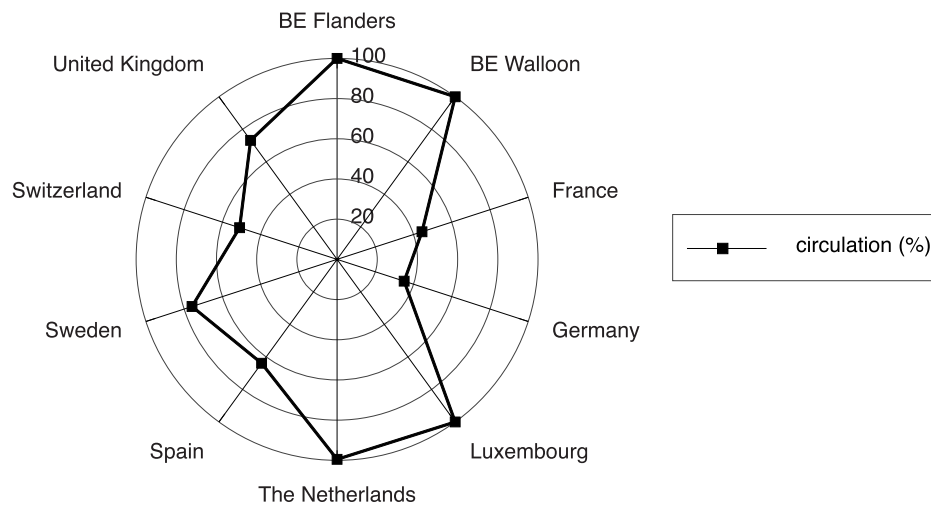


Chart 2.1: Regional newspaper market combined share of top five groups 2002 (includes language markets)



+

Chart 2.2: Regional newspaper market share of top five groups 2002 (includes language markets)

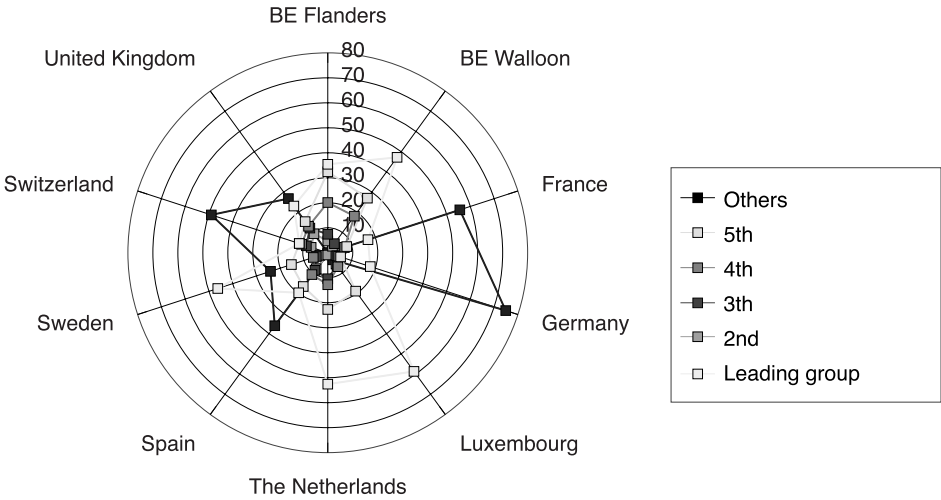


Chart 2.3: National daily newspaper market share 2002 (includes regional titles that have national market)

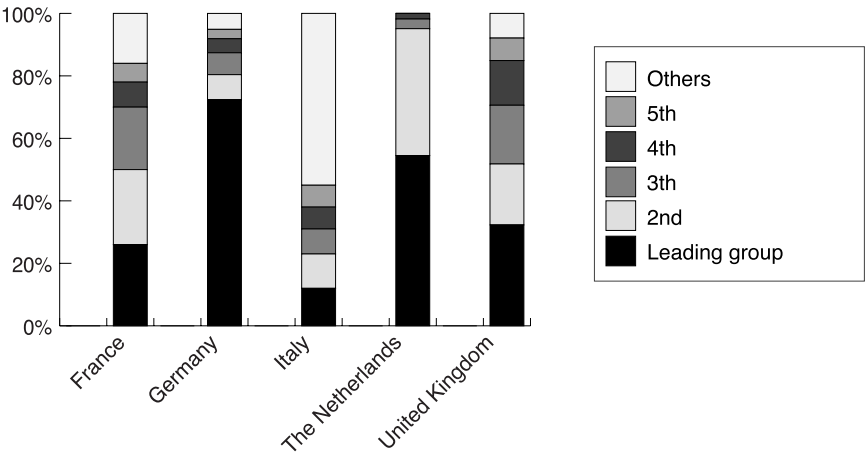


Chart 2.4: National daily newspaper market share 2002 (includes regional titles that have national market)

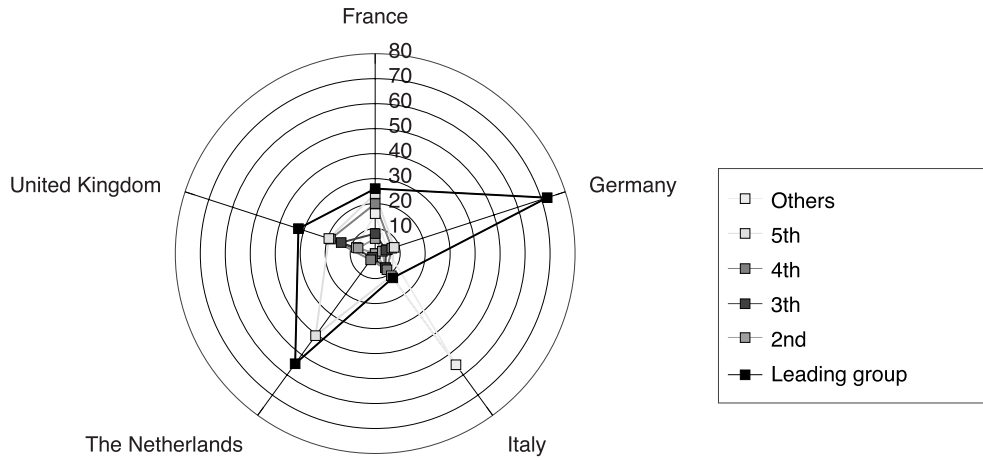


Chart 2.5: National daily newspaper market share of top five press groups 2002

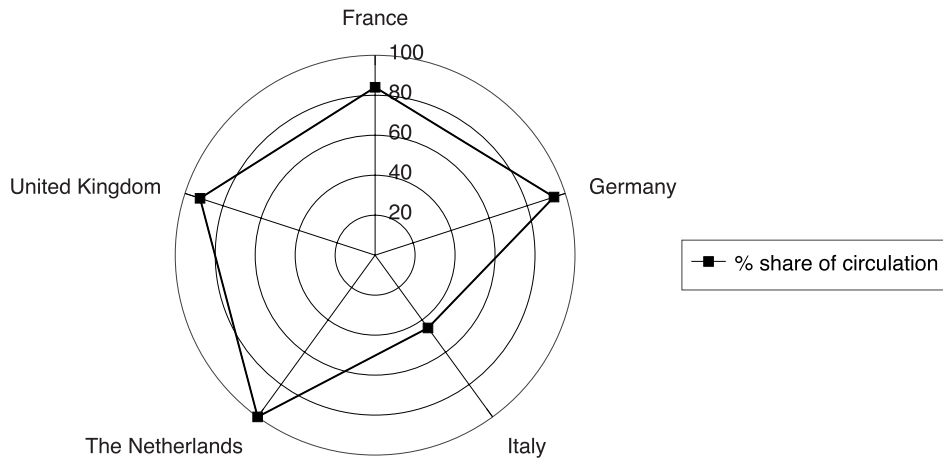
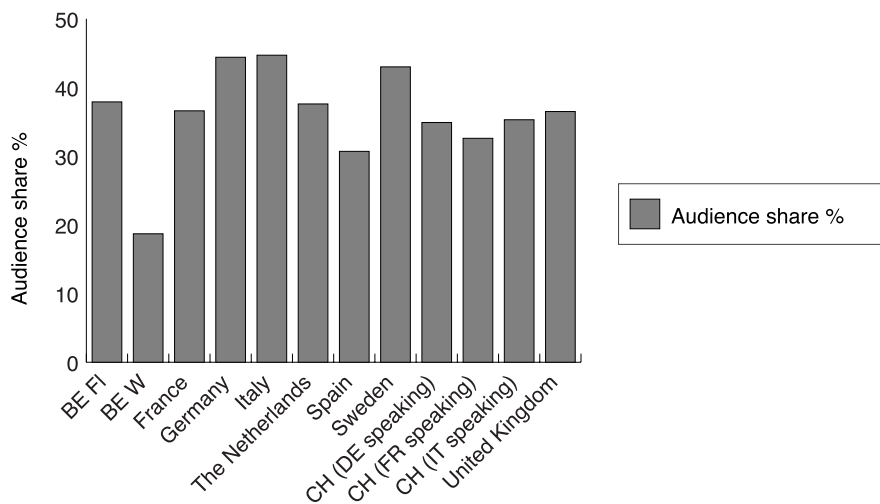
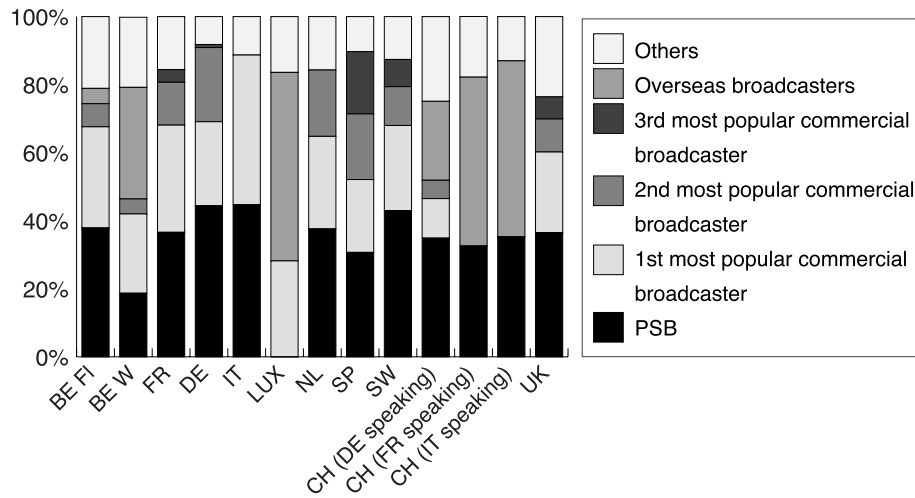


Chart 2.6: Television audience share of public service television broadcasters 2002/2003



Note: UK is for the BBC only and excludes Channel 4.

Chart 2.7: Television audience share of public and leading commercial television companies 2002/2003



Note: The overseas broadcaster category does not include Swedish broadcasters licensed in the UK. These broadcasters have been treated as domestic ones.

Chart 2.8: Television audience share publicly funded and leading commercial television company 2002/2003

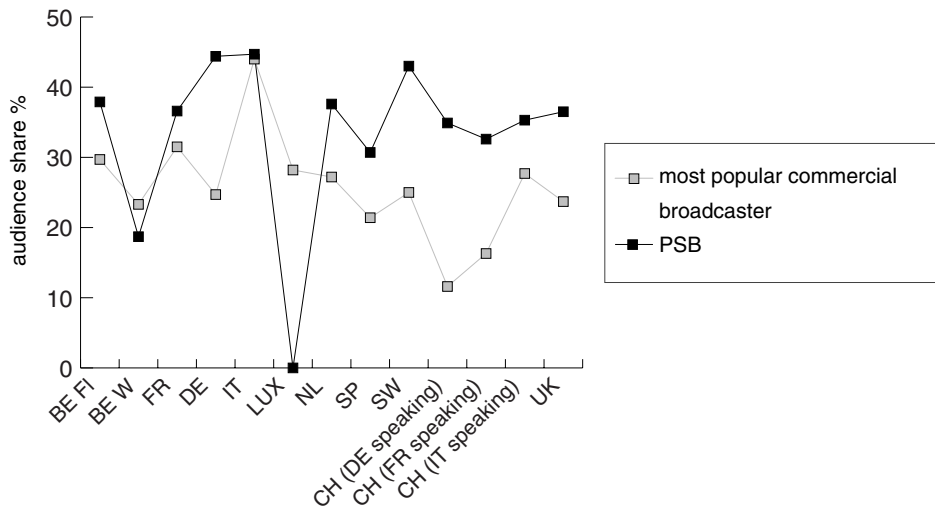
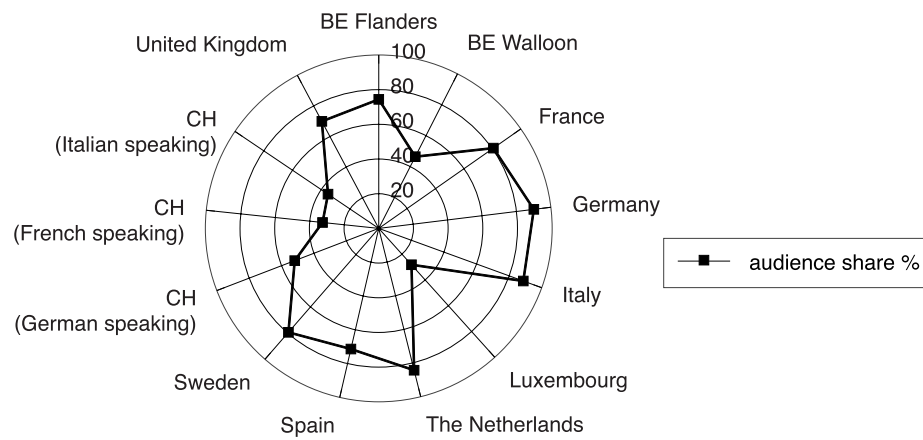


Chart 2.9: Television audience share of public and main two commercial broadcasters 2002/2003



Note: Italy has been calculated as 1 + 1. Belgium, Luxembourg and Switzerland calculations exclude non-domestic broadcasters.

Chart 2.10: Listener and audience share of public service broadcasters in radio and television markets 2002/2003 (%)

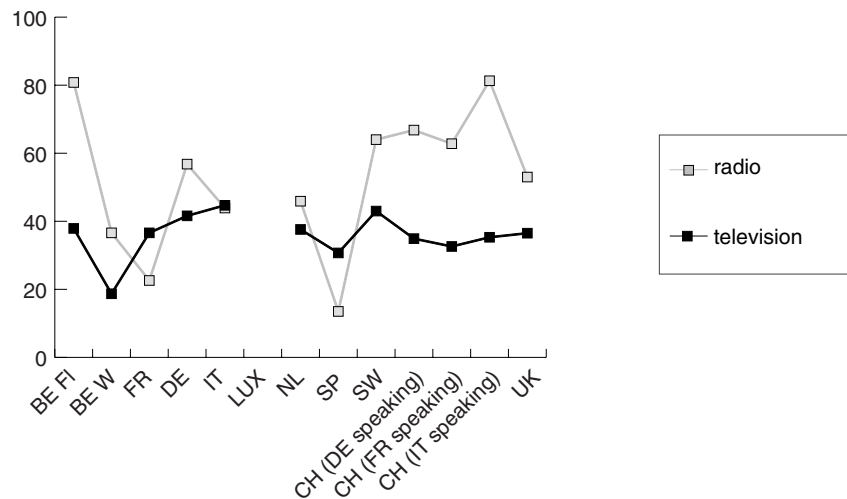
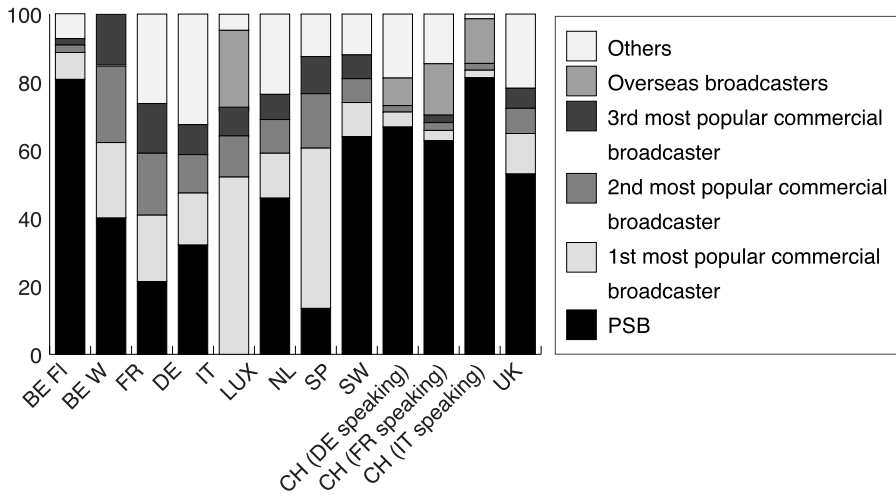


Chart 2.11: Listener share of key radio broadcasting groups 2002/2003

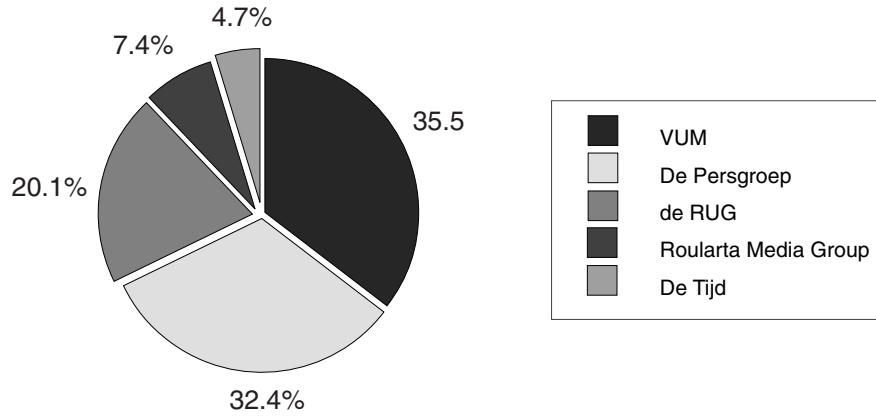


Note: The German market is incompatible for comparative purposes due to its structure.

COUNTRY DATA CHARTS

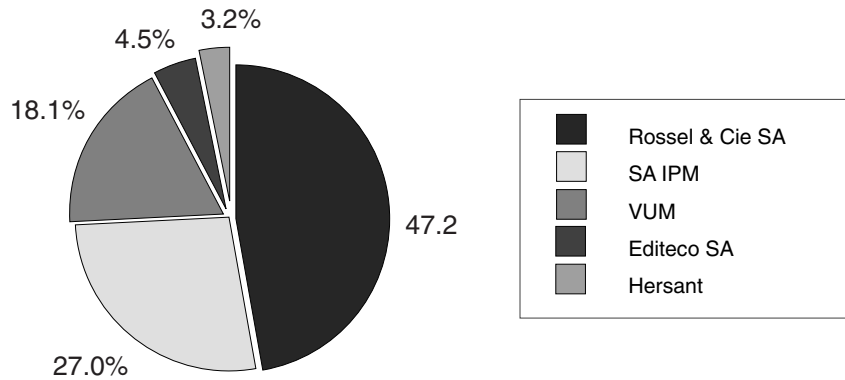
BELGIUM

Chart 3.0: Group market share of daily newspaper market (Flanders) 2002



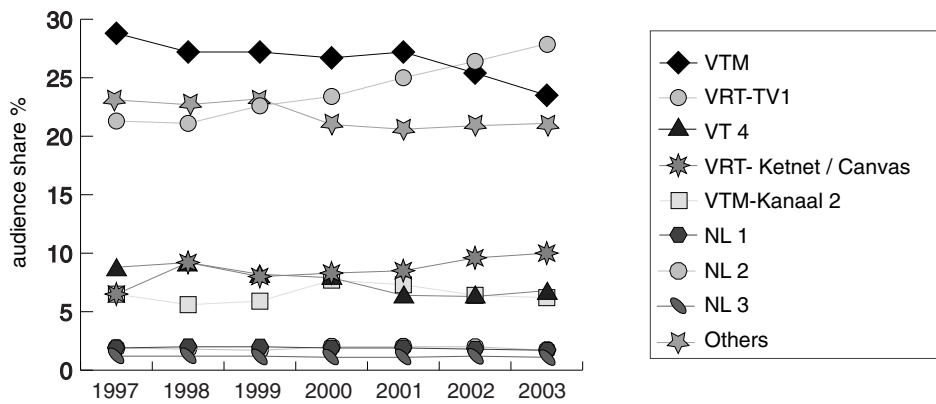
Source: CIM 2003

Chart 3.1: Group market share of daily newspaper market (French-speaking community) 2002



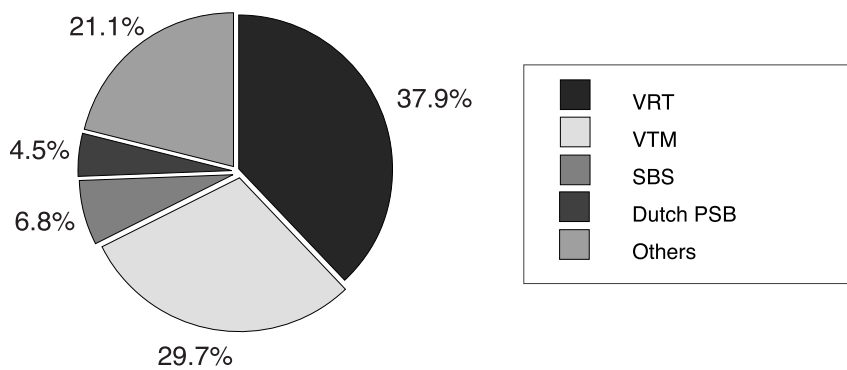
Note: Excludes Metro.
Source: CIM 2003

Chart 3.2: Television audience share (channel) (Flanders) 1997-2003 (%)



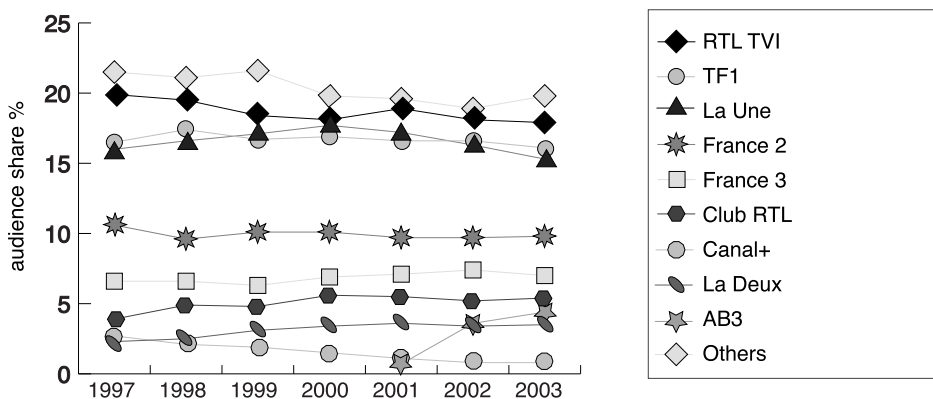
Source: Audimétrie 2003

Chart 3.3: Television broadcasting group share of audience (Flanders) 2003



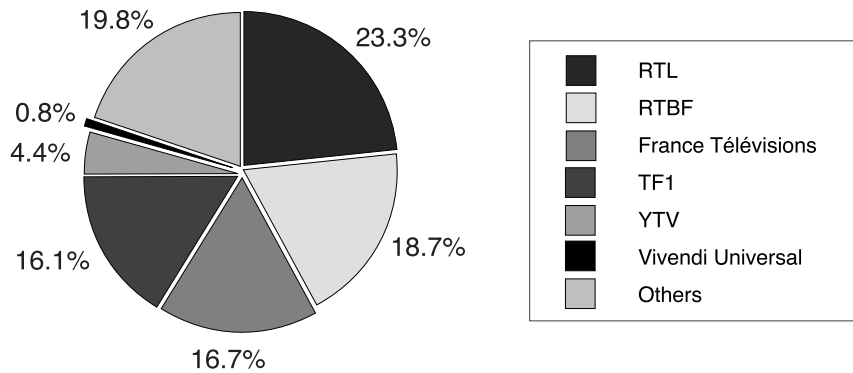
Source: Audimétrie 2003

Chart 3.4: Television audience share (channel) (French-speaking community) 1997-2003 (%)



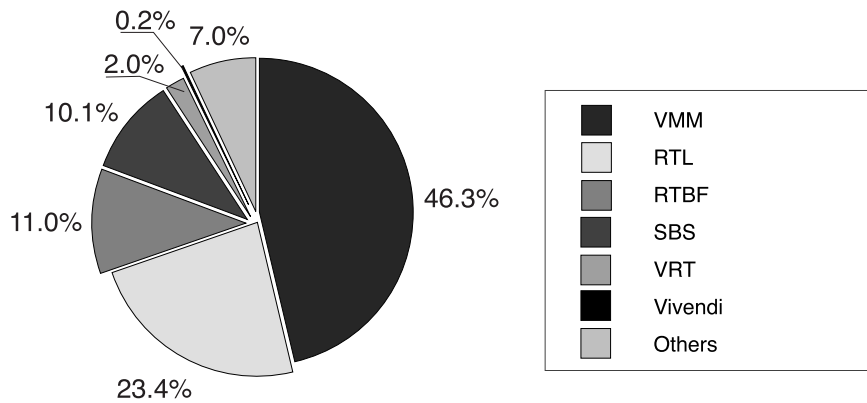
Source: Audimétrie 2003

Chart 3.5: Television broadcasting group audience share (French-speaking community) 2003



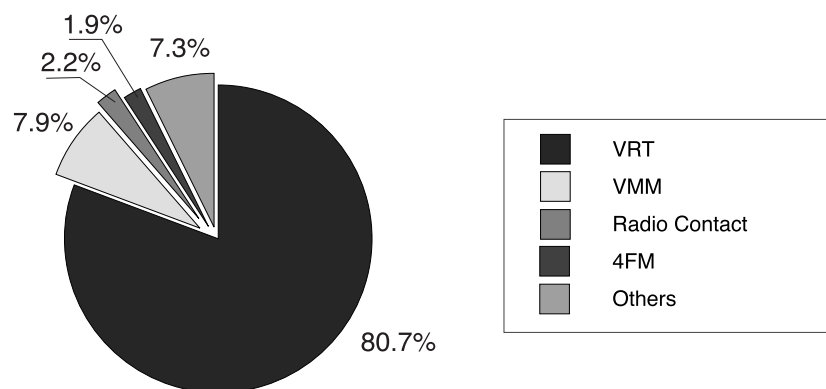
Source: Audimétrie 2003

Chart 3.6: Television group share of gross television advertising revenue 2002



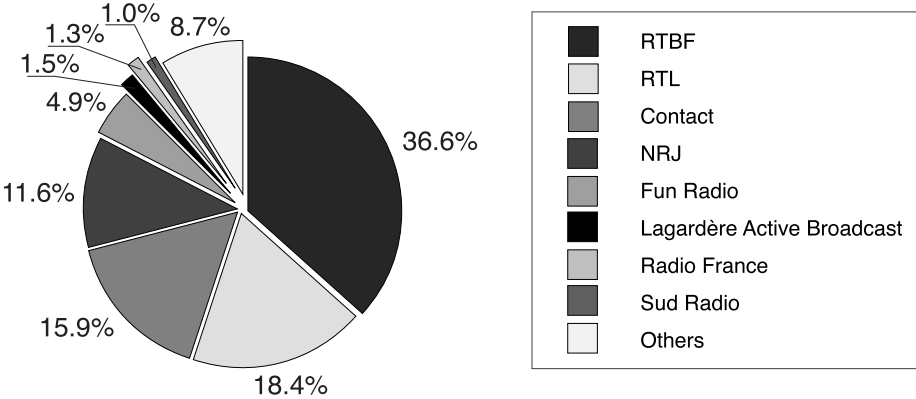
Source: IPB 2003

Chart 3.7: Radio group share of listeners (Flanders) March-June 2003



Source: CIM 2003

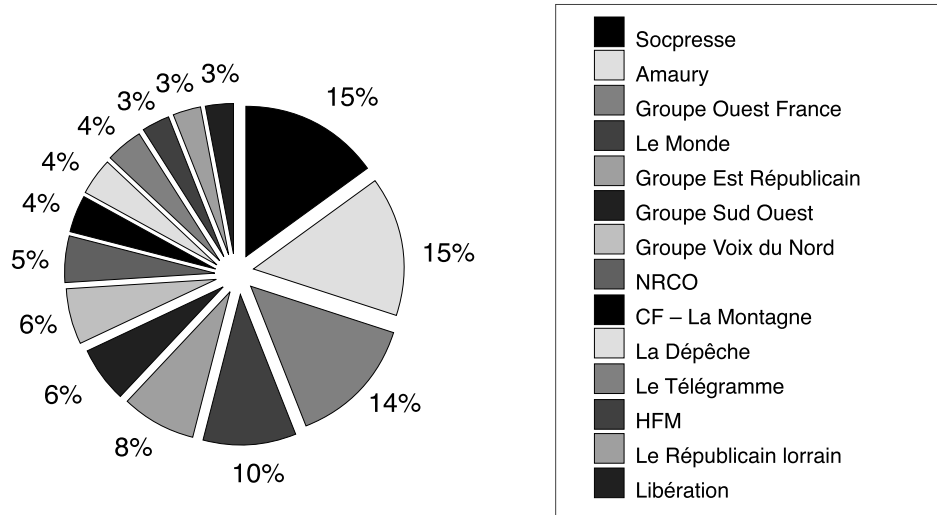
Chart 3.8: Radio group share of listeners (French-speaking community) March-June 2003



Source: CIM 2003

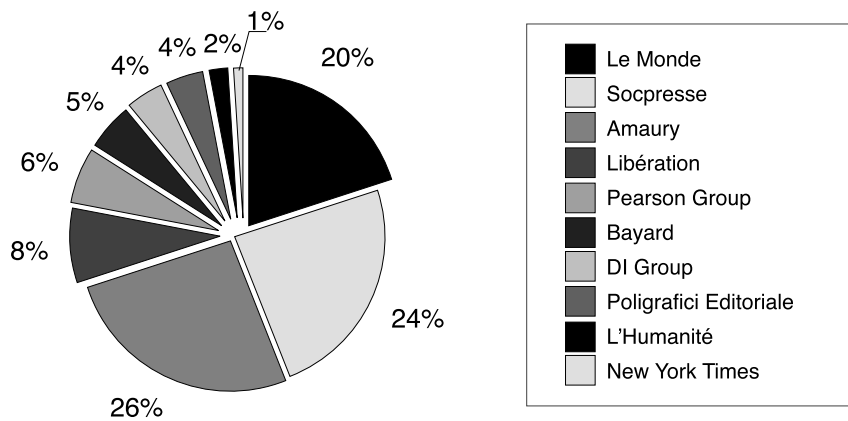
FRANCE

Chart 4.0: National daily newspaper group share (top 20 daily newspapers) 2002



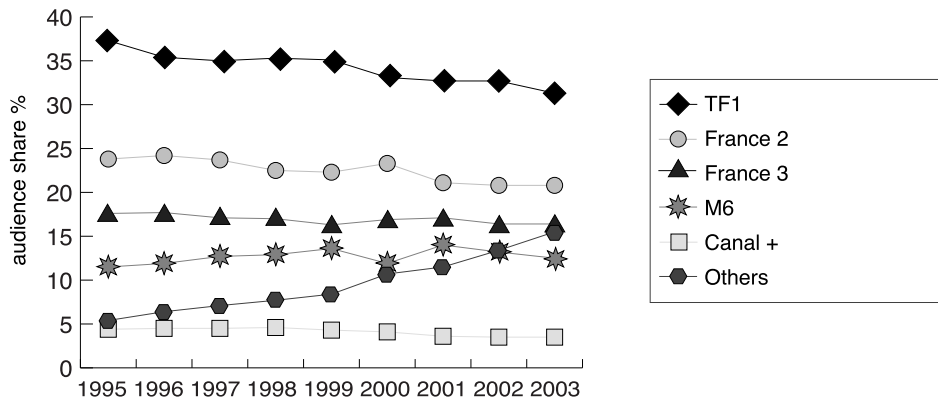
Source: Diffusion contrôlée/OJD 2003, Stratégies les chiffres clés 2003

Chart 4.1: National daily newspaper group share 2002



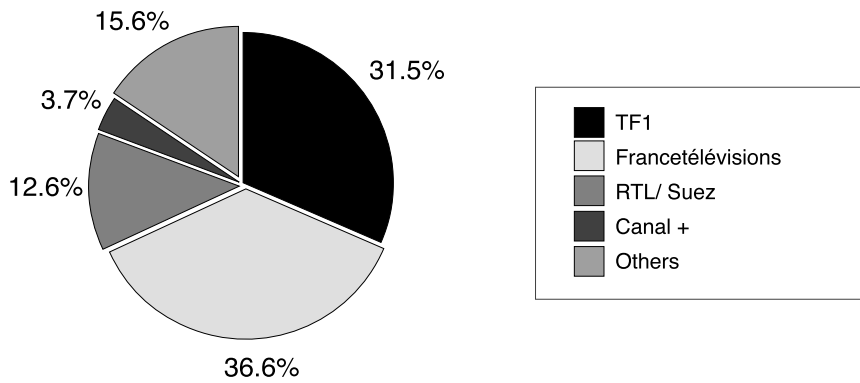
Source: Diffusion contrôlée 2003/ Stratégies Les chiffres clés 2003

Chart 4.2: Television audience share of main channels 1995-2003 (%)



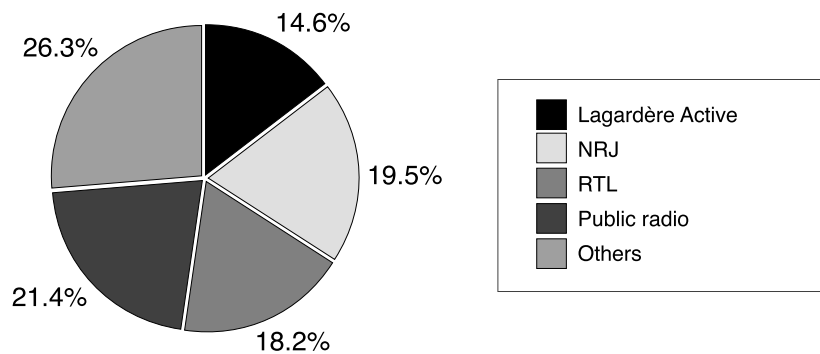
Source: Médiamat/Médiamétrie 2003

Chart 4.3: Television group audience share 2003



Source: Médiamat/Médiamétrie 2003

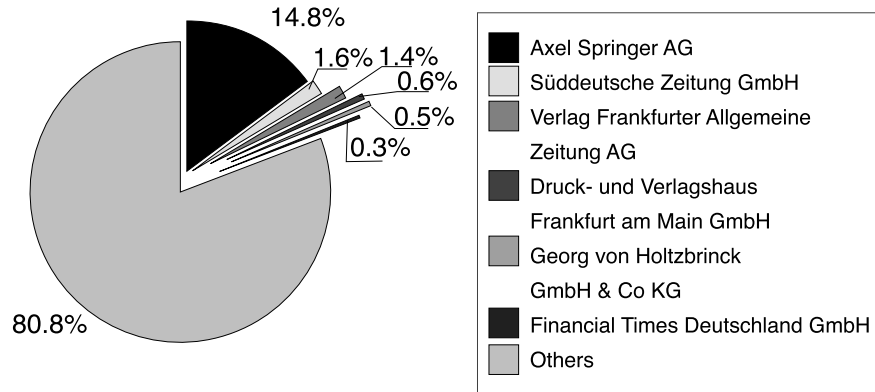
Chart 4.4: Radio listener share by group 2003 (Monday-Friday September/October)



Source: Enquête 75 000 and Médiamétrie 2003

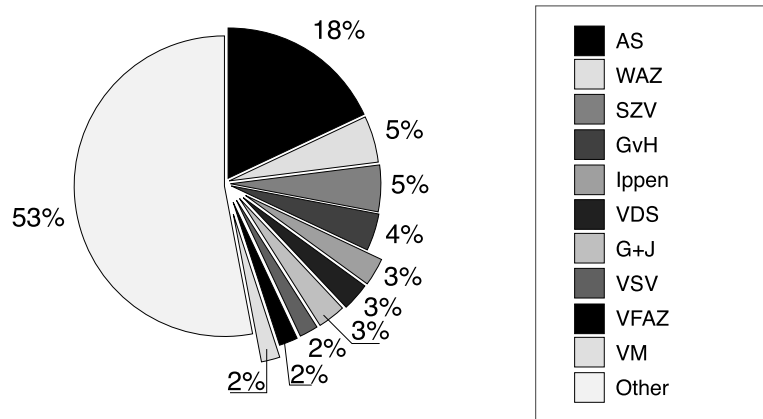
GERMANY

Chart 5.0: National daily newspaper group market share of total newspaper market second quarter 2003



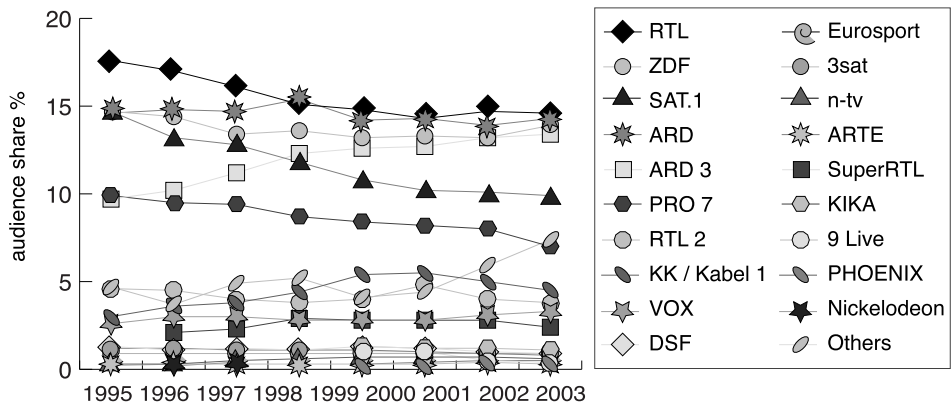
Source: IVW 2003

Chart 5.1: Newspaper circulation group share (total regional and national) second quarter 2003



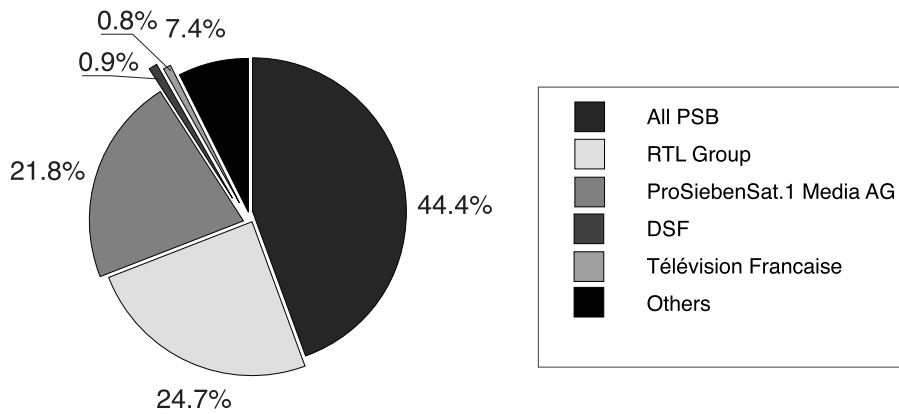
Source: IVW 2003

Chart 5.2: Television audience share by channel 1995-2002 (%)



Source: AGF-GfK 2003

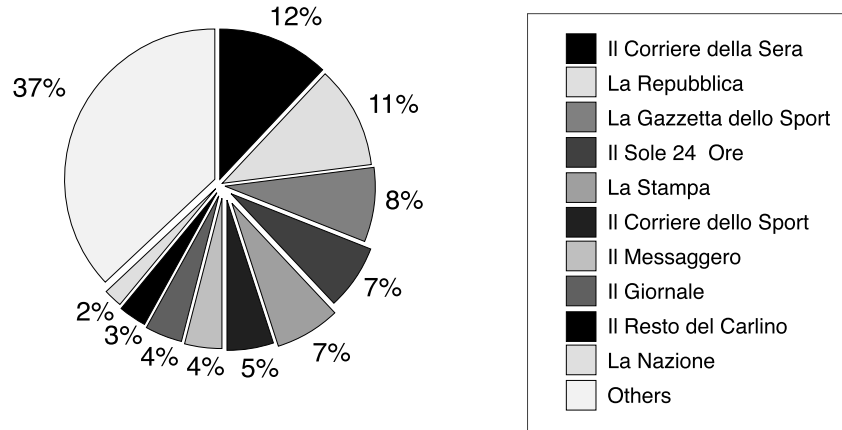
Chart 5.3: Television audience share 2002 (by group)



Source: AGF-GfK 2002

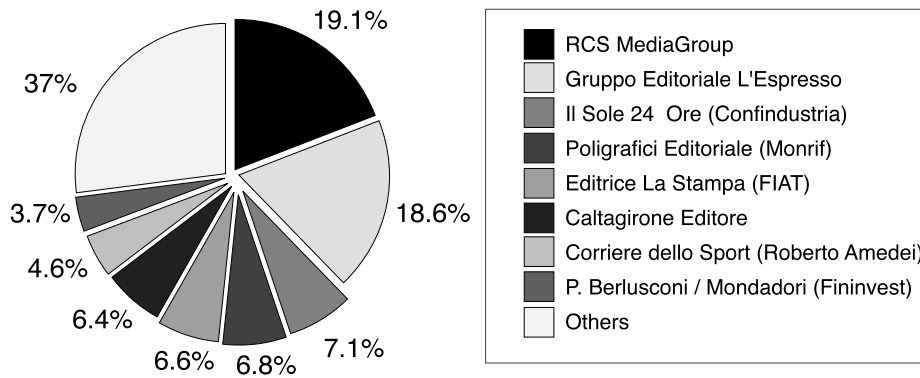
ITALY

Chart 6.0: Daily newspaper market share 2002 (top ten titles)



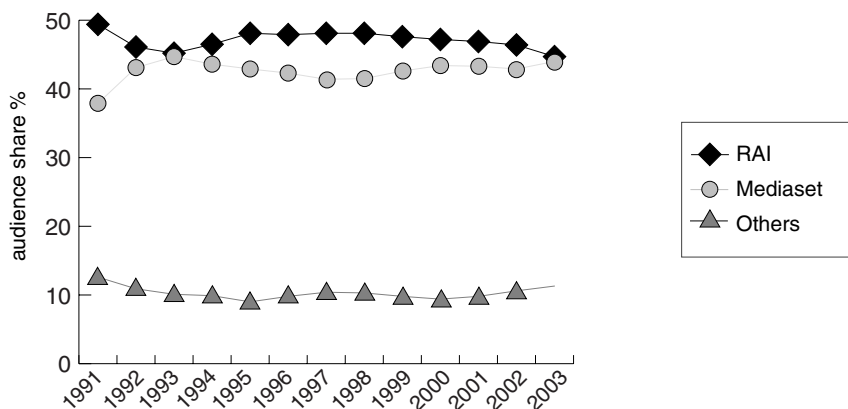
Source: Fieg 2003

Chart 6.1: Daily newspaper circulation group market share 2002



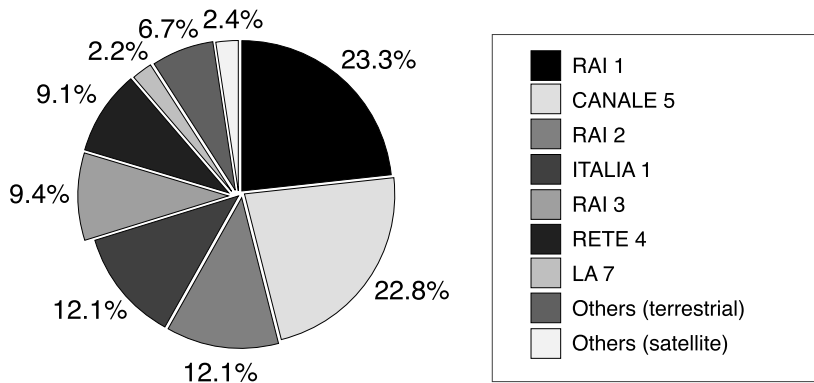
Source: Fieg 2003

Chart 6.2: Television audience share 1991-2003 (by group) (%)



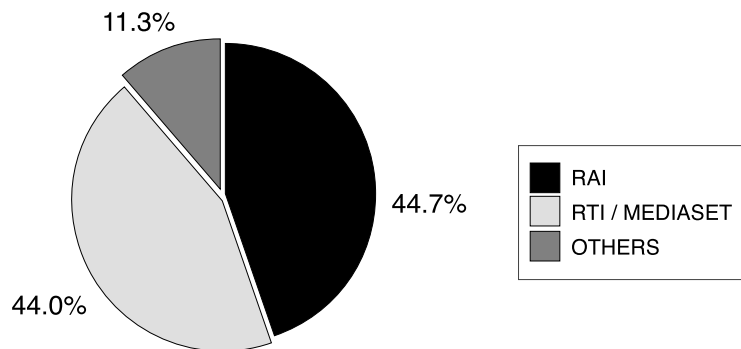
Source: AGB Italia 2003

Chart 6.3: Television audience share 2003 (by channel)



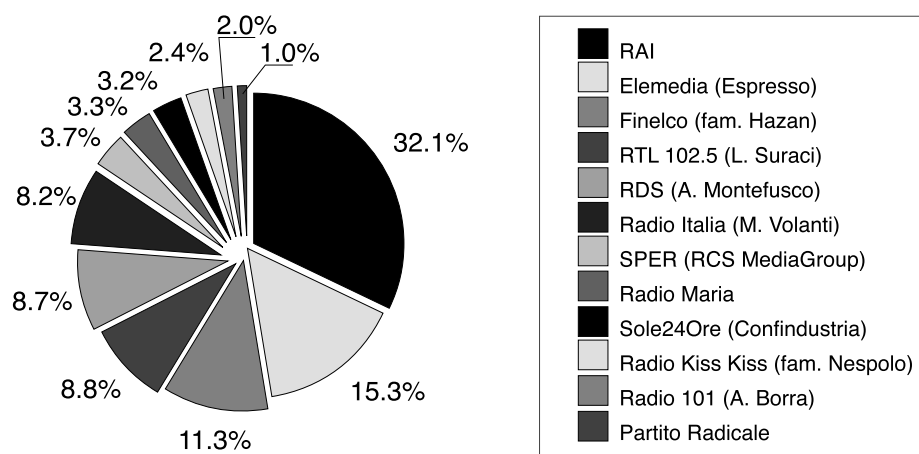
Source: AGB Italia 2003

Chart 6.4: Television audience share 2003 (by group)



Source: AGB Italia 2003

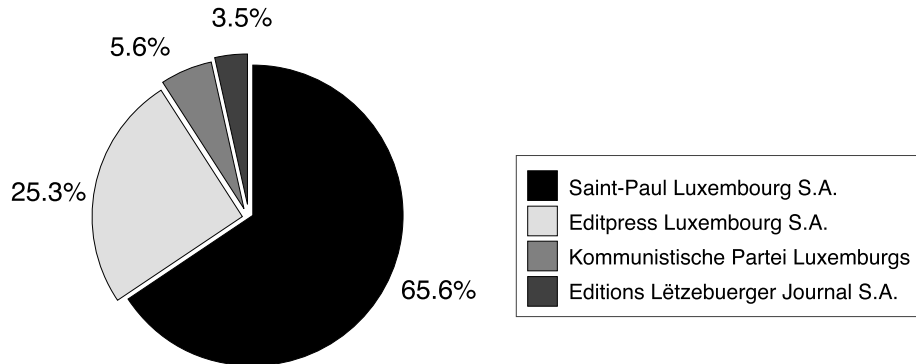
Chart 6.5: Radio listener share 2003 (by group, national commercial radio only, percentage of total number of 'contacts')



Source: Audiradio 2003

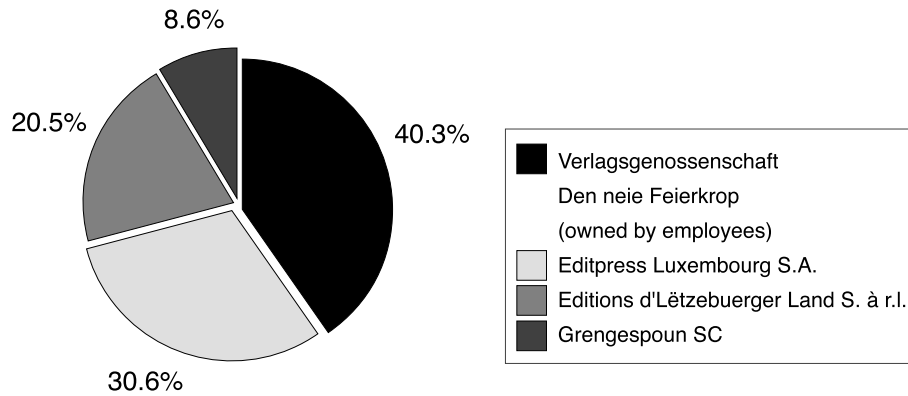
LUXEMBOURG

Chart 7.0: National daily newspaper market group share 2002 (Letzebuergish-, German- and French- speaking communities)



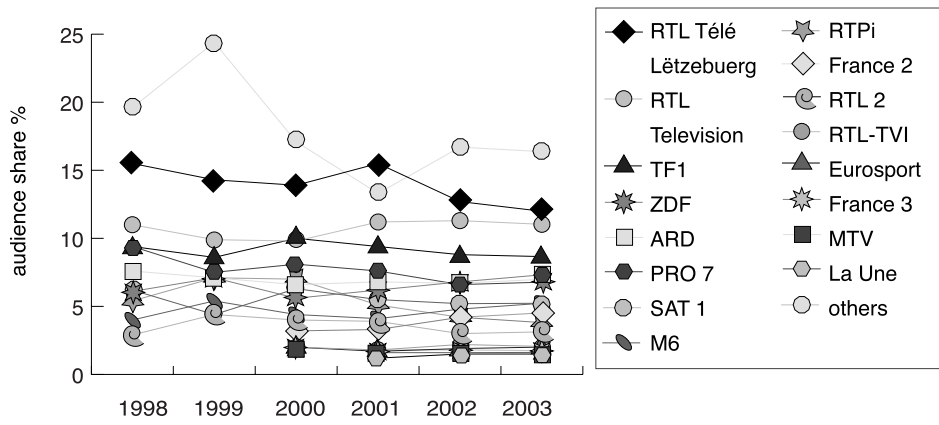
Source: Carré Blanc, CIM 2003 and company data

Chart 7.1: National weekly newspaper market group share 2002



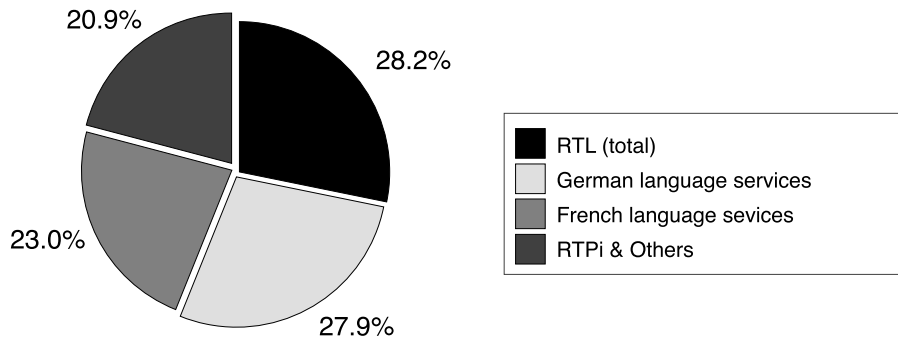
Source: CIM 2003, IP Luxembourg and company data

Chart 7.2: Television audience share 1998-2003 (%)



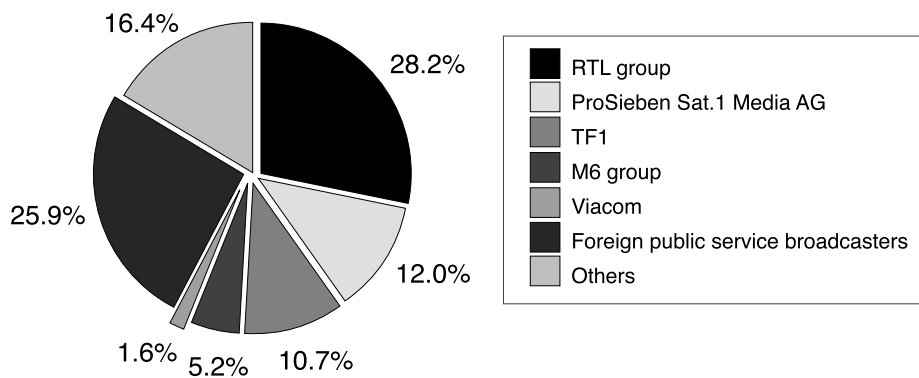
Source: ILReS TV 2003

Chart 7.3: Television market share according to languages 2003



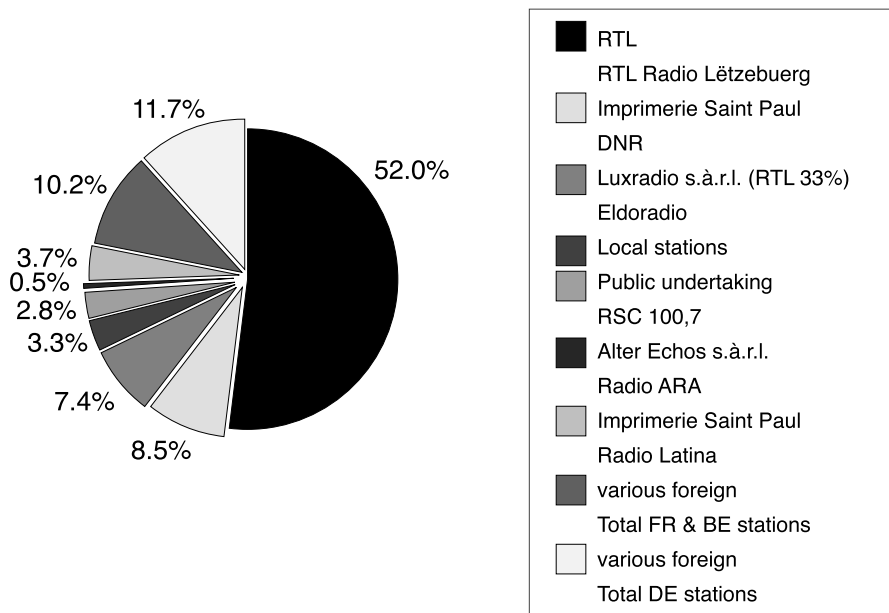
Source: ILReS TV 2003

Chart 7.4: Television audience share by group 2003



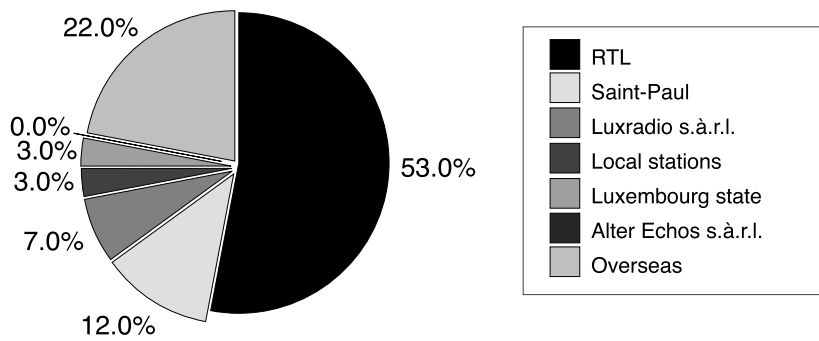
Source: ILReS TV 2003

Chart 7.5: Radio listener shares (stations) 2003



Source: ILReS Radio 2003

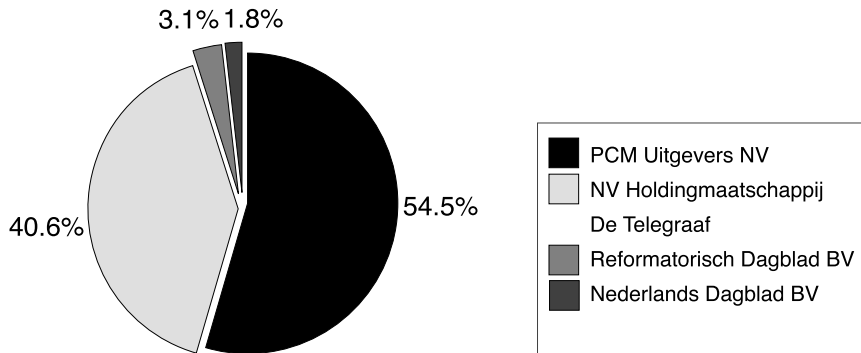
Chart 7.6: Radio listener share by group 2003



Source: Company reports

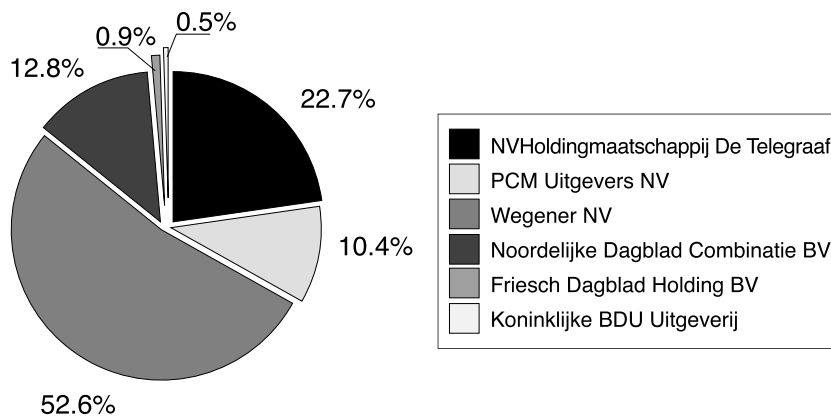
THE NETHERLANDS

Chart 8.0: National newspaper market group share 2002



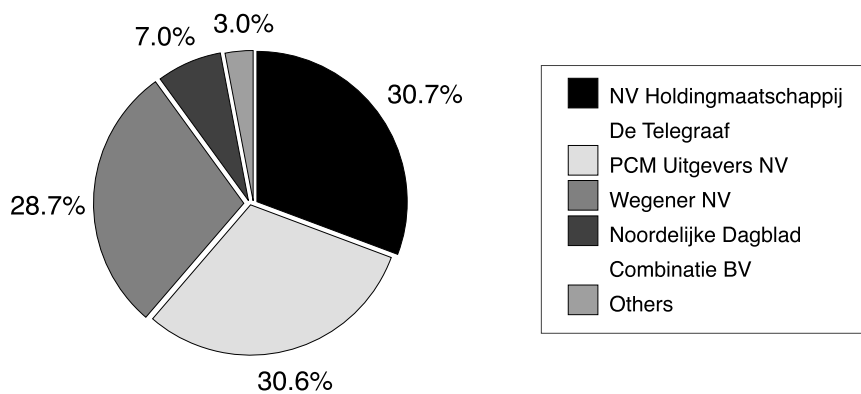
Source: CvdM 2003

Chart 8.1: Regional newspaper market group share 2002



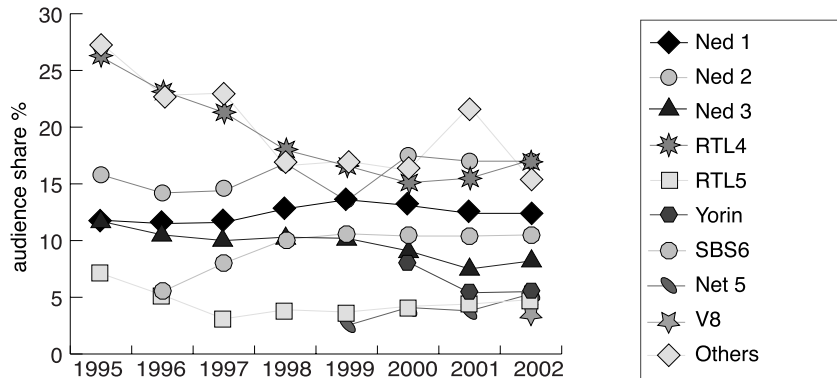
Source: CvdM 2003

Chart 8.2: National and regional newspaper market group share 2002



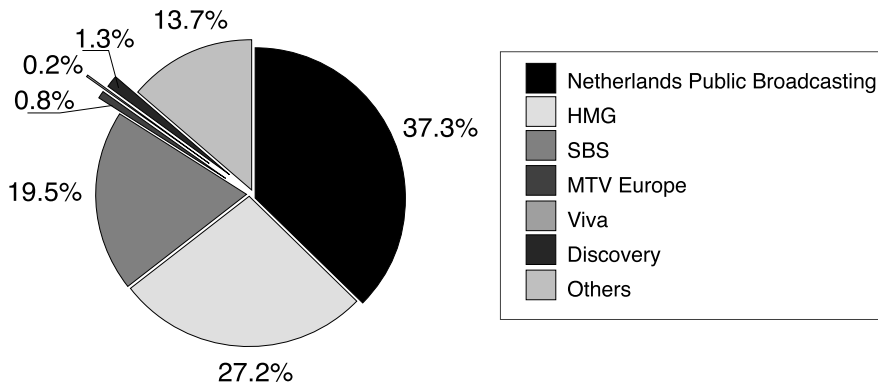
Source: CvdM 2003

Chart 8.3: Television audience share (prime time) of main channels 1995-2002 (%)



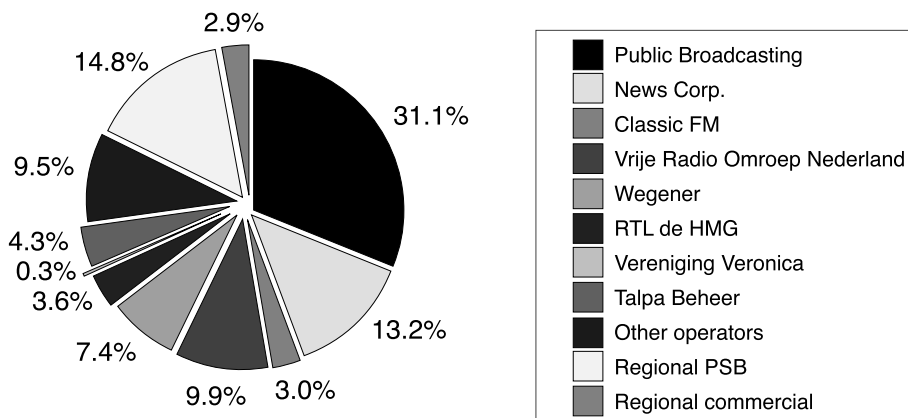
Note: * 2002 based on 18-24 hours.
Source: NOS and CvdM 2003

Chart 8.4: Television audience share 2002 (by group)



Note: Slight variation with table due to rounding off in CvdM calculations.
Source: CvdM 2003

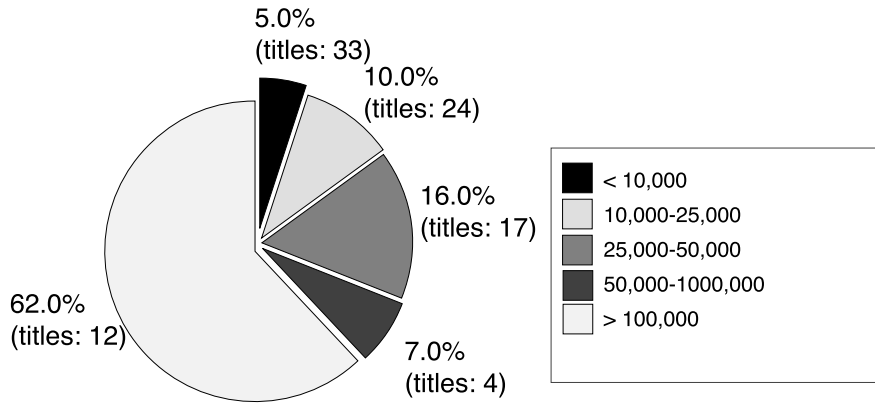
Chart 8.5: Radio group listener share 2002 (by group)



Source: CvdM 2003

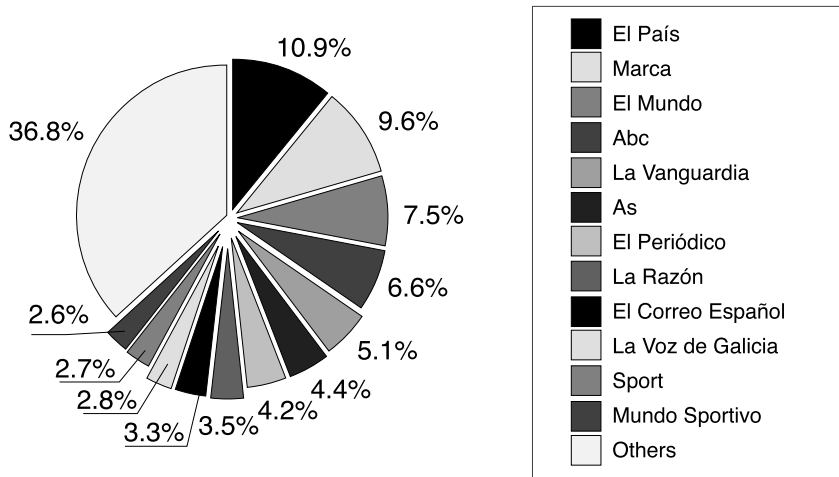
SPAIN

Chart 9.0: Daily newspaper circulation 2002 (by volume of circulation)



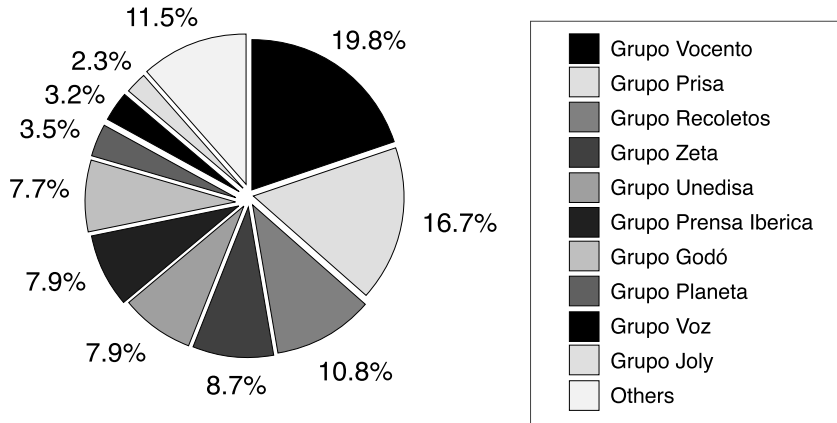
Source: Noticias de la Comunicación / OJD 2002

Chart 9.1: Daily newspaper circulation market share 2002 (by title)



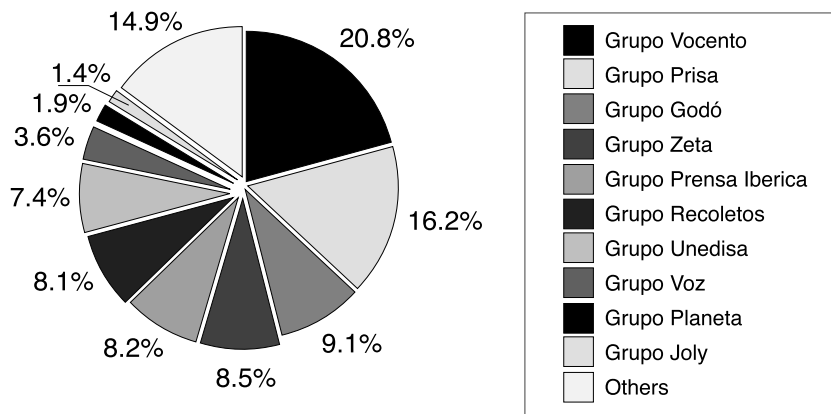
Source: Noticias de la Comunicación / OJD 2002

Chart 9.2: Daily newspaper circulation market share 2002 (by group)



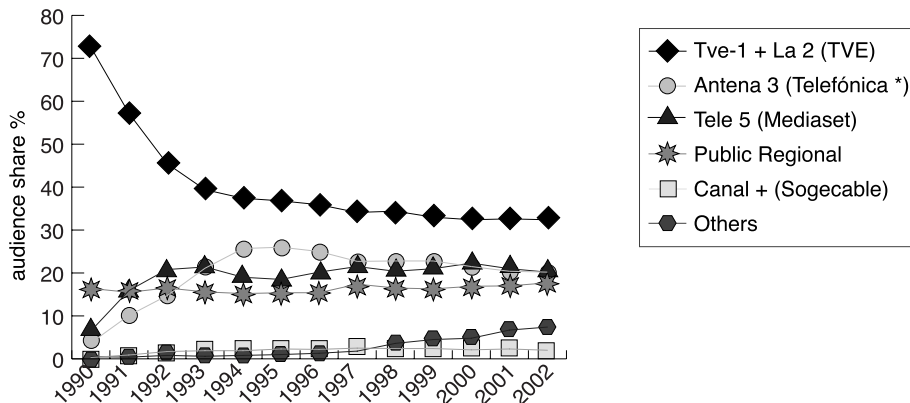
Source: Noticias de la Comunicación / OJD 2002

Chart 9.3: Daily newspaper revenues market share 2002 (by group)



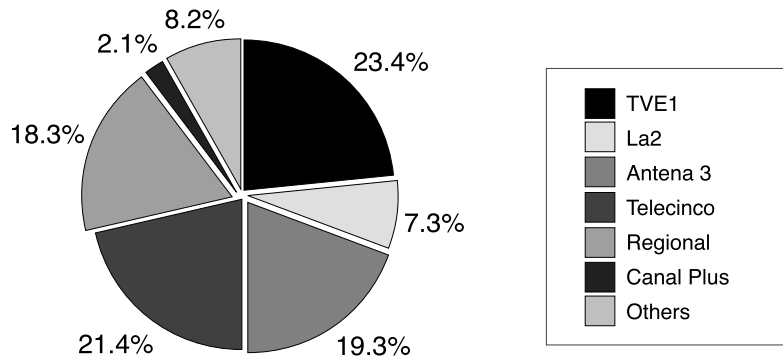
Source: Noticias de la Comunicación / OJD 2002

Chart 9.4: Television annual share of audience 1990-2002 (by group)



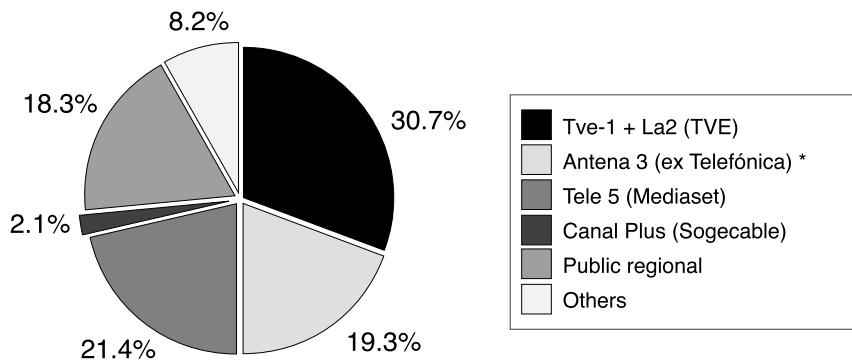
Source: Noticias de la comunicación / SOFRES 2003

Chart 9.5: Television audience share January-November 2003 (by channel)



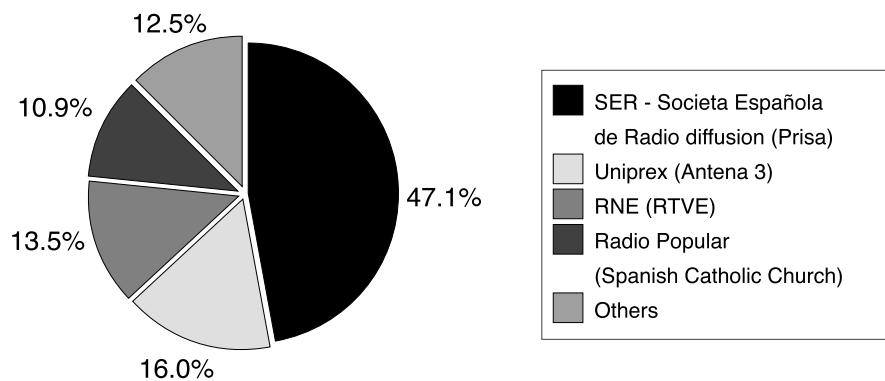
Source: *Noticias de la comunicación / SOFRES 2003*

Chart 9.6: Television audience share January-November 2003 (by group)



Source: *Noticias de la comunicación / SOFRES 2003*

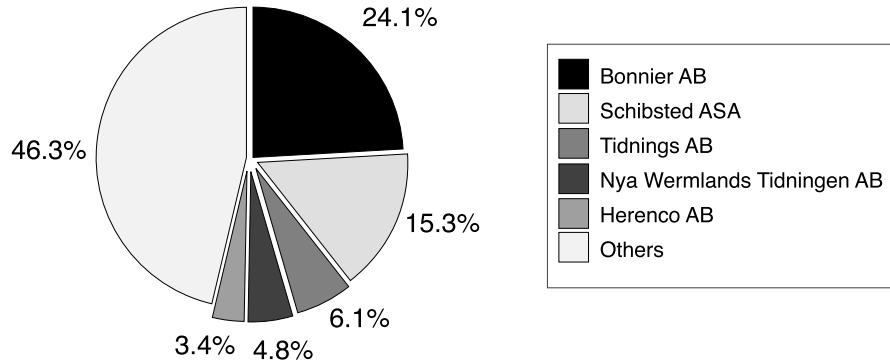
Chart 9.7: Radio listener market share February 2003-March 2003 (by group)



Note: Percentage of total number of 'contacts' of radio stations with listeners over 100,000 in the average day.
Source: *Noticias de la comunicación / SOFRES 2003*

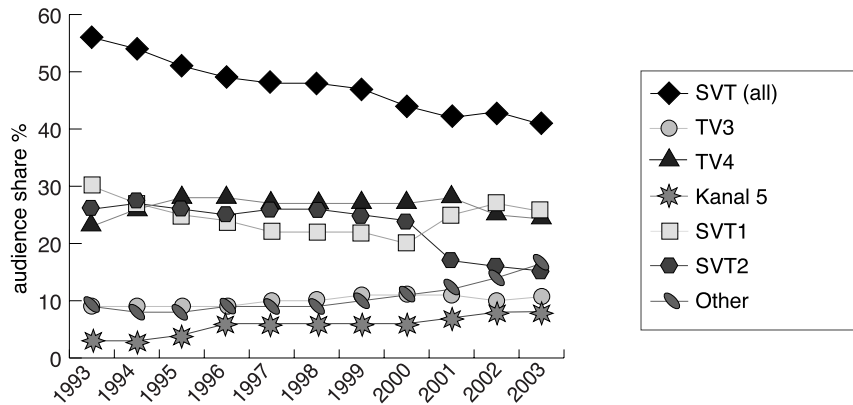
SWEDEN

Chart 10.0: Newspaper market share of top five groups 2002



Source: Nordicom 2003

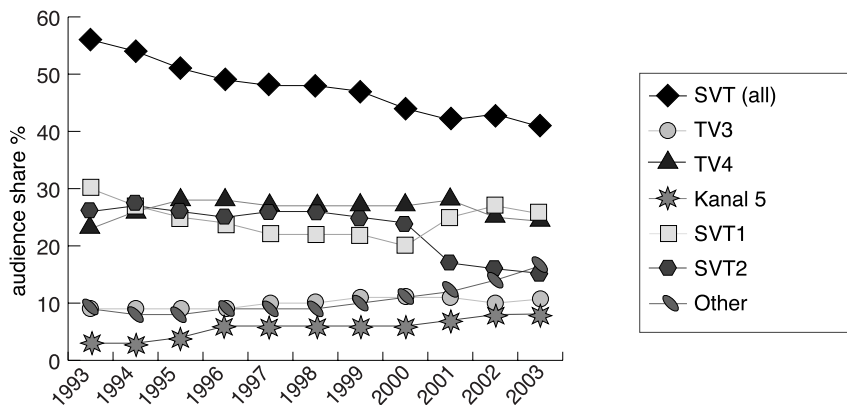
Chart 10.1: Television audience share of main broadcasters 1993-2003 (%)



* 2003 data for the third quarter only.

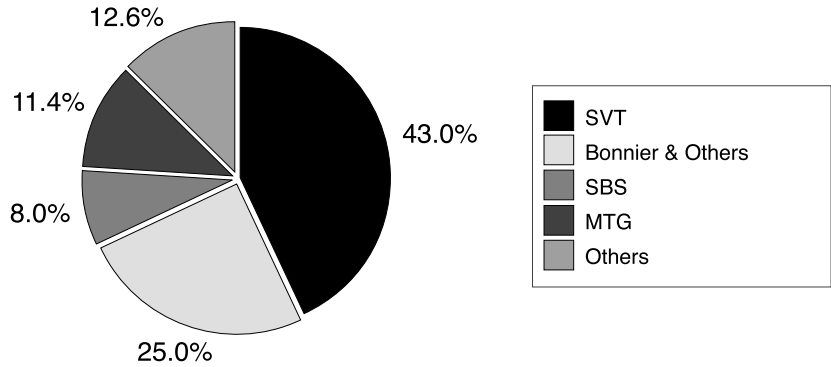
Source: Nordicom 2003 and MMS

Chart 10.2: Television audience share 2002 (by channels)



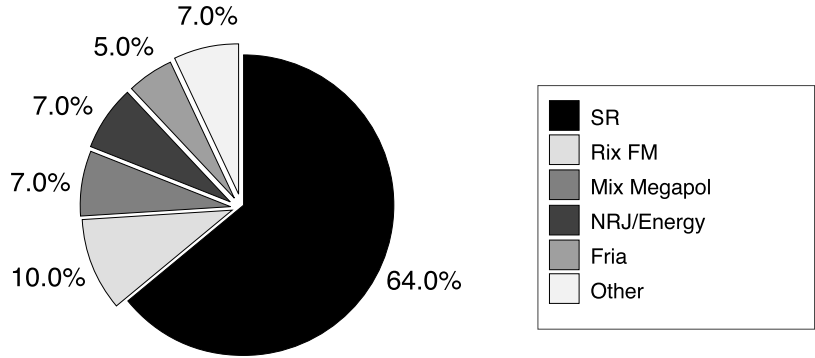
Source: Nordicom 2003

Chart 10.3: Television audience share 2002 (by group)



Source: Nordicom 2003

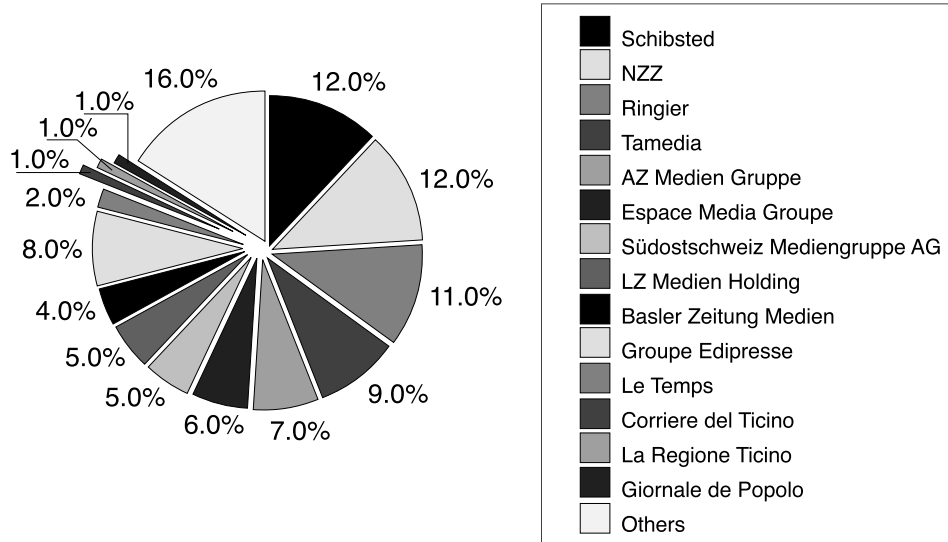
Chart 10.4: Radio listener share by network fourth quarter 2002



Source: Nordicom 2003

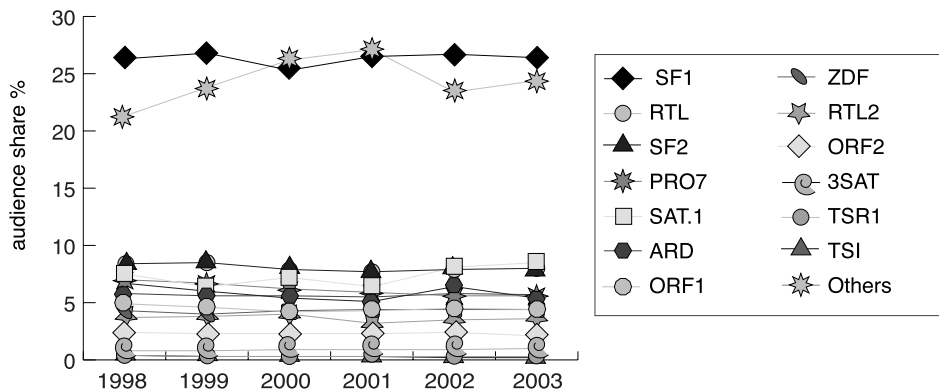
SWITZERLAND

Chart 11.0: Newspaper group market share 2002-2003



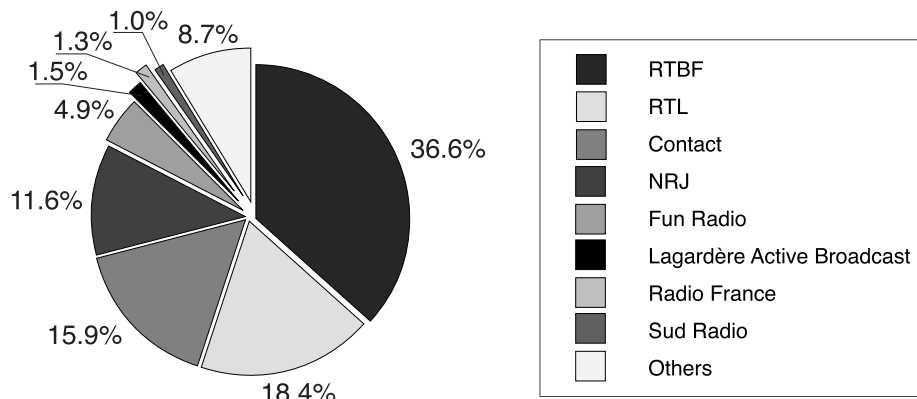
Source: WEMF 2003

Chart 11.1: Television audience share (German-speaking community) 1998-2003 (%)



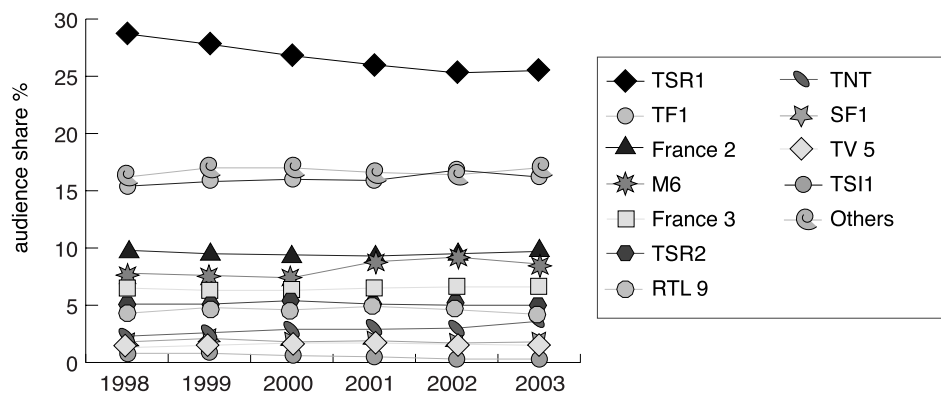
Source: Publica Data AG / Telecontrol 2003

Chart 11.2: Television audience share (German-speaking community) 2003 (by group)



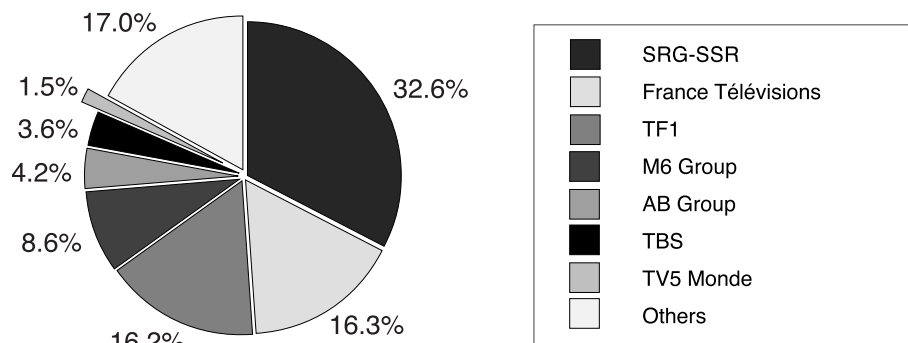
Note: 2003 data for first six months of the year.
Source: IP Switzerland 2003

Chart 11.3: Television audience share (French speaking community) 1998-2003 (%)



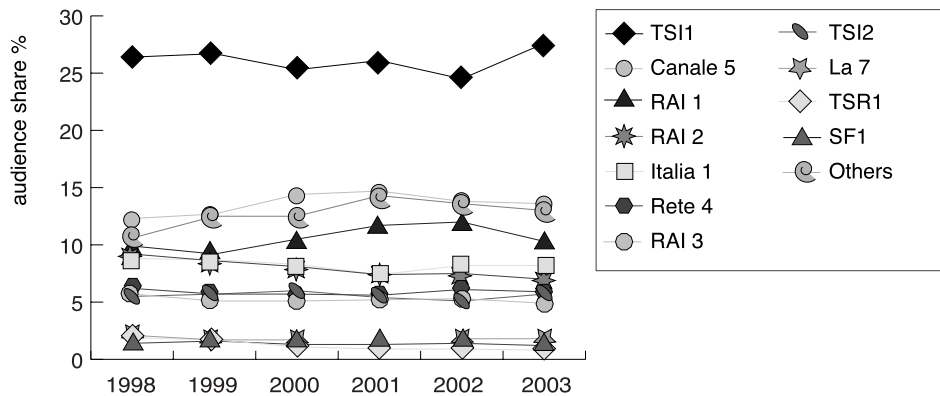
Source: Publica Data AG / Telecontrol 2003

Chart 11.4: Television audience share (French-speaking community) 2003 (by group)



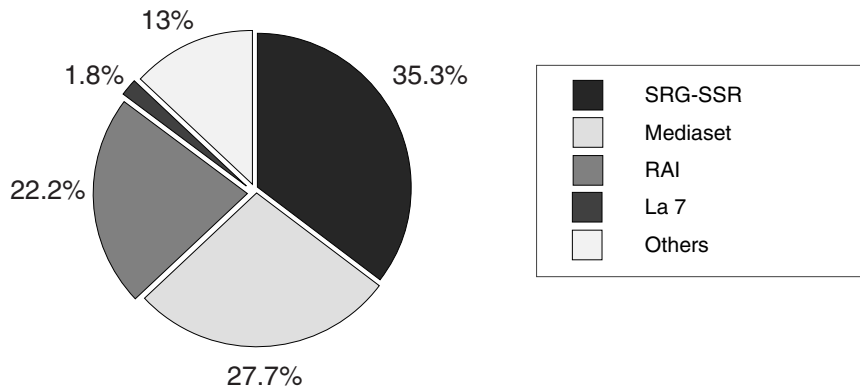
Source: Publica Data AG / Telecontrol 2003

Chart 11.5: Television audience share (Italian-speaking community) 1998-2003 (%)



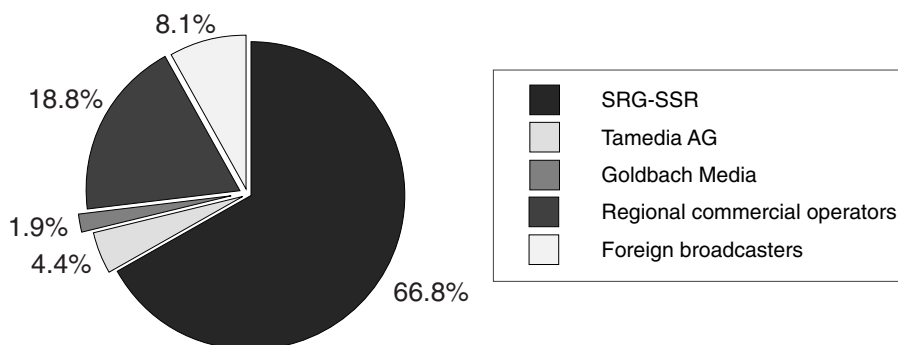
Source: Publica Data AG / Telecontrol

Chart 11.6: Television audience share (Italian-speaking community) 2003 (by group)



Source: Publica Data AG / Telecontrol 2003

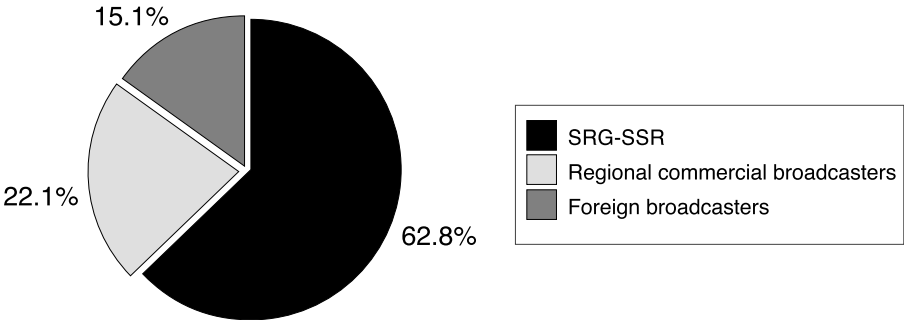
Chart 11.7: Radio listener share (German-speaking community) 2003 (by group)



Note: 2003 data for the first six months of the year.

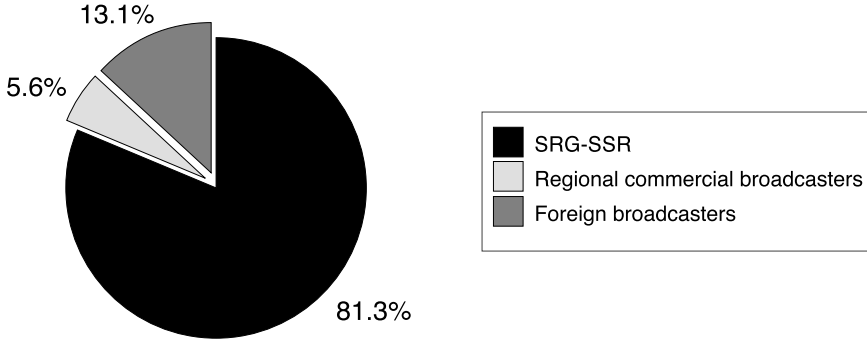
Source: Radiocontrol 2003

Chart 11.8: Radio listener share (French-speaking community) 2003 (by group)



Note: 2003 data for the first six months of the year.
Source: Radiocontrol 2003

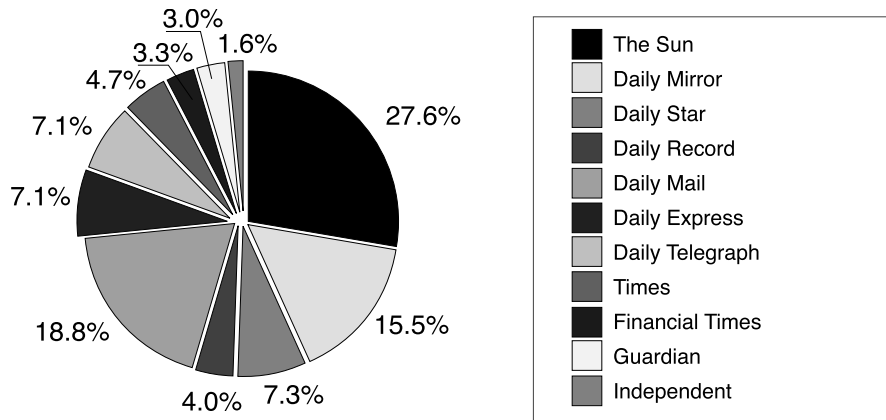
Chart 11.9: Radio listener share (Italian-speaking community) 2003 (by group)



Note: 2003 data for the first six months of the year.
Source: Radiocontrol 2003

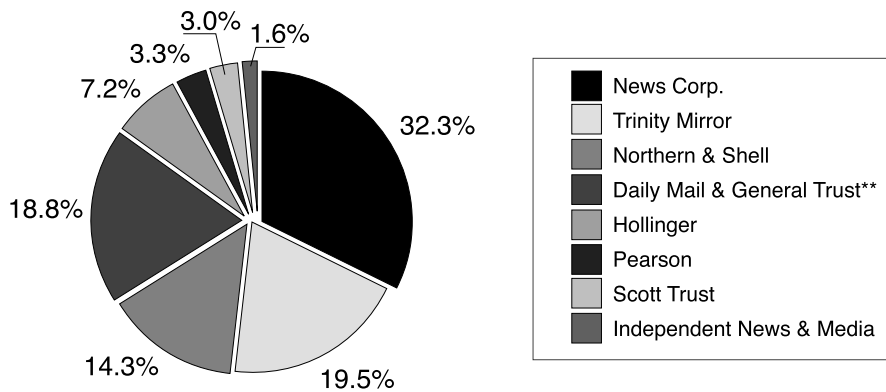
UNITED KINGDOM

Chart 12.0: Daily national newspaper titles market share October 2003



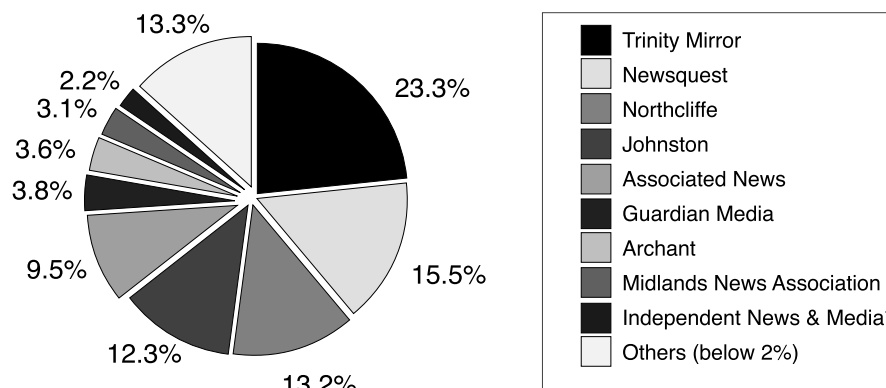
Source: ABC 2003

Chart 12.1: National daily newspaper market share October 2003 (by group)



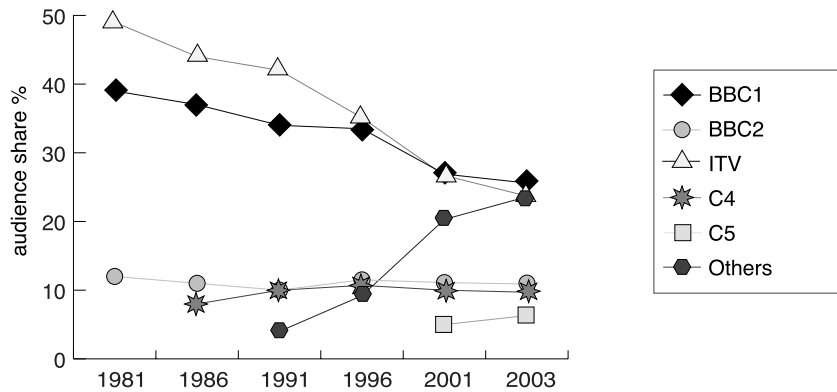
Source: ABC 2003

Chart 12.2: Regional newspaper market share 2003 (by group)



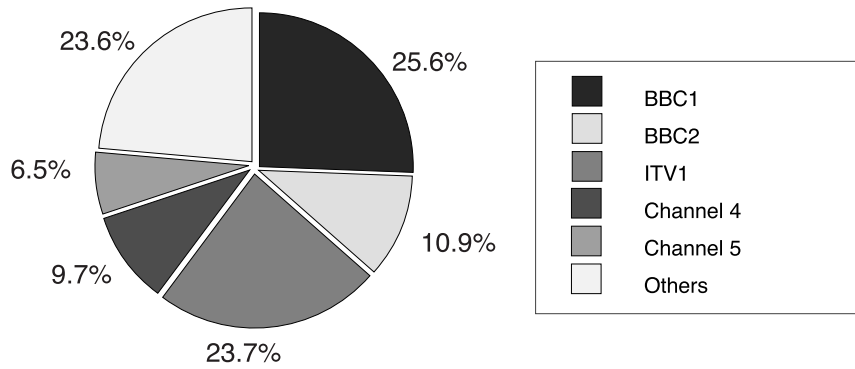
Note: Slight variation with table due to rounding.
Source: Newspaper society 2003

Chart 12.3: Television audience share 1981-2003 (%)



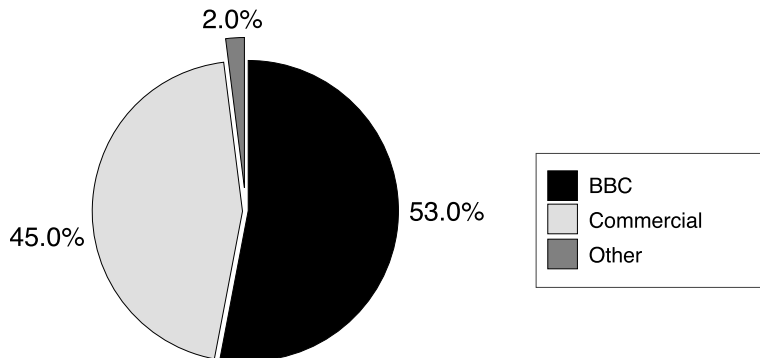
Source: BARB 2003

Chart 12.4: Television audience share 2003 (up to October 2003)



Source: Broadcast 2003

Chart 12.5: Radio listener share (public and commercial and other) 2002



Source: Radio Advertising Bureau 2003

Chart 12.6: Radio major groups' (commercial stations only) listener share 2002 Source: Rajar 2002 and company data

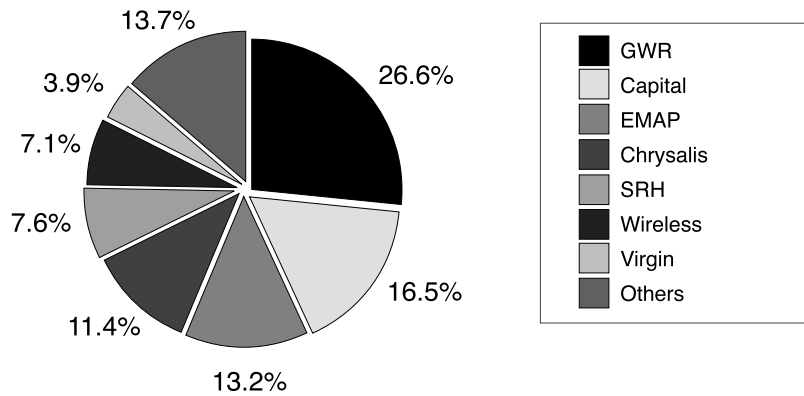
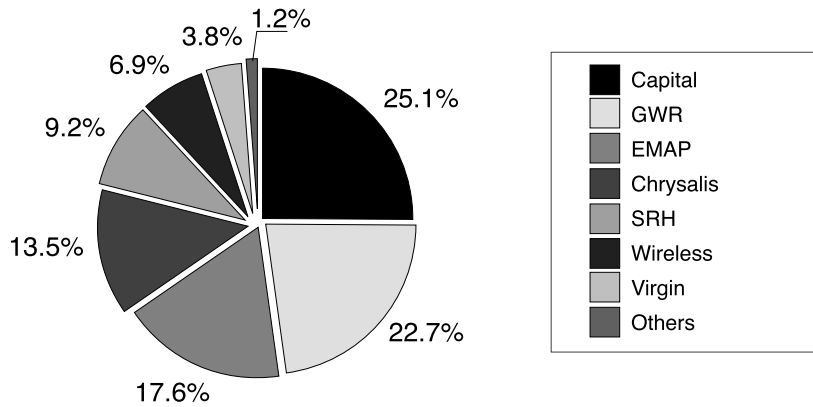


Chart 12.7: Radio commercial revenue share (commercial stations only) 2002



Source: Capital Radio Annual Report and Accounts 2003