MEDIA CONCENTRATION IN PORTUGAL - TV, Radio and Newspaper Market-

Paulo FAUSTINO, PhD
Prof. of Media Policies, Economics, Management & Marketing
Porto University and Polytechnic Institute of Leiria
President of Media XXI – Consulting, Research & Publishing
Email: faustino.paulo@gmail.com
Because time limitations, this presentation focuses on the Newspaper, TV and Radio Market.

So, in this context my presentation is divided as follow:

Introduction and Methodology

1. Newspaper Industry

2. Television Industry

3. Radio Industry

4. Preliminary Conclusions
The main research questions presented in this paper are:

RQ.1: Is there currently media market concentration in Portugal?
RQ.2: How has media concentration evolved until now?
RQ.3: What is the impact of media concentration in the market competition?

In terms of methodology, I used the three models to measure the media concentration situation, namely: IHH, CR4 and Noam Index.

The data has been collected from:

- Scientifics Journals
- Media Studies Books
- Official statistics
- Companies reports
- Yearbooks, for e.g APCT (Portuguese Association of Circulation and Control) and Marktest (company specialised in audiences surveys)
This section investigates the degree and the evolution of concentration in the Portuguese newspaper market.

The goals of this study correspond to national newspaper coverage, namely:

- National daily general information;
- National daily sport;
- National daily economic.

To evaluate the degree and the evolution of concentration in the national daily newspaper, I considered two different variables:

- Circulation
- Audiences
Table 1: CR4, HHI and Noam indexes for National Newspaper Industry (2004-2009)

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>C4</strong></td>
<td>100%</td>
<td>98.19%</td>
<td>96.88%</td>
<td>93.06%</td>
<td>96.47%</td>
<td>94.49%</td>
</tr>
<tr>
<td><strong>HHI</strong></td>
<td>4096</td>
<td>3234</td>
<td>3180</td>
<td>2823</td>
<td>3262</td>
<td>3139</td>
</tr>
<tr>
<td><strong>NOAM</strong></td>
<td>2048</td>
<td>1446</td>
<td>1298</td>
<td>1067</td>
<td>1332</td>
<td>1186</td>
</tr>
</tbody>
</table>

Source: Elaborated by the author using data from APCT

Considering that period, the concentration indexes depicted on table 1 reveal important results:

(i) the market of Portuguese national dailies corresponds to a highly concentrated market;

(ii) For example, the CR4 has been higher than ninety percent (96.5%) for the whole period

(iii) the market has been evolving positively, with a decrease in concentration levels after 2004 (excluding 2008).
Considering the measure by audiences analysis, the Table 2 confirms:

- High concentration market
- For example, the CR4 is almost 91%.
- However, audience shares concentration are lower compared with average circulation.

Table 2: Concentration indexes for the Newspapers Portuguese Market

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>C4</strong></td>
<td>70%</td>
<td>71,10%</td>
<td>82,10%</td>
<td>77,30%</td>
<td>80,90%</td>
</tr>
<tr>
<td><strong>HHI</strong></td>
<td>1679,96</td>
<td>1803,61</td>
<td>2381,31</td>
<td>2121,39</td>
<td>2377,53</td>
</tr>
<tr>
<td><strong>Noam</strong></td>
<td>634,97</td>
<td>681,70</td>
<td>900,05</td>
<td>801,81</td>
<td>898,62</td>
</tr>
</tbody>
</table>

Source: Elaborated by the author using data from APCT
As we can see in table 3, the Portuguese market is composed by three main players:

- channel owned by the State (RTP1/RTP2)
- two private channels—SIC and TVI

Table 3: Share market position by channel in terms of audiences

<table>
<thead>
<tr>
<th>Grupos</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estado</td>
<td>33%</td>
<td>33%</td>
<td>33%</td>
<td>35%</td>
<td>36%</td>
<td>35%</td>
<td>37%</td>
</tr>
<tr>
<td>Impresa</td>
<td>35%</td>
<td>34%</td>
<td>32%</td>
<td>30%</td>
<td>30%</td>
<td>29%</td>
<td>29%</td>
</tr>
<tr>
<td>Media Capital</td>
<td>33%</td>
<td>33%</td>
<td>35%</td>
<td>35%</td>
<td>34%</td>
<td>36%</td>
<td>35%</td>
</tr>
</tbody>
</table>

Source: Elaborated by the author using data from APCT
Free to air TV by audience analysis

Table 4: Concentration index in free to air TV

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>IHH</td>
<td>3335,76</td>
<td>3333,44</td>
<td>3338,66</td>
<td>3345,99</td>
<td>3355,02</td>
<td>3362</td>
<td>3435</td>
</tr>
<tr>
<td>Noam</td>
<td>1925,9</td>
<td>1924,56</td>
<td>1927,58</td>
<td>1931,81</td>
<td>1937,02</td>
<td>1941,05</td>
<td>1983,19</td>
</tr>
</tbody>
</table>

Source: Elaborated by the author using data from Marktest

- Regarding free-to-air TV Market, data put in evidence the high concentration market.
- For example CR3 is 100%.
- However, in the last seven years the TV market is relatively stable in terms of concentration.
- TV concentration level has not significantly increased.
- Considering measure concentration by advertising revenues, circa 70% is concentrated in private TV.
- If we consider a longitudinal perspective, for the last 4 decades, the market is more competitive today.
- After 1991 private channels emerged in Portugal and State TV has less power today.
### Pay TV by subscription

#### Table 5: TV Concentration by Subscription Pay TV

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>C4</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>IHH</td>
<td>3599.85</td>
<td>3544.19</td>
<td>3422</td>
<td>3412.14</td>
</tr>
<tr>
<td>Noam</td>
<td>1799.92</td>
<td>1772.09</td>
<td>1711</td>
<td>1706.07</td>
</tr>
</tbody>
</table>

Source: Elaborated by the author using data from Marktest

- Considering the Pay TV Segment, the market is also concentrated.
- For example, CR4 is 100% but one operator (ZON) has circa 70%.
- In Pay TV market we expect a small decrease level next years.
- Emerged new operators like MEO, integrated Portugal Telecom (Incumbent).
Radio Industry

Table 6: Concentration index by audiences

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>C3</td>
<td>89.01%</td>
<td>91.45%</td>
<td>91.77%</td>
<td>93.18%</td>
<td>93.78%</td>
<td>93.08%</td>
<td>94.58%</td>
</tr>
<tr>
<td>IHH</td>
<td>3794.96</td>
<td>3509.46</td>
<td>3397.12</td>
<td>3429.27</td>
<td>3618.82</td>
<td>3622.55</td>
<td>3726.67</td>
</tr>
<tr>
<td>Noam</td>
<td>1897.48</td>
<td>1754.73</td>
<td>1698.56</td>
<td>1714.64</td>
<td>1809.41</td>
<td>1620.05</td>
<td>1863.33</td>
</tr>
</tbody>
</table>

Source: Elaborated by the author using data from Marktest

- The National Radio Market is high concentrated
- For example, CR3 was almost 95% in 2009
- The 3 main operators are: Renascença (Catholic Church), Media Capital (Prisa) and State
- Considering the advertising revenues, in fact, we have a duopoly radio market: Radio Renascença and Media Capital
- Circe of 90% of the advertising revenues are concentrated in these 2 players.
In terms of business perspective and market size, the concentration levels can be analysed as an imperative management practice to maximize resources to consolidate the position.

However, the media should be carefully monitored by the competent authorities, namely to limit the possibility of increase of the concentration level.

Considering the small market size, the Portuguese media sector is relatively competitive in the press and TV segment. In radio is a duopoly, as mentioned.

Television is clearly the most influential media and market is relatively competitive in terms of audience because all 3 operators have relevant positions.

Regarding next steps of this research, I already collected the data, and now I plan to explore better the information and relate with the cooperation between Telco and media companies.

So, I will try explore potential advantages and disadvantages from the collaboration between Telco and Media organizations and their impacts in terms of market competition and pluralism voices.

In terms of strategic management, the Portuguese media groups are adopting vertical and horizontal integration, and business diversification of products portfolio.

There are a new trend from nacional media companies to develop internationalization, namely to Portuguese speaking countries like Brazil, Angola and Mozambique.
Thanks very much for your patience and attention.