

# **Part I**

## The Issues

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# The Effects of Deregulation

## An Overview

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From the early 1980s, West European broadcasting systems entered a period of rapid change. This period was associated with changes in broadcasting policy as well as a series of technological developments, which, either directly or indirectly, had an influence on policy choices towards television. In reality, there is no simple explanation for the complex processes of change; each and every country dealt with the issues and the pressures for change in different ways. What united them was the sense that the issues and pressures were common to all. These included: uncertainty over the direction of future technological change in respect of the ‘new media’; the spiralling costs of programme production and administration at a time of pressure on licence fees; the emerging demand for the liberalization of previous monopolies, particularly in the field of telecommunications; growing political and economic pressure for the reconceptualization of broadcasting as a marketplace rather than as a cultural entity; and concern over the effect of inward and outward investment on broadcasting and communications systems (Dyson and Humphreys 1986; McQuail and Siune 1986; De Bens and Knoche 1987; Negrine and Papatthanassopoulos 1990; Noam 1991; Thompson 1995).

The changes that have taken place came about as a result of many interconnecting factors. But, as Herbert Schiller (2000: 116–17) has pointed out: ‘The banner of capital, in its push toward total social unaccountability, proclaims “deregulation”. With deregulation, one sector of the economy after another is “liberated” to capital’s unmonitored authority. The very existence of a reality called the “public interest” is contested. Public functions are weakened or eliminated.’

The aim of this introductory chapter is to explain the processes and effects of the deregulation that took place in European television systems in the 1980s and 1990s. Most of the themes outlined in this chapter are dealt with in some detail in the subsequent chapters of this book.

## **Deregulating European television**

The pressure for change in broadcasting in the 1980s could also be accounted for by the growing interest in, and attraction of, the so-called information technology revolution and the convergence of communications technologies. Different technologies such as satellites, cable and telecommunications systems could no longer be seen as separate technologies, but rather as different parts of an increasingly complex and converging whole. In some cases convergence created new forms of communications, such as PPV, but in other cases the technologies became an interchangeable means of achieving essentially similar objectives. Thus, cable and satellite services could replace terrestrial broadcasting systems and, if nothing else, this meant that the scarcity of terrestrial television could no longer be used as an obsolete justification for maintaining strict state regulation of broadcasting.

The growing convergence of technologies had implications that extended beyond technology (Thompson 1995: 161). First, new technologies necessitated the formulation of policies to manage and exploit them. Secondly, it became obvious that regulatory changes in one sector had a ripple effect on the other sectors: policies towards cable impacted on policies towards, and the structures of, terrestrial broadcasting. Thirdly, pressures to deregulate television (directly or indirectly through the liberalization of new media) ultimately led to the creation of a global market in television. Under a deregulated or liberalized regime, television companies are free to pursue the dictates of the market both domestically and internationally and they too become tradable commodities in themselves. This can often lead to a greater concentration of media power, which, in turn, requires the attention of domestic and international regulators.

In the broadcasting sector, the most obvious manifestation of that change was the transformation of the monopolistic public service broadcasting (PSB) corporations from being sole broadcasters to being only one amongst many in a more competitive broadcasting market. In hard contrast to the approach of US broadcasting, which had been developed within a competitive framework with private, commercially funded companies running the broadcasting services, European

countries mostly favoured some form of state control over broadcasting. This not only avoided the chaos in the airwaves that was characteristic of an unregulated system, but also answered the concerns of most European countries relating to the power of broadcasting (see Missika and Wolton 1983; Dyson and Humphreys 1986; McQuail and Siune 1986; Rolland and Ostbye 1986; Sassoon 1986; Humphreys 1990; Negrine and Papathanassopoulos 1990; Noam 1991; Syvertsen 1991; Hofmann-Riem 1992; Mazzoleni 1992; Wolton 1992; Smith 1995; Thompson 1995). Kuhn (1985: 4) has suggested that PSB comprises the following characteristics (see also BRU 1985: 2):

- a universal service available to all irrespective of income or geographical location;
- a commitment to a balanced output and to balanced scheduling across different programme genres;
- a balanced and impartial political output; and
- a degree of financial independence from both governmental and commercial bodies.

In practice, no public broadcaster would claim that it had (always) adhered to all the values that these definitions embrace, although the definitions had often acted as a guide to broadcasting practices. Nonetheless, the models of broadcasting that eventually developed in European countries reflected both individual political, economic and cultural arrangements and attempts to uphold the imprecise 'public interest'. In some instances, only public broadcasting organizations were permitted to operate; in others, private – that is, profit-making – organizations were permitted to participate to varying degrees, but still within a framework established by the state. A diversity of structures was apparent: some of the broadcasting organizations were state owned and/or state controlled, some were publicly funded or funded by the body of users, and some were funded by a combination of public and private (that is, commercial) funds. In spite of their similarities and/or differences, European television systems all confronted a similar set of fundamental and recurring problems in this period. Five problems in particular stand out.

- Problems of how to organize and control the broadcasting system were particularly severe in countries that experienced major political dislocations or a readiness on the part of politicians to interfere in all aspects of broadcasting.
- Pressure to introduce commercial broadcasting services brought problems from about 1950. By the 1970s, with a few exceptions,

most European broadcasting systems had embraced some element of competition, adopting commercial practices in terms of either funding and/or programming.

- Recurring funding problems were particularly relevant for the public service broadcasters, whose funding from the licence fee never quite managed to match the resources of the commercial broadcasters. At the same time, there was often pressure to supplement (or entirely replace) licence funding with advertising revenue.
- Problems arose introducing regional diversity into systems that had been created as monopolistic institutions with monopoly rights to transmit a universal service. Countries with linguistic and cultural differences, e.g. Belgium, created a broadcasting system that served those different communities, but, on the whole, the template for European broadcasting systems was that of a unitary, centralized and universal service.
- Problems arose related to the scarcity of frequencies. These had informed early policies on the creation of broadcasting organizations. Under conditions of scarcity, it had been possible to justify monopolies as 'natural', but, once the scarcity had been eliminated, other justifications needed to be found. Alternatively, the monopolies had to be abandoned.

With the challenge from cable and satellite and the advancement of new ideas about how broadcasting systems could be organized in a different technological era, these problems became more acute. Moreover, new ways of thinking about broadcasting and regulatory frameworks were being developed in the USA (Tunstall and Machin 1999: 5), and pressure from the advocates of the new technologies was to change the face of European broadcasting within a few years (Curran 1986; Tracey 1998: 17). Furthermore, the pace of change meant that the issues and problems had to be confronted whilst the audio-visual landscape was itself changing.

### **The pace of change in the age of globalization**

As we have seen, technology was a necessary condition of the deregulation of the European audio-visual landscape. Deregulation of broadcasting or 'regulatory reform' (Wheeler 1997: 193) suggests the relaxation of the rules governing the state-controlled broadcasting monopoly system. But deregulation is more than the simple removal or relaxation of certain rules and regulations. It is central to the broader neo-liberal strategy for modernizing the economy by privatization

and engendering an 'enterprise culture' around the globe. It is also seen as a device to reduce alleged bureaucratic inefficiency and financial profligacy in public enterprises (such as public broadcasting organizations). Deregulation is a response to the imperatives of increasing international competition and the globalization of television markets as well as a political prescription motivated by partisan and commercial interests (Dyson and Humphreys 1990: 231-3). Technological developments such as cable and satellite created further pressure for the deregulation of European broadcasting and, more generally, communications systems as a whole.

One source of the critique for regulatory change came from the academic world (Burgelman 1986; Curran 1986). Another came from the business world, whose favoured solution was to reduce or eliminate regulatory activity and simply let the marketplace dictate the level and the nature of services (see also Veljanovski 1990; Humphreys 1996: 161-4). The idea to reduce or eliminate regulatory activity came from the USA (Tunstall 1986), but proponents of a neo-liberal ideology in Western Europe also articulated such a view. They also pointed out forcefully that consumers would be protected only if they were allowed to make their own choices, according to their needs and requirements, rather than have their choices dictated to them by regulations. In this respect, the attraction of the USA as a point of reference became quite important; it was a model to be copied in the development of new policies (Tunstall and Palmer 1991) and particularly in respect of 'new' media such as cable television (Negrine 1985). By and large, as Wheeler (1997: 192) notes, there was 'A general consensus between politicians, policy makers and the media industry that deregulation would benefit both the national and the international economy . . . [while] the technological revolution meant that major transformations within the distribution of communications were available for business and domestic use.'

This context was not wholly congenial to public broadcasters. First, their position was under attack from within. In 1981, in the then Federal Republic of Germany, the Constitutional Court ruled that 'private broadcasting was constitutional' within a model of 'external pluralism' between competing private channels (Hofmann-Riem 1992). In France in 1982 the government abandoned the state monopoly of broadcasting partly as a way of redressing the weaknesses of the traditional system (Wolton 1992; Kuhn 1995).

Secondly, television penetration had reached saturation point in many countries and consequently funding from the licence fee had levelled off. The politicians could not accept the sorts of amounts desired by the broadcasters since they often feared the electoral consequences of large increases.

Thirdly, broadcasters were also finding it difficult to adapt to the cultural and moral pluralism, which seemed to undermine the traditional idea of a universal service.

Fourthly, governments were becoming aware of what their neighbours were doing, and sometimes benefiting from.

Finally, broadcasters had to contend with the challenge of the new technologies of cable and satellite television. Though analogue cable and satellite television in the 1980s developed more slowly than initially promised, their high profile forced policy-makers to act and broadcasters to respond to the challenge of their control over the airwaves being questioned. Furthermore, the significance of converging technologies for the economic and industrial development of individual countries could neither be overlooked nor ignored. It called for the development and implementation of communications policies and so for a while the focus of broadcasting policy shifted towards much larger industrial questions. Thus, after the mid-1980s broadcasting policies became entwined with more general questions about information technology and the industrial and technological development of countries themselves.

### **The outcome of change**

In these changing circumstances, new commercial broadcasters came into existence. For example, in 2000 the number of channels in Europe exceeded 580 compared to 220 in 1996 and less than 90 in 1989. Moreover, three-quarters of the 580 channels were private. Some took advantage of the new technologies by broadcasting through satellite or cable. Others took advantage of a more liberal approach to broadcasting, which allowed for the development of terrestrial television systems. But all, one way or another, took advantage of the more liberal set of rules that were now governing the audiovisual landscape: rules, for example, that allowed commercial broadcasters to carry just entertainment or merely to broadcast large quantities of imported material. And so what had initially been a fairly closed, state-controlled system characterized by a small number of public broadcasters now became a large competitive environment, and this had a knock-on effect on the nature of the public broadcasters, on funding systems, on cultures, and so on.

The pace of broadcasting deregulation in Europe followed various waves (table 1.1). According to Tunstall and Machin (1999: 190), there were several waves of what they call 'injudicious deregulation', while the main beneficiaries were the US interests:

- The initial wave of injudicious deregulation included Italy, Luxembourg, France and Germany; all four countries had committed themselves to massive deregulation by 1986.
- The second wave (around 1988–92) included Britain and some heavily cabled nations such as the Netherlands and Belgium.
- Next came most of the smaller nations of Scandinavia and the Mediterranean including Sweden, Greece, Portugal and Spain. This wave occurred in the early 1990s.
- The final wave involved a number of newly independent and newly ex-communist nations in eastern and east-central Europe. (Tunstall and Machin 1999: 190)

**Table 1.1** The pace of deregulation on European terrestrial television

Country	Year of TV deregulation	Number of available national analogue and digital channels in 1998	Number of terrestrial national channels <sup>a</sup>	
			Public	Private
UK	1954	13	2	3
Italy	1976	10	3	6
Spain	1982	9	2	3
Germany	1984	37	5	9
France	1986	17	3	3
Denmark	1987	17	3	2
Belgium	1988	34	3	2
Greece	1989	9	3	6
Netherlands	1989	33	3	6
Finland	1991	9	2	2
Norway	1991	8	2	3
Portugal	1992	10	2	2
Sweden	1992	14	2	3
Austria	1999	29	2	1

<sup>a</sup> with at least 3% share.

Sources: based on Beardsley *et al.* (1997); Siune and Hultén, (1998); Idate (2000).

## The effects of deregulation

By 2000 some of the effects of television deregulation were already being felt in diverse countries around Western Europe with new

commercial players and forces coming into play. But, as noted above, the processes of change and the impact of that change varied from country to country. There are, however, some common effects. These are summarized in turn below.

### *Effects on programmes*

As new channels have developed, there has been an increase in competition and an increase in demand for programmes. In fact, the proliferation of channels has resulted in a sharp increase in the total volume of broadcast hours (Siune and Hultén 1998: 30). Moreover, the cost of content rights has increased, owing both to increased competition and, especially, the aggressive competition policy of pay-TV channels for certain programming content such as films and sports. In macroeconomic terms, the total value of film and programme content acquired by European broadcasters from the USA stood at \$2.5 billion in 1995. This represents 30 per cent of all US filmed entertainment sales to Europe, with the remaining 70 per cent coming from cinema and video distribution. Out of the \$2.5 billion TV total, \$630 million were spent on pay-TV rights, and the remaining \$1.87 billion on free-TV rights (Godard 1997: 7). Rights used to be licensed exclusively for a flat fee (that is, unencrypted) and for subscription rights. But the development of PPV services, as we shall see in chapter 4, has given rise to new arrangements, such as non-exclusive rights, revenue sharing and equity stakes. Increased competition has forced free-to-air channels to make volume commitments to Hollywood studios rather than inflate costs. For pay-TV channels, the increase in costs has been evident (Godard 1997: 8–11). Sport differs from other programming. But, as we shall see in chapter 9, TV sports rights have increased dramatically in recent years.

Additionally, European television is entering the multichannel environment with the advent of a plethora of digital channels. But, as the market for thematic channels becomes more competitive, broadcasters, especially international ones, are being forced to adapt to the needs of different local markets (see chapter 7). This is because European viewers prefer to watch domestic channels (be they public or private), and programmes with a local content remain the key to winning large audiences in Europe. For example, locally produced programmes comprised 70 per cent of the top rating successes of 1999, which indicates a continued decline in the number of foreign hit programmes (Mediamétrie 2000). Moreover, programmes that cross national and cultural frontiers are increasingly requiring a local flavour

to do so. For instance, the Belgian show *FC de Kampioen* was successfully remade as *Clube de Campeos* for the Portuguese audience.

### *Effects on programming imports*

Although the USA remains the world leader in TV-programming exports at the beginning of the twenty-first century, adaptations of American entertainment shows (such as *Wheel of Fortune* or *Jeopardy*) are losing ratings, while game-show formats originating from Europe such as *Who Wants to be a Millionaire?* have made inroads into the North American market for the first time.

Concern over American imports in the light of the deregulation of broadcasting post-1980 was expressed in the context of the 1993 negotiations of the General Agreement on Tariffs and Trade (GATT) Uruguay Round agreement, and especially in respect of the trade in cultural goods and programmes as well its successor the General Agreement of Trade in Services (GATS), which started in 2000 under the general liberalization of online services (Wheeler 2000). As far as many European governments are concerned, this issue cannot be detached from the whole issue of national or political sovereignty and cultural sovereignty (see EIM 1988; Lange and Renaud 1989; Collins 1990). As Tunstall and Machin (1999: 3) note, Europe 'is much the most lucrative export market for US media'. In fact, in the EU, the annual EU trade deficit with the USA in this sector is approaching Euro 7 billion. US productions account for between 60 and 90 per cent of Member States' audio-visual markets (receipts from cinema ticket sales, video cassette sales and rentals, and sales of television fiction programmes), whilst the corresponding European share of the US market is of the order of 1 or 2 per cent. The concern noted above was evident in the conclusions of the working group of the 1998 European audio-visual conference in Birmingham, since European-originated television programming suitable for exploitation in more than one market was rarely made available to potential buyers in sufficiently large volume and in competitively priced packages.

Overall, the export performance of the EU audio-visual creative content industries to third countries has remained disappointingly low since the mid-1980s. In view of this imbalance, in 1993 the EU asked for a 'cultural exemption' – that is, the exclusion of the film and television sector from the trade pact. After many negotiations, both sides agreed in 1993–4 to leave this issue to one side for later negotiation.

However, the fourth report on the implementation of the provisions of the well-known EU Directive *Television without Frontiers* with regard to the broadcasting of European works – the report covers the period 1997 and 1998 – notes that the aims of the Directive have generally been achieved. According to the fourth report, the weighted average for the transmission of European works by the major channels varied between 53.3 and 81.7 per cent, with the exception of Portugal, where the proportion was 43 per cent (CEC 2000). The main German, French and Italian channels broadcast approximately 70 per cent European works. More generally, there was a noticeable increase in the broadcasting of European works during the period 1997–8 compared with the preceding period. With regard to the percentage of independent productions, the vast majority of channels were complying with the provisions of the Directive. However, as Els de Bens (1998: 31) notes, the quota system may be misleading, as all programmes apart from news, sports, games and advertising may be counted, so that, ‘practically all channels comply with the norms set by Article 4’. (Article 4 states that the majority of the transmission time of the EU television stations should be fictional programmes of European origin.)

On the other hand, in December 1999 the Commission decided to continue the Media programme for four more years. The new Media programme, called ‘Media Plus’, was introduced in 2001 and focuses on the transnational circulation of European audio-visual works, within and outside the EU. It reinforces the link between market performance and support mechanisms (that is, training and distribution). It is intended to be flexible enough to provide support for new projects arising from the development of digital technologies. Furthermore it sets out to take greater account of the specific needs of countries with a low audio-visual capacity and/or a limited language market. Media Plus will provide complementary support to national audio-visual support systems and will also be implemented alongside other Community measures such as the Fifth Framework Programme for research (1998–2002) and ‘e-Europe’ (financing start-ups in the audio-visual sector through risk capital). The budget for the Media Plus programme is Euro 400 million for the period 2001–5.

### *Commercialization and decline in quality*

The effects of competition on programme content can be seen not only with respect to the level of programme imports and the cost of programmes, but also in relation to the quality and range of

programmes on offer (see Blumler 1992b; Achile and Miège 1994). Initially there was a reliance on the 'tried and tested', on entertainment, on imports, but the real question is whether that pattern will change as the new broadcasting systems 'mature'. In effect, it seems that, regardless of the differences, there has been a general tendency in European television, especially on commercial channels, to link the costs of programming to TV ratings and advertising revenues, which has led to the marginalization of minority TV genres. Broadly speaking, a television culture led by market forces tends towards the maximization of profit and the minimization of financial risk, resulting in imitation, blandness and the recycling of those genres, themes and approaches regarded as most profitable (McQuail 1998: 119–20; Ouellette and Lewis 2000: 96).

In the search for larger audiences, broadcasters have not refrained from using whatever means they can to increase the popularity of their offerings. Both public and commercial broadcasters are now engaged in fierce competition for revenues and for audiences, since they feel that their very survival is at stake, and this is gradually leading to the possibility of a convergence between the public and the commercial system with respect to their programming output (Pfetsch 1996: 428–9). This is most evident on prime time (de Bens 1998: 27). According to research conducted by Arthur Andersen, European public broadcasters have argued that commercial broadcasters tend to broadcast a high proportion of cheap imported content, particularly in the start-up phase of their activities, and to invest less in original productions (in Davis 1999: 54).

McQuail (1998: 120) has provided the main points to consider when analysing the effects of commercialization and competition on content.

- The absolute and relative share of television time, especially prime time, given to information, education and culture, usually with reference to increased 'entertainment' content.
- The performance of public service television, especially in respect of traditional obligations and degree of convergence on the commercial sector in programming policy.
- Programme diversity.
- Reliance on foreign programmes and on 'second-hand' content.
- Standards of 'quality' with particular reference to sex and violence or creativity and originality.

Violent television programmes, in particular, seemed to increase in most European television systems in the 1990s, especially with the commercialization of broadcasting (Wiiio 1995; Carlsson and Feilitzen 1998; Papathanassopoulos 1999b). On the other hand, 'content will

be the king' for the development of the new digital channels, since they offer tangibly different content from existing analogue TV output to stimulate and retain consumer interest, and this will require huge investments in programming. This does not mean, however, that the content will be of higher standards. For example, European television drama and comedy production reached record levels in 1999, according to the annual Eurofiction report (*TV International 2000e*), since total new product broadcast in the region's largest five markets rose to 5,193 hours in 1999 from 4,120 in 1996. But cheaper products such as soap operas – for example, *Medico di Famiglia* (Italy) and *Cap des Pains* (France) – made for off-peak broadcast times largely fuelled the market growth. Higher-quality content for prime time was decreased. In fact, growth between 1996 and 1999 was rarely for prime time. In 1996, 89 per cent of production was broadcast in prime time against only 77 per cent in 1999 (*TV International 2000e*: 1–2).

### *Tabloidization of news*

One of the effects of the intense competition of commercial television channels has been the proliferation of TV news programmes. Since the late 1980s news programming has undergone a revolution. New methods, new technologies, new companies and new channels have emerged; even old-style broadcasters have re-examined their news output. Competition at the international, regional and local level has mushroomed (see chapter 8), and news output has expanded considerably. All of these developments give the impression that in the era of globalization the world wants news. Whereas viewers once had no option how they received their information, news and current affairs have become a ratings battleground like any other form of programming.

While broadcasters are feeling the pressures of the market, they have nevertheless been slow fully to take on board the necessity of marketing. And news and information services are not exempt: content may take precedence over style, but journalists have to pay more attention than they used to do to the way they present themselves to their audience both on and off the air.

The changing structures and technologies of television have been accompanied by an equally significant change in the very nature of television journalism. In an era of intensive competition, broadcasters have come to realize that news is an important link with their viewers. News and current affairs programmes seem to represent the identity of a channel, much more so than entertainment and sports

programmes. In effect, as most TV schedulers agree, news provides a powerful vehicle on which to build TV viewer loyalty.

Since news has become an important, if not distinctive, element of most channels, even for the ratings-driven commercial broadcasters, the main preoccupation of most schedulers is how to sell or to market it to the public. Compared to that of the past, the news of the twenty-first century has much more 'value added': not only do channels inform viewers of the facts; they are also preoccupied in how to sell the information to them. In other words, news has become more valuable than ever. And TV channels pay more attention to news presentation and less to the content of news. Nowadays, not only are popular anchors important, since familiarity is essential in the news programmes, but graphics and visual presentation also play an equally important role.

In effect, the face of European television news is changing fast. International news stories are making way for local coverage and news on politics is gradually giving way to human-interest items (*Television Business International* 1997; Thussu 1998; Paterson 2000; Biltreyst 2001). In an intensively competitive environment, it seems that broadcasters are placing more emphasis on local, human-interest stories. On the other hand, international news becomes important once in a while, either because a big personality is involved as in the death of Princess Diana or because of a big event like a bomb exploding in the centre of a capital. Whereas in the past, and during the era of state monopoly, in most of Europe the main television news bulletin used to be the chief source of information for the average European viewer, nowadays news bulletins and news programmes have become commonplace in most TV schedules.

Bob Franklin (1997: 49) notes that 'journalism has changed radically in recent years'. As he points out (Franklin 1997: 4):

Journalism's editorial priorities have changed. Entertainment has superseded the provision of information; human interest has supplanted the public interest; measured judgement has succumbed to sensationalism; the trivial has triumphed over the weighty; the intimate relationships of celebrities from soap operas, the world of sport or the royal family are judged more 'newsworthy' than the reporting of significant issues of international consequence. Traditional news values have been undermined by news values; 'infotainment' is rampant.

In the past, the format of the programme was simple and rigid and remained unchanged for many years; nowadays the format changes with almost every television season. In the past, the majority of news was on politics and economy; nowadays there are more police and

crime-related stories, as well as sport and consumer stories on the main news bulletins (Papathanassopoulos 1999a; Barnett *et al.* 2000). In the past, there was a regular supply of news on cultural items; nowadays these items hardly appear on the main news TV bulletin. In effect, news on culture and arts has been replaced by news on fashion and medicine. Television news has traditionally been regarded as national in scope, but nowadays most European national TV networks have pushed international news further down their news agenda and have gradually given it an increasingly lower priority.

The 'tabloidization' of TV news or 'infotainment' can be seen as the direct result of the commercialization and deregulation of the broadcasting system, an obsession with TV ratings and pressure from advertisers for larger audiences. 'Tabloidization' itself is not new (McQuail 2000: 106, 339–40). In fact, as Frank Esser (1999: 292) notes: 'It began to appear about one hundred years ago when newspapers started adding sections emphasising sports and entertainment, illustrations and sensations that appealed to wider audiences.'

But tabloidization on European television news is a new phenomenon. This is because, in most European TV systems during the state monopoly, information took priority over entertainment, substance over presentation. The new approach has fewer long stories, and more short ones with pictures; a decrease in news on politics and economics and an increase in news such as scandal, sensation and police or crime stories. For the first time in the history of European TV news, news bulletins seem to look increasingly for 'scandals' and 'political crises' and 'crimes' in their coverage, presumably prompted by extended competition. However, as Kees Brants (1998: 329) notes, the arrival of commercial television may 'have resulted in somewhat more human interest stories and sensationalism, but hardly so in political reporting'.

Even some of the most prestigious TV channels in Europe, such as the BBC and ITV in the UK, appear to give a growing emphasis to the 'sensational, the shallow and the parochial'. As Barnett, Seymour and Gaber (2000: 12) reveal in their research on UK television news 'there has undoubtedly been a shift in most bulletins towards a more tabloid domestic agenda, a decline in political stories'. They conclude (Barnett *et al.* 2000: 13) that 'we are not wholly optimistic that ten years from now television news will have maintained its current balanced and diversified approach'.

There has also been a rise in new television genres, such as 'reality television' and talk shows, in which traditional distinctions between information and entertainment have collapsed. As van Zoonen, Hermes and Brants (1998: 4–5) note:

Journalism in its broadcast but also in its print form has become market driven and guided by – as it is sometimes called – what is interesting rather than what it is important, by an audience orientation rather than an institutional logic. As a result of these developments themes formerly hidden from the public eye have become generally visible; this is clear, for instance, in the obsessive search of contemporary journalism for scandal in the private lives of public officials, or in the incredibly intimate confessions of people appearing in talk shows or in sensationalist reality genre. The once more or less taken for granted social responsibility of journalism has been undermined and a pressing question is whether market logic allows for an ethical journalistic practice.

### *Effects on financing*

The economics of European television have changed dramatically. With more competition in television, advertising revenue has to be shared out amongst even more broadcasters. On the one hand, more competition for programmes increases the costs of programme acquisitions, but, on the other hand, it also increases the power of advertisers to negotiate for better prices and a greater range of audiences. Deregulation has brought with it an enormous increase in television revenues. But building up audience reach and frequency over a greater number of channels risks pushing up overall TV advertising and programming costs. It is not surprising, therefore, to find private broadcasters in Europe challenging public broadcasters for carrying advertising, as we shall see in chapter 3. At the same time, private channels and interests have put pressure on regulatory agencies to relax the framework surrounding television advertising, sponsorship and bartering. It is likely then that in the years to come sponsorship, PPV and subscription will complement conventional advertising revenue (see chapter 4).

### *Effects on public broadcasters*

Public broadcasters have faced erosion of both their viewing share and their revenue; that erosion has been more severe for some than for others. As we shall see in chapter 3, a number of European public broadcasters have responded to the challenge from commercial broadcasters by pursuing commercial opportunities of their own such as co-productions, international sales or joint ventures, within the limits of national and EU regulations. They have also launched new thematic channels and have used their brands to develop a strong

presence in the digital era. However, their future will rest in their way of funding. This, in close association with the digital threats, will be the most important issue for European public broadcasters, as we shall discuss in chapter 3.

### *Effects on media ownership*

The deregulation of television has led to the creation of larger and fewer dominant groups and as a result the sector is becoming more concentrated and populated by multimedia-multiconnected conglomerates, as we shall discuss in chapter 5. The trend towards a complex form of cooperation between media and telecommunications groups in Europe has raised fears of excessive concentration of ownership. Mergers, acquisitions and common shareholding, led in most instances by telecommunications groups, have created a web of common interests across the European media, though even here the pattern is not uniform. Although the EU has failed to harmonize ownership regulations for the European media, its interest in this area indicates a concern with the economic forces behind media and the risk these pose for diversity and pluralism. It seems clear that any attempt to tackle the issue of media ownership and concentration at a European level at this stage is unrealistic. The industrial imperatives of the information society and the new opportunities, stakes and interests of the convergence of the media, telecommunications and information society seem not to allow any attempt to harmonize, or even to tackle, the issue of concentration at this stage. As Peter Humphreys (1996: 304) notes: 'There is every sign that oligopolistic developments in the mainstream European industry are the price to be paid for the sector's growth and for the development of new technologies.' Moreover, it seems that the trends towards consolidation and diversification in response to the new opportunities opened up by the liberalization of EU and world markets, and with a view to the opportunities offered by convergence, will go on (Siune 1998: 24). This picture, as we shall discuss in chapter 5, becomes more and more real. In the digital era, as Peter Golding (2000: 179) has noted: 'The growth of vertical integration strategies which this trend represents places the audiovisual sector in a key position, as distribution becomes the next priority for Internet commercialisation.' Certainly, it is more than urgent that Europe needs a kind of re-regulation, especially on ownership status, as well as on the 'relationship between the state and the production and the distribution of information and communication goods and services' (Golding

2000: 180). But, as Herbert Schiller (2000: 126) has pointed out, 'with the deregulation imposed across all continents, the state has a reduced capability to intervene and socially manage the system'.

### *The rise of 'proximate television'*

The deregulation, privatization and commercialization of television have had implications not only nationally but also internationally and locally. Although regional and local television is not new in Europe, deregulation has brought a multiplication of regional and local private channels in most countries. As Moragas Spa and López (2000: 43) note, in contrast to the past, 'What it is observed nowadays in Europe is a panorama of multiple forms and models of stations trying to adapt themselves and give an answer to the existent diversity (cultural, linguistic, political, demographic, geographic).'

Moragas Spa and López (2000: 44–8) give the following classifications:

- regional centres of public corporations (such as the BBC (UK), TVE (Spain), RAI (Italy) and delegations of private broadcasters);
- television companies with their own personality, officially independent, private or public, which operate in a regional reference territory (such as the regional companies of the ITV in the UK or the ARD in Germany or S4C in Wales);
- the television entity of a 'small state' that extends its coverage to one or more regions from a neighbouring country (such as RTL in Luxembourg or TeleMontecarlo in Monaco);
- local television with regional outreach (metropolitan areas) – i.e. local television stations of local–urban character that extend their coverage beyond the strict borders of the urban character in terms of both technical reach and journalistic coverage;
- 'small local television' – i.e. local television channels of local scope, from small and medium cities, even boroughs and small villages.

### *The advent of regulatory authorities*

The deregulation of broadcasting in the 1980s has led to new formalized procedures – for example, the foundation of new regulatory bodies and procedures to license new (mainly commercial) broadcasters and to oversee their behaviour. This has often led to different rules (sometimes stricter, sometimes less strict) being enacted.

In fact, there is a great diversity among these regulatory authorities. Broadcasting regulation usually encompasses the power to license broadcasters, to monitor whether broadcasters are fulfilling their legal obligations, and to impose sanctions if they fail to carry out those obligations. To these traditional functions can be added those of organizing and coordinating the broadcasting landscape. Since 1998 regulatory authorities have started cooperating in order to coordinate their approaches and avoid divergent policies. They also have meetings, at least once a year.

Broadcasting regulation may be exercised by governmental administrative authorities or by courts (for example, for issues regarding the protection of fundamental rights). Moreover, in some countries such as the UK and Germany, public service broadcasting may be subject to a form of self-regulation. However, the most common organizational form in Europe is that of the independent regulatory authority, which is not part of the actual structure of governmental administration and which has apparatus that does not serve any other body. Generally, the rise of independent regulatory authorities coincided with the decline of public service monopolies in the 1980s.

The function, structure and jurisdiction of such authorities vary too. In most countries there are separate regulatory bodies for supervising broadcasting and telecommunications. Some countries, such as Italy with the *Autorità per le Garanzie nelle Comunicazioni*, have a single regulatory body whose remit encompasses both broadcasting and telecommunications. While most of the regulatory bodies in Europe regulate both the public and private sector (for example, the French *Conseil Supérieur de l'Audiovisuel* (CSA) or the Dutch *Commissariaat voor de Media*), others, such as the UK Independent Television Commission (ITC) or the German *Landesmedienanstalten*, are responsible only for the regulation of private broadcasting. In terms of power, three basic categories can be identified: the administration of the broadcasting sector (for example, the award of broadcasting licences), supervision (for example, programme monitoring) and rule making (for example, the imposition of codes of practice). Once again, the range of powers varies considerably. For instance, most authorities have the power to award licences but some can only make recommendations addressed to the ministry responsible for the communications sector. Moreover, there is a great variety regarding their structure. In Germany and Belgium, broadcasting is in the remit of federal states, resulting in a number of regional regulatory bodies. Finally, the number of personnel the European regulatory authorities employ varies too, according to the size of the country and of the

national media landscape (from approximately ten for the smallest bodies to over 400 for the biggest) (Robillard 1995; Hoffmann-Riem 1996; Molsky 1999).

The French CSA consists of a board of nine members chosen by the President of the Republic, the Speakers of the Senate and the National Assembly. The CSA employs approximately 400 people and plays a vital role in overseeing the public and commercial broadcasting sector. It controls compliance with broadcasting laws, mission statements and quotas by monitoring television programmes. It manages and allocates frequencies and television licences, and appoints the directors of public broadcasters. It can impose sanctions against broadcasters that violate regulations, imposing fines or even shortening or cancelling their licences. It advises Parliament and other public bodies such as the Culture Ministry or the Competition Council.

In Germany, the twelve regional state media authorities (*Landesmedienanstalten*) are responsible for the licensing and supervision of public and commercial broadcasters. The federal character of the German systems can become a source of conflict, as the federal government is also, for example, signing agreements in audio-visual matters at the EU level.

In Italy, the *Autorità per le Garanzie nelle Comunicazioni* (Authority for Equal Protection of Communications) was established in July 1997. The *Autorità* is a fully independent body. It is made up of nine members appointed by the Senate and the Parliament (four members each), while the Prime Minister nominates its chairman. The *Autorità* has a permanent staff of about 260, and comprises two commissions: one for the infrastructures and networks, the other for products and services. The authority also advises the government on legislative measures related to broadcasting and supervises the sector on the application of the regulatory framework. It also verifies the financial statements and data provided by the broadcasters and monitors compliance with the legislation banning dominant positions in the sector.

In the UK, the ITC is responsible for the regulation of private television and grants licences to private channels, ensures compliance with the legislation and has the power to impose fines or even to revoke the licences. Generally, it oversees the sector to ensure that there is fair competition. Since the 1996 Broadcasting Act, the ITC has also overseen the commercial services provided by the BBC. Moreover, another body, the Broadcasting Standards Commission, investigates complaints about the content of programmes. In October 2000, the UK government published the *Communications White Paper* recommending the creation of a single regulatory authority called the Office of Communications (OFCOM). OFCOM will be responsible

for the economic regulation of the whole communications sector, content regulation and spectrum management.

In Austria, the law has set a number of bodies with a regulatory and supervisory role to play in the running and operation of the public broadcaster, Osterreichischer Rundfunk (ORF). In Denmark, a satellite and cable committee, appointed by the Ministry of Culture, supervises cable and satellite television and advises the Ministry on the licensing of broadcasters, while the technical aspects of broadcasting are supervised by a national telecommunications authority. In Finland, the Ministry of Transport and Communications is responsible for the broadcasting sector. Moreover, the Telecommunications Administration Centre supervises compliance with the law and other regulations, with the exception of the ethical principles of advertising, teleshopping and the protection of minors, which are the responsibility of the Consumer Ombudsman.

In Greece, the regulatory body is the Ethniko Symvulio Radio-teleorasis (ESR), which was formed in 1989. The political parties select the ESR's members. In theory, it is responsible for the allocation, suspension and cancellation of broadcasting licences and the supervision of the programmes. Its role concerning TV licences is to recommend to the Ministry of the Press and the Media as well as the Ministry of Transport and Communications which candidates are suitable to hold licences. In Ireland, the Independent Radio and Television Authority, a body appointed by the Ministry of Culture to oversee programming and grant licences for private channels, supervises private broadcasting.

In the Netherlands, the Commissariaat voor de Media, set up in 1988, supervises the functioning of broadcasters and compliance with the provisions of the Media Act governing programming and advertising. It deals with both public and private channels as well as cable. It can also impose penalties and fines on those channels that have not followed the legislation. In Portugal, the Alta Autoridade para a Comunicação Social (Higher Authority for Social Communication) has increased its powers with the 1998 law. Thus, it is responsible for granting licences to new operators, both public and private, as well as for programmes.

### *TV consumption and measurement*

As television has become the dominant medium, households across Europe continue to experience the most spectacular growth in product penetration. Television reaches impressive daily penetration rates

throughout Europe. However, a more detailed analysis of television consumer habits among viewers points to numerous far-reaching differences. From a general point of view, this is a time of media consumption, where peak times vary considerably. These differences are also to be seen in regard to viewing duration. Southern European countries are well ahead of the rest. It is also worth noting that viewers in France spend 30 per cent more time viewing than Germans. Moreover, Southern Europeans spend more time looking at television than Northern Europeans.

Generally speaking, viewing time rose when audiences were first offered an alternative to the state fare. In 1999 the average daily television viewing time was 199 minutes, much lower compared to North America (236 minutes) and Latin America (220 minutes), but higher compared to the Middle East (196 minutes), Pacific Asia (151 minutes) and Africa (130 minutes) (Mediametrié 2000).

One significant change in the European television household has been the transition from collective family viewing of two or three generalist channels to the situation where individual family members view alone. Moreover, with a much broader range of channels on offer, European viewers have become less loyal to channels as a result of the almost absolute penetration and heavy use of remote controls. Additionally, more and more European TV households now own two or three TV sets.

Although TV viewing time and programme preferences differ throughout Europe, European viewers seem to give preference to sports (especially soccer), news, films (in most cases US films), sitcoms and serial fiction. Moreover, the annual reports of Mediametrié (1996–2000) show that the best performing programmes, such as sports, films and news, have presented a relatively high stability and the same shows have often dominated the rankings.

On the other hand, the expansion of commercial television and intense competition has raised the profile of the audience measurement industry (Syfret 1998). This is because TV ratings are a determining factor in the location of advertising expenditure, programming schedules, purchasing rights and so on. In fact, TV ratings and their 'peplemeters' (the gadgets on which viewers push a button to state their viewing preferences) have become the 'buzzwords' of the European television industry.

In Europe about 30,000 peplemeters were installed by 1998; the UK, Belgium, Switzerland and Greece were early adopters of this electronic audience measurement system. As the television industry has needed more accurate figures, most audience research companies have gradually upgraded the peplemeters and increased their

panel sizes (for example, in Belgium, Germany, Austria, Italy and Greece).

The television channels, especially the smaller ones, and advertising agencies have questioned and criticized the data provided by the electronic audience measurement systems. For example, a controversy over the reliability of the television measurement system flared in Greece at the end of 1996. In an era of intense competition and TV revenue stability, audience measurement has become a determining factor for broadcasting.

In the eve of digital television and the new multiplication of channels, audience measurement companies are looking for ways to improve the quality and scope of their figures and are exploring new horizons such as measuring digital packages, new services, and so on. From a political economy perspective, however, one could say that electronic audience measurement represents the logic of commodification, where people ultimately become undifferentiated from products, are standardized by advertising and television companies into interchangeable units of consumption, and are studied and segmented into computerized profile samples, according to tastes, values, attitudes and lifestyles (Gandy 1990; Jhally 1990; Sussman 1999).

### *The smaller states follow the larger ones*

The developments in the audio-visual field cannot easily be followed by the European states that are smaller in terms of power, resources and market size (Burgelman and Pauwels 1992; Meier and Trappel 1992). In fact, they have shown a considerable time lag in terms of the development and implementation of media policy, lack of coherence in implemented policy and poor execution in policy (Traquina 1998). It is argued that the smaller European countries face both external and internal problems in their effort to formulate and implement their broadcasting policies. This is because the globalization of the audio-visual economy and the integrative action of the EU eventually promote the marginalization of both production and culture in smaller countries. Thus, the latter, which have a limited market for their national products – which in turn poses an obstacle for the profitability and survival of their small audio-visual industries – have very limited possibilities to be credible and profitable in a European single market (Burgelman and Pauwels 1992: 171–5). Moreover, the smaller states face internal difficulties that are a consequence of internal structural weakness, resulting in

inadequate national policies, with plenty of irrationalities and paradoxes (Burgelman and Pauwels 1992).

In effect, small states have to act and react to new developments in very different conditions from those found in larger states (Meier and Trappel 1992: 129–34). The policies of smaller states have to take into 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. As Tunstall and Machin (1999: 247–9) note, the small countries and their media industries have to face, not only the Anglo-American media, but often also the inescapable presence of a larger neighbouring country that speaks the same language. According to Tunstall and Machin (1999: 254), despite the tremendous changes since the mid-1980s, ‘the smaller countries of Western Europe continue on their traditional paths which emphasise (1) idiosyncratic media nationalism; (2) imports of both policies and programming from the Anglo-Americans; and only (3) some modest interest in, and deference towards, the European continent’. The result is that in most cases small states have gained little or nothing from the changes in the European television landscape (Meier and Trappel 1992: 129). On the contrary, they have to follow and implement policies that they do not really need. This can result in extremely negative effects on their industries, such as heavy cross-ownership by local dominant groups or a sharp decline in the ratings and advertising revenue of their public broadcasters.

### **A new deregulation of European television**

If deregulation has been the force that weakened public broadcasters, it is also the force that will ensure that commercial channels of the future will have to contend with more competitors (Bughin and Griekspoor 1997: 14). Since the late 1990s, European television has entered a new deregulatory wave, again led by technological developments. The advent of digital television has brought a second wave of deregulation of the already deregulated television environment, regardless of the side effects of the first wave in the 1980s. In fact, the number of television channels in Europe doubled every three years between 1985 and 2000 and this trend has not ended yet, because of the arrival of digital transmission. Not only have new channels entered the European television universe, with a number of new channels preparing their launch; television consumption is also expected to

increase. Moreover, while the average capacity of European cable networks in the mid-1990s used to be about twenty-seven channels, their capacity in the early years of the twenty-first century is almost unlimited, thanks to digital compression. The result of this new deregulation is that television is moving into an apparently far more competitive and market-driven environment (Graham and Davies 1997).

Additionally, the advent of digital television and the growth of digital television services have raised new regulatory issues and new players. In fact, huge, global telecommunications operators, which can take advantage of the technological convergence, are moving beyond their traditional role as mere carriers to become true multimedia and global conglomerates (Moragas Spa and López 2000: 38). Since content is the king and 'distribution the key to this kingdom' (CEC 1998a), it is easy to understand the telecommunications operators' expanding multimedia strategy.

As in the 1980s, this can also be seen at the EU level. While, in the 1980s, the regulatory concern of the European Union was for a *Television without Frontiers*, in the late 1990s and at the beginning of the twenty-first century it is on the *Convergence of the Media*. Concerns include the conditional access to digital set-top boxes and the need to prevent control over these set-top boxes acting as a bottleneck to the providers of digital television and other services entering the market. Moreover, the EU, with the stated aim of ensuring competition, is striving to regulate the digital services markets, just as it regulated Europe's analogue pay-TV market. It aims to prevent companies from extending existing dominant positions or excluding competitors, and to use competition rules to block the creation of new monopolies (Davis 1999: 81). Whether the new EU policy initiative will be a success remains to be seen.

The full implications of the digitalization of television are still the subject of much speculation, hype and uncertainties. As the history of European television has shown us, the successful development of any new technology and form of television has to do with the content and the perceived value added that they offer to the viewers. In the following chapters of this book, an account of these new dynamics of European television is offered.