REUTERS

Europe's public TV survives new channels, ad bust

Fri Jun 4, 2004 11:56 AM ET

By Jeffrey Goldfarb, European Media Correspondent

LONDON, June 4 (Reuters) - Publicly funded television broadcasters across Europe have kept more viewers than their commercial competitors as audiences have splintered, enticed by the many channels offered on digital satellite and cable.

Of 14 public sector channels in the UK, France, Germany and Spain, seven managed a net increase in viewers between 1993 and 2002, while only four out of 15 commercial rivals in the same countries could boast the same, according to a report released this week by media research firms IsiCult and Screen Digest.

Although the findings, commissioned by Italy's state network RAI, reveal the programming strength of public broadcasters, they are also liable to fuel fresh complaints that public broadcasters receive an unfair competitive advantage from a stable flow of government funds, analysts said.

In addition to the proliferation of channels, the often disastrous results of efforts to combine TV with Internet businesses in the late 1990s and the advertising drought in the years that followed the Internet boom took a bigger toll on commercial TV companies than on the publicly funded stations.

"The public broadcasters have been able to maintain and even increase audience share during difficult times, but nonetheless, the multichannel world is beginning to take share away," Screen Digest TV analyst Guy Bisson said on Friday.

The report contends that commercial broadcasters TF1 (TFFP.PA: Quote, Profile, Research) in France, Rtl (AUDK.LU: Quote, Profile, Research) and ProSiebenSat.1 (PSMG_p.DE: Quote, Profile, Research) in Germany, ITV (ITV.L: Quote, Profile, Research) in Britain and Telecinco and Antena 3 (A3TV.MC: Quote, Profile, Research) in Spain have "appeared less able to respond to aggressive market conditions, namely the rise of multichannel television".

KEEPING AUDIENCES

In the UK, for example, BBC's flagship channel lost 6.5 percent of its audience during the span studied, while ITV slipped 15.9 percent.

Spain's two national private TV groups say it is unfair they have to compete with public TV, which not only receives state subsidies but also competes with them in the advertising market.

State-owned TVE 1 sells as much advertising as privately owned Antena 3 and Telecinco, and the government, meanwhile, covers the debt of the public broadcaster so it does not necessarily have to stick to its budget.

"The competition rules are not respected in Spain," Antena 3 CEO Maurizio Carlotti said. "In other European countries, public broadcasters are financed with a licence fee, and I think we should do the same here in Spain."

Public broadcasters also have benefited by creating families of channels, launching more niche ones to stem audience losses. In France, for example, public TV group France Television has benefited from its educational channel France 5.

"They are not doing badly as a group," said Jacques Falzon, media analyst at KBC Securities. "But in terms of channels, La Cinquieme contributes to stabilising the group."

Nevertheless, commercial broadcaster TF1, France's most-watched channel, dominates with a market share near 33 percent even after an 8.4 percent drop over the past decade.

In all four countries analyzed, the public television groups claimed more than 40 percent of the audience in 2002, and in Spain the share surpassed 50 percent. (Additional reporting by Robert Hetz in Madrid and Sue Landau in Paris)
