

THE DEVELOPMENT OF DIGITAL TELEVISION IN GREECE

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Abstract

The development of digital television in Greece is in its infancy. In effect, there is no digital cable TV, while the public broadcaster, ERT, has only recently started digital transmissions on the terrestrial frequencies. On the contrary, digital satellite television has presented some development, but this is due to the only pay-TV operator in Greece, Nova – after a wounded digital war with an early competitor, Alpha Digital. However, total pay-TV penetration, both analogue and digital, is less than nine per cent of TV households, one of the lowest pay-TV penetration rates in Europe. This paper will try to discuss the development of digital television in Greece. It will trace the players, the economics and the politics associated with this new television medium, and it will argue that the domestic market, due to its size and peculiarities, is difficult to create the needed economies of scale of the development of digital television.

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Introduction

Political, social and economic conditions, population and cultural traits, physical and geographical characteristics usually influence the development of the media in specific countries, and give their particular characteristics. An additional factor, which may need to be considered for a better understanding of media structures, is that of media consumption and the size of a market. Across Europe there are some significant differences between countries when it comes to the penetration and consumption of the traditional media, such as the press and television. This too impacts on the range and development of the new media.

Although some other factors may play a part, it seems that political and socio-economic conditions are those that mainly influence the development and the structure of most media systems.

The media sector in Greece shares some major characteristics with other Southern European countries (Hallin and Papathanassopoulos 2002) such as: low levels of newspaper circulation, a tradition of advocacy reporting, active role of privately-owned media, politicisation of public broadcasting and broadcast regulation, and limited development of journalism as an autonomous profession. Probably, the most obvious distinction between is the low level of newspaper circulation and a corresponding importance of electronic private media. This is also related to the fact that private interests with political alliances control the private media and seek to use their media properties for political ends and ambitions. Thus, the break up of the state monopoly on broadcasting, the expansion of privately-owned media with wide reach did not only lead to a merciless competition, but also to new politicisation of the whole sector (Papathanassopoulos 2004).

The development of digital television in Greece seems to have followed a similar path. Without having formed the necessary structures to regulate the industry and realise the size of its market, TV and business interests tried to take advantage of the development of digital television, resulting in a “media war” while the consumers remained sceptical about the advantages of digital satellite television. This paper will try to discuss the development of digital television in Greece. It will trace the players, the economics and the politics associated with this new television medium, and it will argue that the domestic market, due to its size and peculiarities, is difficult to create the needed economies of scale of the development of digital television. But, as it will conclude this is also the fate of the small countries which cannot easily follow the developments in the larger countries.

A Short Overview of the Greek Media System

The mass media in Greece are characterised by an excess in supply over demand since the foundation of the modern Greek state. In effect, it appears to be a kind of tradition in Greece, since there are more newspapers, more TV channels, more magazines and more radio stations than such a small market can support (Papathanassopoulos 2001).

The deregulation of the state broadcasting monopoly in the late 1980s has led to a radical transformation of the whole media sector. In fact, the Greek newspapers faced the biggest challenge in their history: increasing competition from electronic media and the need to harness the publishing tools offered by new technologies. For

newspapers these challenges required the reconsideration of traditional publishing goals and marketing strategies. However, the political affiliation of newspapers is always manifested in periods of intense political contention, including election periods. The magazine sector also witnessed a sharp decline in sales and it reacted by closing the old titles and publishing new ones with minor effects.

The broadcasting sector has undergone spectacular change: from a broadcasting environment with two public TV channels and four public radio stations, in the early 1990s, has led to an overcrowded environment comprising 160 private TV channels and 1200 private radio stations broadcast into an overcrowded landscape. In addition, Greece has undergone a broadcasting commercialisation, adopting a market-led approach, resulting to more channels, more advertising, more domestic productions and more program imports as well as more politics. And, as in other Mediterranean countries, the publishers and other business-oriented interests have impressively entered the broadcasting landscape.

On the other hand, the entry of private channels was disastrous for the public broadcaster, the Hellenic Broadcasting Corporation (ERT). In fact, few other public broadcasters in Europe have suffered as badly from the advent of private TV. In the fiscal year ending to June 2005, ERT posted a net loss of 28.6 million euros on turnover of 263.5 million. For the year ending to June 2006, turnover is forecast to rise by about 50 million euros. ERT's income comes from the license fees, which rose 31 percent this year to 4.2 euros a month, paid by every Greek household through monthly electricity bills and advertising which brings ERT only € 30–35 million a year, accounting for about 10 percent of its income.

While the major political parties were climbing on and off the commercial bandwagon, they gave no real thought as how to regulate the sector. This resulted to an overcrowded, if not totally deregulated, media system. Since the mid 1990s, one notes various efforts, although without success, by the government of the day to regulate the sector (especially on radio and television licenses, advertising time, program quotas, protection of minors, and media ownership). But the TV and radio licenses have, up to the moment of writing, not been awarded yet. While the regulatory structure of Greek TV has remained hazy, the owners of the main commercial TV stations, who are also owners of newspapers, magazines, radio stations as well as businessmen in other sectors of the economy, have dominated the field.

In the past, the debate about the electronic state media in Greece before the deregulation of the broadcasting sector was focused on governmental control and interference in television news programs. Nowadays, the debate has been centred on the fact that the media sector has been concentrated in the hands of a few influential media and business magnates. The new audiovisual landscape is similar to printed press: there are too many stations for such a small market. In effect, all TV stations face severe financial problems.

As a result analysts wonder about the real motives of their owners. This situation is related to the fact, that Greece, like other Southern European states, entered late into "modernity" and has neither a strong civil society nor a strong market. The over-extended state, meanwhile, is considered by the private interests as the place to make business (e.g., public works), more than the market, which has remained underdeveloped. It is in this context that one can understand why the power of the media has increased so considerably, but not the power of the market (Mouzelis 1987; Papathanassopoulos 1990; Alivizatos 1986).

The fact is that Greek broadcasting operates with no rules of the “game.” Within sixteen years of TV deregulation, it has become clear that when “politics of the day” become the determinant factor in shaping the re-organisation of broadcasting, it was bound to produce less-than-ideal results and many side effects. Digital television provoked the interest of several television operators and other business interests in Greece. Probably this interest was caused due to the fact that terrestrial analogue pay-TV had found a niche in the domestic market, and the developments of digital television in Europe were seen as “gold rush” for the local media magnates, while once again did not take into consideration the reaction of the consumers.

From Analogue Terrestrial Pay-TV to Digital Satellite TV

Analogue pay-TV, which nowadays reaches about the 70% of the Greek population, entered officially the Greek UHF frequencies on October 15, 1994 when the Greek Authorities gave their permission for the operation of Filmnet, the country’s first pay-TV channel, owned by Multichoice/ Netmed Hellas and member of the Netmed NV group.¹ Netmed NV provides administrative and consulting services to the group, Netmed Hellas is the channel provider, Multichoice Hellas offers subscriber management services. For reasons of simplicity, we call the owners of Filmnet channels and later of Nova digital platform as Multichoice/ Netmed Hellas.

To enter the terrestrial TV universe of Greece, Multichoice/ Netmed Hellas leased one of ERT’s UHF frequencies, offering a diet of blockbuster movies and live league soccer and basketball games.

In August 1996 Multichoice/ Netmed Hellas launched two additional pay-TV services, Supersport (sports) and K-TV (children, now supplied by Jetix TV), using and sharing a second frequency leased from the public broadcaster, ERT. In fact, Supersport is the first, and the only, terrestrial Greek sports channel. K-TV broadcasts daily from 9am to 3pm, after which time and on the same frequency Supersport takes over. The agreement between Multichoice/ Netmed Hellas and ERT caused various criticisms but after the approval of the Court and the regulatory body, the NBC, the contract became legal and in effect it is in law 2328 of 1995.

With the launch of the two new channels, Multichoice/ Netmed Hellas hoped to drive the number of its subscribers up to 200,000 by the end of 1996 (in 1995 it attracted 160,000 subscribers) as well as a further incentive for recruiting new subscribers. To do that Multichoice/ Netmed Hellas teamed up with leading Greek newspapers to offer free decoders to their viewers. With domestic and international football, basketball and other less-publicised sports in Greece such as tennis, rugby, baseball, snooker and motor racing as well as programming straight from the US sports network ESPN, Supersport aimed to increase its client-base from sports, mainly soccer, fans around the country. Thus, the “arm” of its programming strategy replied to offer three live soccer games of the Greek Premier League every week, the European basketball games of domestic popular teams as well as soccer games from the Premier Leagues of England, Holland, Spain, Germany, and Latin America. As concerns movies, Filmnet features at least one premiere daily and all films have Greek subtitles. It has exclusive pay television rights all the major Hollywood movie studios. In addition to featuring movies from Greece and around the world, FilmNet also offers popular series, “behind the scenes” news and all the major cinema, television and music events such the Oscars, Emmy and Grammy

awards. FilmNet also actively supports the Greek film industry by co-producing local feature films.

By and large, Multichoice/ Netmed Hellas adopted and implemented an aggressive marketing policy by acquiring the TV rights of soccer and basketball games and premier films. In effect, the number of subscribers reached the 290.000 in 2000. Since the international environment was in favour of the development of digital television, the company decided to enter the digital age without, however, abandoning its terrestrial analogue frequencies.

At the edge of the new century, digital satellite television seemed to be the new "love affair" not for Greek viewers, but for the private television companies and their owners. The latter considered that digital satellite television based on subscriptions would be a "New El Dorado." But this "love affair" resulted to a "media war" with "heavy casualties" to all.

In fact, the story of Greek digital satellite television starts in March 1998, when Multichoice/ Netmed Hellas announced its intentions to "go ahead" with its own digital platform, called Nova. But a day before this announcement, the then socialist government was openly in favour of a single satellite platform, in which all the interested parties, both private and public (e.g., OTE, ERT) could participate and announced that it will pass a new law on pay and digital TV services. In effect, after pressures by the shareholders of Multichoice Hellas (Netmed NV, Teletypos)², the government presented to the Parliament its proposals in June 1998. The proposals of the government, as expected, became law in October 1998 (see also Iosifides 2001). The new law on "the provision of subscription of broadcasting services and related regulations," the so-called law 2644 of 1998 (Government Gazette 1998) attempted to cover all aspects of subscription broadcasting services, not only of satellite and digital television services. The main points of the law were:

1. The "owner of a pay-TV license" should be a "public limited company" with named shares apart from foreign companies specialised on broadcasting activities as well as those companies which are on the stock market. The "owner" can acquire only one pay-TV license, but its participation on a terrestrial pay-TV company cannot exceed the 40% of its capital. There is no limitation for a digital pay-TV company.
2. Each channel which will be broadcast via the owner's bouquet of channels has to be identifiable on the screen. This channel cannot have interests in more than two media categories (TV, radio, newspapers) and in no more than two categories of pay-TV (terrestrial, satellite, cable).
3. The owner of the pay-TV license has to pay the amount of € 3 million to the Greek state for each channel it broadcasts as well as the 0.75% of its gross revenue. This amount increases equally every year.
4. The law foresees the formation of a daughter company of the state broadcaster ERT, in which ERT will have at least the 40% of the share-holding of the new company.
5. To acquire a candidate a license, the Greek regulatory authority, the National Broadcasting Council has to agree on the candidate.
6. The Greek speaking program has to be the 20% of the total output as well the foreign program with Greek dubbing or subtitling the 25% of the total output. The European origin programmes should be at least 40% of the total output.

After the law, the involved parties expressed their interest to cooperate on a single, joint digital platform considering that the Greek market was too small for competitive digital ventures. In the meanwhile, Multichoice/ Netmed Hellas at the end of December 1998 applied for a license at the Ministry of the Press and the Media and at the NBC. Moreover, the interested parties started negotiations concerning the percentages they would hold on the digital satellite platform, Nova of Multichoice/ Netmed Hellas. Each part asked from a different consultant (Lehman Brothers and Merrill Lynch) to evaluate the value of the company. But, as the interested parties started a new round of negotiations, an unexpected development took place. Multichoice/ Netmed Hellas on the hand, and the prospective buyers in the shareholding of Multichoice Hellas (OTE, Antenna TV and EPT), on the other, could not reach an agreement on the shares of the company. Moreover, the Ministry of the Press and the Media stated that it would expect the decision of the NBC as concerns the award of the digital licence. But, on May 20, 1999 the NBC decided to award a license to broadcast to Multichoice/Netmed Hellas.

In March 2000, a second company, Interactive S.A., member of the Intersat Group, led by businessman Mr. George Batatoudis (35%) – and at that time owner of the popular soccer team of Thessaloniki, PAOK – awarded a second digital satellite license. Interactive platform said that it would use the same decoder technology (Irdeto) as did NOVA, a decision that was very welcomed by Multichoice/ Netmed Hellas. The platform, however, never started transmissions, and the NBC on 28th October 2002 decided to recall the license.

During that period, one sees one more “episode” of the Greek digital satellite “saga.” In March 2000, a third digital satellite TV venture announced its aim to offer its services to the audience. In effect, after extensive negotiations, among telecoms organisation OTE³, the public broadcaster ERT and Alpha Digital Synthesis S.A., a subsidiary of private TV station, Alpha TV⁴, concluded on the terms and conditions concerning the establishment and operational framework of the following companies:

1. A pay-TV company that would provide digital radio-television subscription services. The pay-TV company was to be formed through ERT's subsidiary, as stated under the law 2644/98 had already the license for the provision of subscription radio and television services.
2. An OTE subsidiary, called OTE Media, which would provide digital TV infrastructure and transmission services as well as interactive subscription services.

According to the memorandum, the three initial partners, OTE, Alpha TV and ERT agreed to jointly invest € 300 million in two companies. However, questions aroused as to where OTE's two partners would be able to find the required capital required. ERT would initially hold a 34-percent stake in the pay-TV company, and OTE and Alpha Digital 33 percent each. At a later stage, the three partners would transfer equal stakes to smaller partners which will enter the scheme. Moreover, it was agreed that, apart of the main founding shareholders, other companies with activities related to the pay-TV operations would be able to participate. The initial partners also announced that they would move forward with immediate preparations and tests of the new digital TV platform, already on field trials through the Hotbird / Eutelsat satellite system. Nevertheless, on September 19, 2000, the new board of OTE decided that it would not be involved as a shareholder in any digital

TV and multimedia companies considering that the proposed consortium did not make good business sense.

At that time, it was considered that the position of Multichoice/ Netmed Hellas was further strengthened in the “Greek digital front.” But, a crisis seemed to emerged among some of Greece’s largest media owners and related businesses, following the clash between the main partners of the Teletypos company (which owns the leader market channel Mega Channel television) over their participation in Multichoice Hellas, in which Teletypos holds 42 percent. Lambrakis Press (or D.O.L. – owned by Christos Lambrakis) and Pegasos (owned by George Bobolas), two major shareholders in Teletypos, blocked on June 2, 2000 an agreed sale of their stake in Multichoice Hellas to Tegopoulos Publications, a company which was owned by Christos Tegopoulos and hold 6.4 percent in Teletypos.

The reason of this reaction was that this new development could endanger the careful balance of domestic media power maintained by the major players in the publishing world. To understand the complexities of the Greek media sector, one has to note that the above noted media moguls are, on the one hand, competitors in the newspaper market and on the other, partners in Teletypos, the owner of Mega channel. For example, D.O.L owns the dailies *Ta Nea* and *To Vima*; Pegasos owns the daily newspaper *Ethnos*, and daily financial paper, *Imerisia*, and Tegopoulos owns the daily newspaper *Eleftherotypia*. These newspapers are the leading daily and Sunday papers in the Greek newspaper market. Analysts commented that a crisis seemed to emerge in the mass media alliance, and a strong competition between the media moguls would intensify as they all looked for a larger share in the digital TV, pay-TV and Internet markets. After this new episode, a new attempt took place leading to the reconciliation of the interested parties. In December 2000, Tegopoulos S.A. agreed to buy a small portion (about 5%) of the Netmed N.V., but the final agreement was never signed. According to the press, the foreign shareholders of Netmed had proposed the main shareholders of Teletypos to move their participation from the capital of Multichoice Hellas to the holding company Netmed N.V.⁵

New and Old Digital Players

But Multichoice/Netmed Hellas could not wait any longer. In practice, as noted above, the start of digital satellite television in Greece begins in December 16, 1999 when Nova started officially its operation by securing three transponders on Eutelsat’s Hot Birds 2, 3 and 4 respectively, all located at 13 degrees East.

The 15-year contract was the first that the Greek state signed with Netmed Hellas. It entailed the payment of 0.5 percent of the company’s gross annual profits, to be adjusted every two years, and € 4.500 per day. The service started by providing a wide variety of Greek and international channels as well as interactive services. Through NOVA, the viewers would be also able to see more than 100 foreign satellite channels and listen to local and international radio stations.⁶

Each household that subscribes to Nova had to pay a subscription of € 45.5. The cost of the reception equipment (a satellite dish of 60 cm in diameter, access card, decoder and instalment equipment) is € 467 plus VAT. In the first month of operation, NOVA attracted 15,000 subscribers. In 2006, the cost of the Nova basic package was € 369 for decoder, dish and smart-card, while in March 2007 the package was offered at the price of € 99. Subscription fee is € 53.90 a month.

One and a half year later, the private TV station, Alpha TV, announced its plans to enter the digital television with its platform, Alpha Digital. The second digital satellite platform in the Greek universe started operations on October 29, 2001. As Alpha TV's MD, Mr. Efstathios Tsotsoros, said in the launch press interview that all necessary satellite equipment were to offer in a special price package to subscribers until the end of January 2002. In November 2000, the government granted a license to Alpha Digital Synthesis S.A. to operate its own digital satellite platform. The company was a joint venture of Mr. Efstathios Tsotsoros (35%) (Mr. Tsotsoros as noted was also the chairman of Alpha TV) and Greek businessman George Kontominas (60%) though his companies Interamerican Hellenic Life Ins. Co. (insurance, 20%), Intertek International Technologies (20%) and Alpha Communications Network (19.4%) and others. There were also negotiations for the participation of an American company, but details never given. According to the press interview the company had invested € 89.6 million.

Alpha Digital's satellite bouquet consisted of 17 thematic TV channels and radio stations. The initial channel list included: Alpha Sports 1 & 2, Extreme Sports, Alpha Cinema, TCM, National Geographic, Adventure One, Cartoon Network, Club, Avante, Reality TV, Playboy/Spice, Private, CNN, Alpha TV and Polis TV. It also transmitted more than 100 free channels and 50 radio stations and had already signed contracts with leading and popular soccer teams to broadcast exclusively their home games (among them Olympiacos, AEK, PAOK). Alpha Digital had selected as its Conditional Access (CA) the Viaccess™ algorithm and as its software environment the Open TV™ Operating System. However, its system had slots for common interface (Irdeto, Conax, Mediaguard). The Eutelsat's HotBird 4 and HotBird 1 satellites were used for transmission. The reception equipment-decoders, which could be used were of Sagem, Nokia, Humax, Samsung and Technic Sat.

The cost of the reception equipment (satellite dish, access card, decoder and instalment) cost € 455 including the VAT by January 31, 2002. Those consumers, who wished to buy the decoder only, it cost € 317. Each household that subscribed to Alpha Digital has to pay a monthly subscription of € 43.6.

Regardless there were voices arguing that the Greek broadcasting market was too small to sustain competing digital platforms operating incompatible decoding technologies, Alpha Digital considered that subscription television was in its infancy in Greece. They seemed to believe that the digital TV was in its infancy and the market would create a vast business opportunity during the years of the realisation of convergence and that there was room for a second operator in the market.

The main aim of Alpha Digital was to offer its services to the subscribers at reasonable prices considering that the cost of pay-TV in Greece was too expensive. Having in mind that football was the "number one" programme for pay-TV it offered much higher contracts to the football companies of the premier league, and thus 10 out of 18 them broken their previous contract with Multichoice/Netmed Hellas.

In 1996, Multichoice/Netmed Hellas acquired the exclusive soccer rights for the Greek championship for the period 1997-2001 at € 44 million. In 1998, it acquired for the exclusive TV rights to televise the Greek Basketball League games from 1998-2002, offering an unprecedented € 32 million for the rights for the first two years. In 2001-2002 Multichoice/Netmed Hellas dealt with individual basketball teams. In effect, by 2001 Supersport dominated the TV sports games of the Greek

market since it had the exclusive rights to cover soccer and basketball, the most popular games in Greece.

But the entry of Alpha Digital changed the rules of the game. In fact, in 2000 Netmed Hellas paid € 10 million for the Greek Premier League for the period 2000-2001, while in 2001 year, Alpha shelled out € 70.4 million, including € 2.9 million for television rights to small teams, such as Panachaiki's home games for a year and another € 14.7 million to very popular team, such as Olympiakos.

The result was a "war" between the two digital platforms and the Greek premier league became one of the most expensive programmes in European television. But this war led to an impasse, if not fiasco. After a year of intense competition, especially on soccer TV rights, Alpha Digital with only 35.000 subscribers, in September 9, 2002 announced the suspension of its operation due to its failure to meet its economic obligations. Its collapse brought the woes caused to soccer by the television rights problems that affected other European countries.

In effect, the failure had begun some time earlier. Even before Alpha Digital went on air, it was talking to Nova about the possibility of a merger. When talks broke down, and negotiations with the Hellenic Telecommunications Organisation (OTE) and public broadcaster (ERT) also came to nothing, Alpha TV's MD, Mr. Tsotsoros, decided to go ahead with Alpha Digital, overlooking the messages coming from the market and the problems that digital TV was facing in other European countries, like Britain, Spain, Italy, Germany, etc. Regardless all the negative forecasts, Alpha Digital did not consider that two pay-TV platforms – even if not of similar content – were one too many for the small market in Greece (with a population of 11 million), when even advanced media audiences such as Britain and Spain could not sustain them.

At the same time, Alpha Digital was seeking for alliances and mergers even with groups the size of Kirch, and smaller ones in Spain and Italy. Market players wondered how such a plan could have been implemented and how a successful businessman, such as Mr. Dimitris Kondominas, could have become involved in such a risky enterprise. According to one view, Tsotsoros wanted to get into Multi-choice/ Netmed Hellas at all costs, so he needed as many subscribers as possible in order to increase his negotiating power (Karakousi and Diamanti 2002). Nowadays, Alpha TV, the private terrestrial TV channel, has joined the Nova platform.

Table 1: The Development of Pay-TV in Greece (2000-2006)

	2000	2004	2005	2006*
TV households	3.500.000	3.650.000	3.700.000	3.700.000
	Percent of households owning			
Cable TV	0	0	0	0
DTT	0	0	0	0
Digital DTH pay-TV	1.55	4.82	5.66	6.50
Analogue terrestrial pay-TV	7.87	3.07	2.55	1.95
Total of digital and analogue pay-TV	9.42	7.89	8.21	8.45

*First quarter.

Sources: Papatthanassopoulos 2005; *Paron*, 2 July 2006, 28; <www.satleo.gr> Compilation by the author.

After a long period of delays and indecision from 1993 until 2000, Hellas Sat, the first Greek satellite was launched by Lockheed Martin's Atlas 5 rocket into orbit, in April 2003 from Cape Canaveral at 36 degrees East. Hellas Sat aims to link Greece with its Diaspora and to provide services to the country's remote island and mountain regions as well as to serve a range of civilian and military needs. It can be used for video transmissions, digital satellite television broadcasting, high-speed Internet connections and two-way broadband services.

Hellas Sat, owned and operated by Hellas Sat Consortium Ltd and Hellas-Sat SA of Greece and Cyprus. OTE is the major player in this satellite venture since it owns an 83.34 percent stake in Hellas-Sat SA. The project cost € 180 million, including the satellite, Atlas rocket and insurance, Spaceflight Now, the online space news service reported. The satellite was built by Astrium of France and is based on the Eurostar E2000+ satellite model. Other shareholders in Hellas Sat are the Hellenic Aerospace Industry (EAB) with 3.93 percent, the Cyprus Telecommunications Authority with 3.84 percent, Cypriot IT firm AvacomNet Services with 8.5 percent and Canada's TELESAT with 0.39 percent. A primary controlling station is located in Greece and a reserve one in Cyprus.

The cooperation with Cyprus emerged when, during the process of consultations and negotiations with the involved companies in the project, it was realised that it made business sense only on the basis of the joint use of the frequencies of two orbital (geostatic) positions. Canadian company Telesat, a partner with Cyprus bourse-listed AvacomNet, proposed the joint use of the frequencies of Hellas Sat and Kypros Sat in the same position (i.e., 39 degrees east longitude), in which the Cypriot satellite has 16 frequencies and the Greek one 24.

Hellas Sat functions fully, meeting the needs of OTE and covers Greece, Cyprus and another 25 countries in the Balkans, Central Europe, Africa and the Middle East, and is active for 15 years. For some analysts, the whole venture is expected to provide significant economic and political benefits for Greece, ending Turkey's monopoly in the Balkans and the eastern Mediterranean with its three satellites. One can say that OTE with Hellas Sat has always reserved the right to launch its own digital package. On the other hand, others have argued that a national but expensive satellite system is not necessary since there are plenty of satellite transponders, mainly by Eutelsat, which cover the Greek territory. Nova, for its part, has stated that it has no intention of moving its package from Eutelsat's HotBird to Hellas Sat, "though the latter's owners will undoubtedly continue to entice the platform in the future with a competitive pricing structure. Nova might continue to resist, however, given the undoubted disruption such a move would cause its subscribers, who would all have to reposition their dishes to face 39[degrees] east" (Adams 2003, 12). ERT also reacted of going to Hellas Sat. At the moment, although the public broadcaster cooperates fully with OTE, it wishes to broadcast its satellite services via the HotBird satellites considering that the prices for leasing the Eutelsat's transponders though France Telecom's Glocsats are less costly compared to Hellas Sat. ERT, as Nova, also considers that if it had to move to Hellas Sat, its satellite customers would have to reposition their dishes (Zotos 2006; *To Vima* 2006).

Some others said that was a decision mainly for prestige, if not geopolitical, reasons or the decision was influenced by pressures from interested companies. At the moment, Hellas Sat have is trying to find a dent in the Greek satellite TV market (Papathanassopoulos 2006).

Digital Terrestrial Television

Although the international forecasts argue “satellite distribution is the only commercial digital transmission system and none is expected to challenge it for the foreseeable future” (Godard, Bisson and Aguete 2003, 79), digital terrestrial television (DTT) seems to be the next move of the country, and a priority of the present conservative government. While, there is no digital or analogue cable TV service in Greece⁷, the reason to go on “ground digital” is again due to the international developments and especially due to the decision of the EU, its member-states to switch off from analogue to digital by 2012 (see Iosifides 2006), and to the fact that the main part of the population lives in the major cities of the country. For example, with almost 40 per cent of the country’s population living in Athens, the city will be a priority for DTT coverage.

The government aims to undertake the integration of Greek television industry into the DTT through the public broadcaster. According to the government plan, in the coming years, ERT’s transition from analogue to digital television will take place gradually and regionally. The government wishes by 2012 most of private broadcasters would switch off from analogue to digital transmission.

In effect, the public broadcaster has started three digital terrestrial channels (Prisma+, Cine+ and Sport+) within the first half of 2006. ERT broadcast its first digital programme Prisma+ on March 20, 2006. Prisma+ is a channel with broad-based appeal that is fully accessible to those that are sight or vision-impaired and broadcasts daily for seven hours, with programmes that use sign language and subtitles. In May 2006, ERT launched the two other channels, Sport+ and Cine+. During the pilot stage, which will last approximately one to two years, each channel will broadcast a new programme 6-10 hours daily. The programmes are repeated around the clock. In the next two years, ERT aims the programmes of its digital channels to consist of new productions. The three pilot digital channels are funded by ERT SA’s budget. The reception of the signal is free-to-air, advertisements are not broadcast and the programmes are different to those of NET, ET1 and ERT3.

On the other hand, the players from the private sector, having the previous experience of DTH Pay-TV, seem to follow a “wait and see” strategy. To a certain extent, as Iosifides has noted (2000, 14), DTT is not considered commercially viable since it requires huge investments and involves high up-front costs. This is more difficult in the case of Greece since the geographical mountainous morphology of the country is an impediment of operators entering the DTT market. Moreover, since the most of Greek population lives in Athens and Thessaloniki, “it leaves little economic incentive for providing DTT to people living in the countryside, remote areas and isolated islands.”

Nevertheless, with DTT the government may find a good reason to, at last, regulate the UHF frequencies. Since the analogue terrestrial television landscape is still unregulated and any attempt to “bring order” in the frequencies would cause major problems –mainly by those who would be excluded- on the one hand, and Greece has to switch off from analogue to digital by 2012, on the other, the move and a coherent policy regarding the licenses to digital transmission on an earlier stage (say by 2009-10) might be the solution of the only unregulated broadcasting system in the European Union. However, even in this case there have been reactions from the private terrestrial broadcasters. They accuse the government that

on the one hand, it has give the green light to the public broadcaster to enter the digital terrestrial landscape, and on the other, it are left only with promised. They also argue that the government by following this way, the public broadcaster gets a competitive advantage for the digital era, while the private broadcaster they still hold no licences (either analogue or digital), although they are ready to use the digital frequencies.

It seems that the government, in hard contrast to the late 1980s, tries, on the one hand, to regulate the new sector (with resource allocation, licenses, timing of switchover) before it becomes unregulated as in the case of the analogue frequencies, and on the other, to prevent the dominance of the private broadcasters by defending the public broadcaster, which was left helpless back in the late 1980s.

Reasons of the Digital Satellite Failure

Since digital pay-TV entered the Greek television universe, it was frequently remarked that the domestic market, due to its size and peculiarities, was not in a position to sustain two competitive digital platforms (Papathanassopoulos 2006; 2002; Iosifides 2002; 2000). In practice, the eagerness of the interested businesses to introduce digital TV services led them to ignore both the size of the Greek market and Greek consumers' behaviour. Perhaps nowadays, after the recent fiasco, those involved (the soccer teams, businessmen and the State) have learned about the peculiarities of the Greek market.

The Greek market is too small for competing digital pay-TV ventures. As a result, no economies of scale are created and the final cost is passed on to the consumer. In other words, Greek customers have to pay more than their counterparts in a larger country to buy the service and the needed reception equipment. At this point, someone could object that the existence of competing services could offer better prices to Greek consumers. This, however, did not happen in practice. On the contrary, the 35,000 consumers that put their trust in Alpha Digital felt they lost faith in innovative ventures, although it was said they would be allowed to transfer to another platform, at no extra cost. Even worse, the competition between the two incompatible platforms hindered, rather than helped, the development of digital and pay-TV in Greece. The market did not expand with the arrival of the second platform but changed only marginally, as consumers either deserted one platform for another or paid for a second subscription and decoder. In Europe and the United States, which are far ahead of Greeks in new media, the venture into competitive platforms was proven financially unsound, causing great losses to competitors. The messages were quite plain but strangely, overlooked.

Besides the arguments about the economic feasibility of the future, what would be interesting to know whether this service would actually be attractive to the average TV viewer, who has gone through a protracted period of economic austerity, has long exhausted any excess savings and replaced them with debt, and, after all that, is called upon to choose among non-compatible stations — especially when, because of the small size of the market, he will be called upon to pay more than, say, his/her British or German counterparts.

Despite all that, digital and analogue pay-TV has a considerable market penetration in Greece. But at around 8 percent, this translates into a mere 300,000 subscribers. Even if this rose, say, to 400,000, this number is too small for compet-

ing stations to coexist. In Spain, for example, the disappearance of digital pay-TV Quiero led the two competitors, Sogecable and Telefonica, to conclude that "in such a small market as Spain, with 11.7 million TV households and a potential market of between 5 and 6 million subscribers, there is no room for two competitive digital platforms." If there is "no room" in such a market, what can one conclude for a country of the market size of Greece?

The size of the market also has another dimension, namely, the capacity of Greece's audiovisual production. Everyone in the market knows that, in order for satellite TV ventures to succeed, they must feature programming attractive to Greek TV viewers. TV viewers have proven they are attracted mainly by domestic productions. Is local production ready to satisfy such a high demand, and is this economically feasible, given that no other country, save Cyprus, listens to Greek programs?

It is known that the culture of pay-TV has not taken root in Greece as much as in other European countries. Even in those countries, the majority of TV viewers either has not heard of digital TV (UK, Germany, Italy) or do not care to find out (Spain). One can wonder if we could envisage a fast growth of digital TV, and especially pay-TV in Greece, taking into consideration that there is a systemic high churn problem during the summer months. Its proponents probably confused the digital TV and the mobile telephony markets.

The relationship between new media and technological systems is not simple. At least, new media demand systems and content, that the consumer would not find anywhere else at reasonable prices. Thus, in a country like Greece, one may wonder the reason that the average consumer would pay a large sum of money in order to buy new TV equipment when the offered product is not significantly different from what the usual TV channels offer for free. Digital TV's insistence on soccer as the product that would create clients was mistaken, since analogue free-to-air channels show soccer games (Champions League, UEFA Cup) at least twice a week. Also, the fact that one could not watch the whole Greek league on a single platform also worked against it.

TV rights for Greek soccer games, which were, erroneously, considered as the main engine of digital TV's development, became too expensive. Compared to the size of the population of subscribers, TV rights for Greek soccer had become the second most expensive in Europe, after the UK. Mutlichoice/Netmed Hellas, which acquired the exclusive TV rights for soccer matches for five years, and which had paid a total of about 44 million euros had sustained major losses throughout. With Alpha Digital's entry, TV rights increased ten, even twenty times. Moreover, the collapse of Alpha Digital drove Greece's shaky professional soccer world to a financial crisis, with over half the Greek premier league teams were in serious financial trouble (Koukoulas 2002).

What the Greeks learned after this "digital war" that soccer's attraction to the public has its limits. As a result, soccer and other sports are nowadays considered an overvalued product. Combine this with the economic slowdown and the low rate of growth of digital TV, one can easily understand see why pay-TV channels could no longer afford to pay the vast sums as they used to pay for TV rights. As in other European countries, it is unlikely that soccer teams, at least in the case of Greek soccer teams, will ever be offered these sums again.

Concluding Remarks

The digitalisation of the Greek television system may be the last chance for the re-regulation of the sector. Indeed, as noted above, the government has adopted a rather active, if not proactive, approach regarding the new developments. This is also manifest that although we live in a “technology push” era, television policy, at least, is not shaped by technology alone. The governments still have a decisive impact on their broadcasting policies.

Nevertheless, the transition to digital television is part of a larger process of change (Galperin 2004, 4) in most Western and industrialised countries. But this is more complicated for smaller countries. The case of digital television in Greece reaffirms the hard problems that small states face in the development of the new media. The developments in the communications domain and the media field in particular, cannot easily be followed by the smaller European states in terms of power, resources and market size (Traquina 1998; Meier and Trappel 1992; Burgelman and Pauwels 1992). In fact, there have shown a considerable time lag in terms of development and implementation of media policy, lack of coherence in implemented policy and poor execution in the policy. This is because smaller European countries face both external and internal problems in their effort to formulate and implement their broadcasting policies. This is because the globalisation of the audiovisual economy and the integrative action of the EU eventually promote the marginalisation of both production and culture in smaller countries (Papathanassopoulos 2005).

Thus the smaller countries that have a limited market for their national products –and this in turn poses an obstacle for the profitability and survival of their small audiovisual industries- have very limited possibilities of exploitation the new developments in the media landscape and new technologies. Moreover, the smaller states face internal difficulties which are a consequence of internal structural weakness, resulting in inadequate national policies, with plenty of irrationalities and paradoxes (Burgelman and Pauwels 1992, 181). We saw for example, in the case of Greece, how the state on the hand, wanted to regulate the development of digital satellite television, and on the other, could even put the players together.

In effect, small states have to act and react under different conditions to new developments from those found in the larger states (Meier and Trappel 1992). One may wonder why the Greek viewer to become a subscriber with so many free channels at his/her disposal, and especially when most of them broadcast premium movies and soccer games at least twice or more per week. In fact, the policies of the smaller states have to take in account the policies of larger countries, rather than the other way round. This is because their resources are limited, their market size is small for production and consumption, and their markets do not usually represent a worthwhile target for multinational corporations. Major players, such as Rupert Murdoch, never really considered to entry the Greek market since it is small and mostly unregulated. The result is that small states, such as Greece, have gained little from the changes in the European media landscape. The case of digital satellite television seems to confirm this thesis.

Notes:

1. One has to note that in practice the first pay-TV channel in Greece was TV Plus transmitting in the Attica region, but it never managed to attract many subscribers and with the advent of Filmnet, it ceased its operation.
2. The owners of Teletypos company which participates in the Multichoice Hellas consortium (42%) in May 1998, in a letter to the Prime Minister were pointing out that while the delay in granting a license was "legally unacceptable," they also pointed out that in practice obstacles continued to thwart Multichoice's plans to start broadcasting digital television. At the end of April 1998, Netmed Hellas sought to resource with the European Commission over it saw as stalling of its license. Netmed said it had invested € 9 million in Greece since 1995 and was employing 423 people, while the investment for NOVA project is of € 12 million.
3. OTE, the Hellenic Telecommunications Organization, ranks amongst the top companies in the country and the top 10 telecommunications organisations in Europe. OTE is also listed on the Athens Stock Exchange (ASE) and on the London and New York Stock Exchanges. The market value of the company was estimated at \$ 12 billion in October 2001. OTE, due to the deregulation of the telecommunications market on January 1, 2001, was preparing a broad array of innovations to deal with the expected stiff competition. The telecom's marketing plan, attached to the 2000-2004 Operational Program, included pricing differentiation – including discounts for large clients, multimedia services for household users and data provision to businesses. As concerns television, it aimed at the development "broad-zone" services, which was estimated to secure about € 9 million until 2004. These will mainly come from VoD (Video on Demand) subscriptions – to cost about € 19.5 monthly, the VoD "pay for view" (€ 1.40 per film), and subscription to the Fast Internet service (€ 30 monthly). OTE was proceeding with some broadcast tests and was planning to start test transmissions of ten channels (ET1, NET, ALPHA, Seven, Parliament Channel, etc) plus 13 radio services as well as OTE's channels such as OTE Promo, OTE Cinema 1 and 2.
4. Alpha Digital Synthesis S.A. was a sister company of private TV station, ALPHA TV (though its subsidiary Helliniki Dorifriki Teleorasi) and was in a joint venture with the Interamerican Insurance Company (through its subsidiary Intertek-Diethnis Technologies. The chairman of Alpha Digital Synthesis S.A. was Mr. E. Tsotsoros who at that time was also the MD of Alpha TV.
5. Netmed N.V. makes business in Greece and Cyprus belongs to MIH (Myriad International Holdings B.V) (84.6%), Global Capital Partners II LP (10.3%) and to ANTENNA PAY-TV LTD (5.1%). Multichoice Hellas made up Netmed Hellas/Myriad Development BV with 40%, Teletypos (the company that owns private TV station Mega Channel) with 40%, 13% Tiledrasi A.E., 2% Sunspot Leisure Ltd, 5% Lumiere TV Ltd, a Cypriot company. The companies MIH and Netmed NV belong to Naspers Ltd, a multinational company quoted on the stock markets of Nasdaq and Johannesburg and is located at Hoofddoof, the Netherlands. The operations of the group Naspers based in Cape Town expand to more than 50 countries. The company Tiledrasi A.E. is based in Luxemburg.
6. When Nova started its operations it offered the pay-TV channels: Filmnet (movies), Film Sat (movies), Supersport (sports), K-TV (children) as well as the international channels CNN International, BBC World, Cartoon Network, Discovery. Nova platform also offered the Greek private free channels, Mega (general), Antenna (general), Mad TV (music), Alter (genera), which all transmitted on the analogue frequencies. Among its obligations were the free broadcast of the Parliament channel, Vouli TV, and the supply of necessary equipment to regional channels for relay transmission. In 2006 the Nova premium 'package' is consisted of the channels: Filmnet 1, 2, 3; Supersport 1,2,3,4,5, Eurosport in Greek, Eurosport News in Greek, MGN, TCM, Jetix, Cartoon Network, Greek Business Channel, Discovery, Animal Planet, National Geographic, History Channel, Travel Channel, Chase and Peche, Mad TV (music), MTV, Mezzo, VH1 and Interactive services (news, games etc).
7. The lack of development of cable TV service in Greece is also due to the barriers of Greek legislation. Until now the exclusive right to cable TV services belonged to national broadcaster ERT and OTE (National Telecommunications organisation). There are experimental cable services in Athens, Komotini, Volos, and Mykonos. Similarly, no IPTV services are available. ADSL in Greece is at an early stage. The total number of ADSL subscribers at the end of 2003 was 13,000, rising to 22,000 at the end of June 2004, meaning that less of seven per cent of the TV households in Greece have broadband connection. This is a very low figure and well behind neighbouring Mediterranean countries like Spain, with 17 per cent broadband penetration, and Italy with 11 per cent (*Screen Digest* 2004).

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