

CHAPTER

8 Media Ownership and Concentration in Italy

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Abstract

This chapter examines media ownership and concentration in Italy. Following an overview of the Italian media landscape, the remainder of the chapter focuses on print media (newspapers, book publishing), audiovisual media (radio, broadcast television, multichannel TV platforms, film), telecommunications media (wireline and wireless telecom), and Internet media (search engines, online news market). The Italian audiovisual market is essentially a duopoly of the often politicized public service broadcaster RAI, and the Mediaset company owned by Silvio Berlusconi, who has leveraged his media power to become prime minister of the country. Other players in audiovisual are Sky (Murdoch). In the print sector RCS (Rizzoli) is a major participant. The telecom market is dominated by the incumbent Telecom Italia.


Keywords: [Italian media market](#), [technical innovations](#), [opportunities](#), [print media](#), [audiovisual media](#), [telecommunications](#), [Internet](#), [RAI](#), [Berlusconi](#), [Mediaset](#), [RCS](#), [Murdoch Italian media market](#), [technical innovations](#), [opportunities](#), [print media](#), [audiovisual media](#), [telecommunications](#), [Internet](#), [RAI](#), [Berlusconi](#), [Mediaset](#), [RCS](#), [Murdoch](#)

Subject: [Economic Sociology](#), [Social Research and Statistics](#)

Introduction

In 2004, the Italian government passed a new media holdings law expanded the scope of the Italian media market by redefining a number of products and services that were not bound by existing regulatory legislation. Under the new law, no single corporate entity is allowed to own more than 20% of the entire Italian media market. However, the ways in which the Government of Italy has expanded the definition of the media market's size and changed the anti-concentration limits have led to significant debate in Italy—and in the supranational European bodies it has membership in, such as the European Union (EU) and the Organization for Security and Co-operation in Europe (OSCE)—over media concentration and ownership.

The Gasparri Law, named after the then-Minister of Telecommunications Maurizio Gasparri, was enacted in 2004 and renewed in 2011. It defines Italy's media market quite broadly, creating a single economic and regulatory entity—an “integrated system of communications” [sic]—with seven primary divisions: print media, television broadcasting, film, directories, electronic publishing, outdoor advertising, and communication initiatives for products and sponsoring. Following the law's passage, the Italian Communications Regulatory Authority (AGCOM) was tasked with determining the precise size of the media market in order to verify if there were any media holding companies in (retroactive) violation of the new 20% anti-concentration limit. AGCOM's value assessment for 2009, the most recent year for which a full data analysis is available, suggests that the Italian media market is worth approximately US\$29 billion.

The three Berlusconi governments mainly pursued reform in the sectors of television broadcasting and telecommunications, where ownership  is highly concentrated at the top among a few companies. From

the start, the government paid particular attention to television broadcasting, a sector that was (and still is) closely linked to the Berlusconi family's business interests. Fininvest, the holding company in which the Berlusconi family maintains a controlling interest, owns three of Italy's main television channels—Canale 5, *Italia 1*, and *Rete 4*—through the commercial broadcaster Mediaset; the leading national publishing house for both books and newspapers, Arnoldo Mondadori Editore; and a host of other Italian media concerns, such as the cinema distributor Medusa.

But within the local and regional media, especially with respect to radio and television, the market is highly fragmented. On average, within one geographic region, there is a range of programming operated by a number of different operators, and the anti-monopoly limitations on ownership concentration are enforced by strict laws that limit the number of licenses one person can get within a single geographic location for most media sources, excluding daily newspapers.

Print Media

Newspapers

In 2009, Italian newspapers had a net national worth of US\$2.730 billion, registering a decrease of 20% over the last three years (2006–2009). Newspapers in Italy can be divided into two categories: national and local. The national papers can further be divided into two subcategories: free or paid.¹ The five major publishers of daily newspapers in Italy are Gruppo Editoriale L'Espresso with 21.9% of the market share, RCS Quotidiani with 33.6%, Il Gruppo 24 ORE with 8.7%, Caltagirone Editore with 10.6%, and Poligrafici Editoriale with 8.2% (Table 8.1).

Table 8-1. Daily Newspapers (Market Shares by Circulation), 1984–2009

	1984	1992	1996	2001	2006	2009	2013 ³
Gruppo Editoriale L'Espresso	27.0	27.0	27.1	27.3	27.1	29.0	21.9
RCS Quotidiani (RCS Media Group)	27.0	26.8	27.0	27.4	26.8	26.0	33.6
Caltagirone Editore	8.0	8.0	7.8	8.0	10.5	9.0	10.6
Il Gruppo 24 ORE	11.5	11.4	11.4	11.6	10.6	10.0	8.65
Poligrafici Editoriale	9.6	9.8	9.7	9.8	8.9	9.0	8.2
Others	16.9	17.0	17.0	15.9	16.1	17.0	17.0
Total Revenue (mil euro)	1,200	1,900	2,360	3,242	2,651	2,135	1,836
Total Revenue (mil US\$)	1,534	2,429	3,018	2,916	3,392	2,730	2,505
C4	75.1	75.0	75.2	76.1	75.0	74.0	74.8
HHI	1,746	1,737	1,748	1,791	1,754	1,779	1,863
<i>N</i> (>1%)	5	5	5	5	5	5	5
Noam Index	781	777	782	801	785	796	833

Source: AGCOM, FIEG, FNSI.

Revenue for newspapers began shrinking in 2006, and so far the sector has been unable to curb this trend. There are three primary causes. The first reason for declining revenue is sociological: Italians show little inclination to purchase print newspapers anymore, and this has been exacerbated by the global economic downturn that began in 2008. Just 176 newspapers are sold for every 1,000 inhabitants in Italy, making this one of the lowest print-to-consumer ratios among industrialized nations. The second main reason is a reduction in advertising, and this is also due to the economic crisis. The third factor is the impact that “new media” is beginning to have on the print industry, as online services are slowly starting to siphon advertisers and consumers away from hardcopy publications.

According to Accertamenti Diffusione Stampa (ADS), which tracks print circulations in Italy, national newspapers' revenue fell by 19.5% between 2006 and 2009. Sales fell by 11%, advertising by around 20%, and marketing collateral, which includes alternative editorial content such as books and DVDs sold through newspapers, fell by at least 50%.²

Antimonopoly laws for radio and television broadcasting that ensure the existence of a large number of regional and local media providers do not apply to daily newspapers: a single corporate entity or individual can control a large number of regional and local newspapers. The main owners are Gruppo Editoriale L'Espresso with *La Repubblica* and its ten local editions, the RCS Media Group with *Corriere della Sera* and its 20 local editions, and Gruppo Caltagirone with five local newspapers. The benefit of this practice is that large portions of many different local newspapers, such as the international section, can be produced by one central editorial office and distributed, thus reducing production costs.

p. 185 The national distribution network for newspapers is also part of the problem because it does not meet consumer demand in a timely manner. It is also unprofitable: distribution through subscriptions accounts for less than 9% of the total volume of sold print copies, even though point of sale distribution costs newspapers a lot more money to maintain. High distribution costs are the result of inefficiencies in the national postal service: more than half the population lives in small- and medium-sized urban areas, so speedy postal distribution is prioritized in those areas, while in geographically "peripheral" towns and villages, newspapers tend to arrive late or not all. In these places, online news sites have stepped in to meet consumers' demands for timely access to information.

According to Audiweb—an organization that tracks the online audience shares of Italian media outlets—on an average day, online news sites count 3.8 million unique visitors and approximately 33 million page hits. Of all the national newspapers with online editions, *La Repubblica's* Internet portal has achieved the best results, averaging over one million unique visitors and 11.5 million page hits daily. Even so, success in winning a greater audience share online has not substantially increased newspapers' revenue for three reasons: (1) most of the online content is free, (2) because online advertising does not generate as much income as traditional print advertising does, and (3) because paid subscription sites are not very popular.

The concentration indices for this industry are fairly low, and the concentration levels have held constant since 1984. The majority shareholders of the publishers have strong interests in other businesses. Though the newspapers are not significant sources of revenue for them, they are able to still operate them (at a loss) because of the revenue their other business concerns generate. These shareholders hold on to their ownership because having a stake in these newspapers supports their interests in other businesses.

With respect to the reforms for newspapers, the government has sought to reduce subsidies. It has focused not on the dailies, though, but on the newspapers of Italian political parties, which are classified as "political communications" and have up to 70% of the operating costs covered by public funding. It has argued that the cuts are necessary in order to compel parties' newspapers to reduce questionable expenses claimed by the political appointees in these offices.

p. 186 **Gruppo Editoriale L'Espresso**

Gruppo Editoriale L'Espresso publishes *La Repubblica*, Italy's second most popular national daily newspaper, along with various local editions of the paper and independent local dailies. The shareholding composition of Gruppo L'Editoriale Espresso breaks down into a 53.9% stake held by the members of the Compagnie Industriali Riunite, a 11.7% stake by Eredità Caracciolo di Melito, an entity set up by one of the founders of *La Repubblica*, a 2.7% stake by the bank Fondazione Cassa di Risparmio of Trieste, a 2.4% stake by the investor Giulia Maria Crespi Mozzoni, and a 2.3% stake by the insurance company Assicurazioni Generali S.p.A. The government has a 1.9% stake.

RCS Quotidiani

RCS Quotidiani is a business unit of RCS Media Group, a multimedia-publishing group with interests in daily newspapers, magazines and books, radio broadcasting, new media, and the digital and satellite TV sectors. RCS Media Group is a highly internationalized company with a significant presence in Spain, Portugal, France, the United States, and the People's Republic of China, and it is listed on the Blue Chip segment of the Italian Stock Exchange.

RCS Quotidiani publishes two national daily newspapers: *Corriere della Sera*, the country's highest circulation daily, and *La Gazzetta dello Sport*, Italy's most popular sports magazine. It also publishes various local editions of its flagship paper, *Corriere della Sera*.

The share composition of RCS Media Group is as follows: 65.7% is held by signatories to the RCS Media Group Consultation and Lock-up Shareholders' Agreement, 21.4% is owned by smaller, but similar, entities, and 12.3% consists of government treasury shares.

Il Gruppo 24 ORE

Il Gruppo 24 ORE specializes in business, financial, professional, and cultural publishing. Its best-selling media asset is *Il Sole 24 Ore*, which has the highest circulation of any European business daily. The publisher also controls a press agency (*24 Ore Radiocor*), a web portal (www.ilsole24ore.com), and the radio station *Radio 24*.

Confindustria, the Italian manufacturing employers' organization, holds 67.5% of the shares, a 28.8% stake is held by independent shareholders, and the managers of *Il Sole 24 Ore* maintain a 3.7% stake in the group.

Caltagirone Editore

Caltagirone Editore, a family-owned firm, controls *Il Messaggero*, *Il Mattino*, and *Il Gazzettino*, which are the leading newspapers in the cities of Rome, Naples, and Venice, respectively. It publishes two local newspapers: *Il Corriere Adriatico* in the Marche region, and *Il Nuovo Quotidiano di Puglia* in the Salento region. Incorporated in December 1999, the company has been listed on the Italian Stock Exchange since July 2000; 61% of its shares belong to the head of the family Francesco Gaetano Caltagirone, with a 2% stake held by Gaetano Caltagirone, a relative, and the holding company of the Benetton family, Edizione S.r.l.; 37% of the publisher's shares are publicly floated shares.

Poligrafici Editoriale

Poligrafici Editoriale is a subsidiary of the Riffeser Monti Group, and it owns three local daily newspapers: *Il Resto del Carlino* of Bologna, *La Nazione* of Florence, and *Il Giorno* of Milan. The head of the Group, Maria Luisa Monti Riffeser, owns 64.4% of shares, the U.S. telecom ADV Media owns a 10.3% stake, and the remaining 5.1% stake belongs to the Italian arts foundation Fondazione Cassa Risparmio Trieste.

Book Publishing

In 2009, the Italian Publishers Association surveyed the industry and found that there were 7,009 publishing entities in Italy—including those that had published as few as one book—of which 1,600 could be considered publishing houses due to their consistent offering of new products in Italian bookstores.

p. 187 The market value of the book publishing industry in Italy in 2009 was assessed at US\$4.3 billion, representing a 4.3% decline since 2008: the decline was primarily a result of a reduction in installment sales. In contrast, over this same period, book sales increased for online vendors by 12%, for mass distributors by 4%, and for bookstores by 2.5%. E-books have registered positive results since 2010, with a turnover of US\$1.28 million, although they still represent just 0.03% of the entire book publishing market. Online booksellers have so far had little impact on the book market, although it is possible that they will increase their market share over time.

Although book sales have increased, overall the strength of book publishing industry is weakening because few adult Italians purchase books relative to their counterparts in the wider EU. A recent study found that approximately half of the country's adult population reports that it has never bought books or visited a bookstore.⁴ Compared to other industrialized nations, the number of bookstores nationwide is quite low, and many urban areas do not have any bookstores at all, which is uncommon in Western Europe. The result of all this is that even when consumers want to buy books, they find it difficult to do so—which is why online sales are increasing despite the overall market trend. Compared to Spain, Germany, France, and the United Kingdom, Italy ranks second to last in terms of the value of its book market, and its citizens come in at last place in per capita expenditures on books, at US\$76.70 per annum.

Assessing the long-term fortunes of the book publishing industry is difficult because the Italian Publishers Association only has been publishing statistics on the sector since 2007. Nonetheless, on the basis of this survey on the shorter term, it can be shown that five publishing houses—Mondadori, RCS Libri, Gruppo Editoriale Mauri Spagnol (GEMS), Feltrinelli, and Giunti—and their subsidiaries together control almost 60% of the market. Of the five, Mondadori, RCS Libri, and GEMS predominate. In 2009, Mondadori registered a turnover of US\$1.22 billion, with a market share of 28.4%; RCS Libri, US\$562.7 million, with a market share of 12.6%; GEMS, US\$396.5 million, with a market share of 9.3%; and Giunti US\$262 million, with a market share of 5.8%.

While many smaller publishers represent the remaining 40% market share, none of them individually controls more than 4% of the market (Table 8.2).

Table 8-2. Book Publishing (Market Shares by Revenue), 2007–2009

	2007	2008	2009
Mondadori (Berlusconi family)	29.0	28.8	28.4
RCS Libri	13.6	12.8	12.6
GEMS	8.2	8.9	9.3
Giunti	5.4	5.5	5.8
Feltrinelli	3.8	3.9	4.0
Others	40.0	40.1	39.9
Total Revenue (mil euro)	3,670	3,553	3,407
Total Revenue (mil US\$)	5,028	4,868	4,668
C4	56.2	56.0	56.1
HHI	1,137	1,118	1,101
<i>N</i> (>1%)	5	5	5
Noam Index	508	500	493

Source: AIE.

p. 188 **Mondadori**

Mondadori is Italy's largest book publisher and is controlled by Fininvest, the Berlusconi family's financial holding company. The group now has nine separate publishing houses, some of which have more than one imprint, such as Sperling & Kupfer and Piemme. Mondadori also operates in Spain and in the international Spanish-speaking markets through Grupo Editorial Random House Mondadori, a Spanish-language joint venture with Random House, owned since 1998 by Bertelsmann.

RCS Libri

RCS Libri is a division of RCS Media Group. It operates in Italy and France, as well as in Spain, Portugal, the United Kingdom, and the United States. It has expanded its market share in Italy by taking over many smaller publishing houses, such as Rizzoli Editore, Bompiani, Fabbri Editori, Marsilio, and Flammarion.

Gruppo Editoriale Mauri Spagnol

Gruppo Editoriale Mauri Spagnol (GEMS) is run jointly by the Mauri and Spagnol families. It now controls nine publishing houses including Garzanti Libri, Longanesi, and Bollati Boringhieri. The shareholders are the holding company Messaggerie Italiane, with a 73.77% stake; the Spagnol family, with a 23% stake; and Andrea Micheli, with a 3.23% stake.

Radio

Historically, the Italian radio market has been monopolistic. The national public broadcaster Radiotelevisione italiana S.p.A. (RAI), founded in 1954, owns three channels and dominates the airwaves. Although a proposal to privatize some of its assets was considered in the 2000s, the government did not go follow through with it.

Like television broadcasting, the radio sector was liberalized by the government in 1976, opening the market up to competition. Within just a few years, close to 3,000 private broadcasters had emerged to compete with RAI's channels. While some of these run programming interregionally with a consortium of other broadcasters, the majority of them are independent stations in precarious financial situations.

Despite the profusion of new stations, the private sector was not regulated in any way until the early 1990s. As a result of this lack of regulation, long-term data about the number of companies present in the market, annual turnover, and market shares are not available to researchers because the government was not publishing statistics on them. The value of the radio market in Italy in 2009 was US\$605 million, and the market share is still highly concentrated in favor of RAI.

The radio industry is still chiefly made up of thousands of local radio broadcasters whose audience shares and turnover are not well documented. For all these reasons the following discussion of the Italian radio market will refer only to the main national radio broadcasters, including RAI (Table 8.3).

Table 8-3. Radio Groups (Market Shares, by Revenue) 1995–2009

	1995	2001	2005	2009	2011
RAI (public)	47.0	58.0	48.0	49.0	48.2
Gruppo L'Espresso Editoriale	13.0	8.1	12.7	11.0	13.1
Gruppo Finelco		8.5	9.5	10.0	10.1
RTL 102.5 ¹	10.0	10.0	8.9	5.0	6.3
Radio Italia Musica		4.5	4.9	4.0	4.1
R101		1.0	0.5	2.0	1.1
Radio Dimensione Suono	11.0	7.0	6.9	8.0	7.5
RISMI	10.0				n.a
Radio Kiss Kiss		0.7	1.5	2.0	1.2
Radio 24		1.0	1.5	2.0	2.3
Radio Latte Miele		1.0	1.5		n.a
Rin Radio IT.Network		0.2	1.4		n.a
Radio Italia 5				2.0	1.8
CNR			2.7	5.0	4.3
Total Revenue (mil euro)	240	382	481	473	445
Total Revenue (mil US\$)	329	345	566	648	619
C4	81.0	84.6	79.1	78.0	78.9
HHI	2,780	3,675	2,723	2,768	
N (>1%)	6	9	11	11	
Noam Index	1,135	1,225	821	835	

Source: UPA.

1 RTL 102.5 does not have any link with the RLT Group.

Gruppo L'Espresso Editoriale, whose primary business is not in radio, but in magazines and daily newspapers, is the second-largest radio broadcaster in Italy. It owns three national stations: Radio Capital, Radio m20, and Radio DeeJay. The Compagnie Industriali Riunite has a 53.9% stake in the group, 11.7% belongs to Eredità Caracciolo di Melito, 2.7% to the Fondazione Cassa di Risparmio of Trieste, 2.4% to Giulia Maria Crespi Mozzoni, 2.3% to Assicurazioni Generali, and the government holds a 1.9% stake.

After Gruppo L'Espresso Editoriale, Gruppo Finelco is the third-largest radio broadcaster in Italy, and it also owns three national stations: Radio Monte Carlo, *Radio 105*, and *Virgin Radio*. The group's founder, Alberto Hazan, owns 87% of shares, while the remaining 13% is held by MPS Venture SGR, a company that manages closed-end funds for the Monte dei Paschi di Siena (MPS) Group.

p. 189 Broadcast Television

Italy has only two broadcast television platforms, terrestrial and satellite, since cable TV has never really caught on in Italy as strongly as it has in other countries. The market is still dominated by free channels, with pay channels having gained ground only in the past few years, but since 2000 the Italian television market has changed dramatically.⁵

The first major change occurred in 2004, when the Gasparri Law redefined the limits of market concentration. The second major change emerged with the introduction of digital terrestrial television

(DTT), which after 2004 rapidly supplanted traditional analog television (ATV) in Italy; the DTT switch over introduced a wide range of new free and paid channels. The third major change has been the growth of satellite pay TV. And finally, the proliferation of new modes of access, such as Internet Protocol television (IPTV), mobile TV, and web TV, are affecting consumption trends.

p. 190 Historically, RAI has held a monopoly over broadcast television. In the second half of the 1970s, this monopoly was ended when the government granted private broadcasters the right to transmit local television programming. Following this liberalization, hundreds of local television broadcasters emerged, some of which grouped together into regional or national networks by the 1980s. In the early 1980s, competition between the private networks and the public broadcaster increased, as did competition among the private networks. This changed, though, when the Berlusconi family's Fininvest holding company—which already owned one of the biggest private networks, Canale 5, through its subsidiary Mediaset—subsequently acquired two other large private networks, Italia 1 and Rete 4, which until then had been competing with Canale 5. By 1984, the Italian television industry was effectively a duopoly, with 92% of the market held by the public broadcaster RAI and privately owned Fininvest's Mediaset. Local and regional television consists of approximately 400 companies, which focus primarily on the wealthier metropolitan markets, such as Piemonte, Lombardia, and Lazio.

In 2009, the Italian broadcast television was worth US\$7.5 billion, representing an increase of 3% from the previous year.⁶ The main sources of income were advertising, accounting for 41.2% of revenue (down 9.2% from 2008), subscriptions from pay TV with 33.5% (up 7.4% from 2008), and licensing fees with 19% (up 1.7% from 2008).

Since the C4 index considers all operators in the market, the C2 index was also considered, given the duopolistic nature of the Italian broadcast television market. Combined, these indices indicate that RAI and Mediaset run almost neck and neck in terms of revenue, with RAI's revenue totaling US\$3.489 billion and Mediaset's totaling US\$3.467 billion within a terrestrial television market valued at approximately US\$5.9 billion. The largest broadcaster after the two national giants is Telecom Italia Media (Table 8.4).

Table 8-4. TV Broadcasting (Market Shares by Revenue), 1984–2012

	1984	1992	1996	1998	2002	2003	2007	2009	2012
RAI (public)	67.0	54.0	52.7	50.9	50.1	48.7	49.0	47.1	48.3
RTI (Mediaset, Berlusconi family)	25.0	36.0	39.1	40.2	39.1	41.3	43.0	46.0	38.9
Telecom Italia Media		2.1	2.1	1.9	1.7	3.0	2.4	2.4	0.7
Others (national broadcasters)		0.5		0.3	0.5				
Others (local broadcasters)	8.0	7.4	6.1	6.7	8.6	7.0	5.6	4.5	12.1
Total Revenue (mil euro)	2,500	3,640	4,397	4,223	4,918	4,781	5,616	5,883	6,375*
Total Revenue (mil US\$)	3,425	4,987	6,024	5,786	4,844	6,412	7,182	7,524	10,072*
C4	92.0	92.1	93.9	93.0	90.9	93.0	94.4	95.5	87.9
C2	92.0	90.0	92.0	91.0	89.2	90.0	92.0	93.1	87.2
HHI	5,114	4,216	4,311	4,210	4,042	4,086	4,256	4,340	3,847
N (>1%)	2	3	3	3	3	3	3	3	3
Noam Index	3,616	2,434	2,489	2,431	2,333	2,560	2,457	2,506	2,221

Source: AGCOM; Balance sheets of the players. Source for 2012: Mesco, Mauela. "Italian Telecom and Media Firms Lost Over EUR4B Revenue in 2012." *Wall Street Journal* July 9, 2013. 2012 updates provided by editors. 2012 revenues estimated.

RAI is the state-owned public radio and television broadcasting service that was founded in 1954. It has many television channels and radio stations, broadcasts on ATV (until 2012) and, now, DTV, and also offers several satellite and IPTV channels. About half of RAI's revenue comes from license fees, and the other half comes from advertising sales. In 2010, RAI had the highest national audience share, with 48.3%. The shareholders of RAI are the Ministry of Economic Development, which has a 99.56% stake, and the Italian Society of Authors and Publishers (SIAE), which has a 0.44% stake.

Mediaset

Mediaset is the largest commercial broadcaster, owned by Silvio Berlusconi, who became one of Italy's richest and most powerful men and subsequently became prime minister. Mediaset started operating in 1978 when it began broadcasting as Telemilano, a local Milan-based broadcaster that became the nationally broadcast Canale 5 two years later. Mediaset soon added its rivals Italia 1, bought from the publishing group Rusconi in 1982, and Rete 4, bought from the publishing group Arnoldo Mondadori Editore in 1984, to its assets. In 1984, Mediaset group became the second largest television broadcaster, in competition with RAI: both had three national television channels on three ATV national networks.

In 1997, Mediaset expanded outside Italy with the acquisition of a 25% stake in the commercial Spanish broadcaster, Telecinco. By 2003, Mediaset became its major shareholder with a 50.1% stake. Its core business is in commercial television, but in recent years it has branched out and expanded into pay TV, web TV, IPTV, and mobile TV. Though it is nearly even with RAI in terms of audience share, Mediaset's share in the broadcast television advertising market is twice as large as RAI's.

The controlling shareholder of the Mediaset Group, with a stake of 39%, is Fininvest, the holding company run by the Berlusconi family founded by former Prime Minister Silvio Berlusconi. The remaining 42% of stakeholders are independent investors.

Telecom Italia Media

Founded as Telecom Italia Media by SEAT Pagine Gialle in 2003, this commercial broadcaster was taken over by Telecom Italia. Its turnover in 2009 was US\$178 million. The main shareholder is Telecom Italia, with a 78% stake, while the remaining 22% stake is traded as free float shares. Telecom Italia's holding company, Telco, is effectively controlled by Telefónica of Spain with a 9.47% stake. The two channels owned by Telecom Italia Media are the generalist channel La7 and the music channel MTV Italia, in joint venture with MTV Networks Europe, a part of Viacom. Though small compared to RAI and Mediaset, Telecom Italia Media has good prospects for expanding its market share due to its ownership by Italy's leading telecommunications provider.

Multichannel TV Platforms

In 2009, around 780,000 (3%) of Italian households received IPTV. The value of the IPTV industry in 2009 was US\$109 million, and its main operators were three telecommunications providers: Telecom Italia with Alice Home TV, Fastweb with La TV di Fastweb, and Wind with Infostrada TV. These operators hold 62%, 31%, and 7% of the market share, respectively.

Cable TV is effectively nonexistent in Italy: the infrastructure has not been developed, and firms display little interest in investing in the sector. If we include in the aggregate the (only) satellite operator, Sky Italia, we can say that the value of the multichannel platform industry is US\$3.3 billion. By this reckoning, Sky Italia leads with 97% of the market share, with the three other telecommunications operators hold the remaining 3%.

Until 2002, there were just two satellite pay TV operators in the Italian market: Telepiù, of which 90% was held by French Canal +, and Stream, a joint venture by Rupert Murdoch's News Corporation and Telecom Italia. Neither Telepiù nor Stream ever broke even, and both accrued significant operating losses, so in 2003 Rupert Murdoch took control of Telepiù and created Sky Italia, which is now the only satellite TV operator in Italy, offering third-party channels like CNN and MTV.⁷ In 2009, it had almost 5 million subscribers and a turnover of US\$3.2 billion. Satellite pay-TV in Italy has had a very high concentration

level, and as of 2003 it has become a News Corporation monopoly. TiVùSat, owned by RAI, Fininvest, and Telecom Italia Media Group, also offers some satellite TV programming, but its primary interests lie elsewhere (Table 8.5).

Table 8-5. Multichannel Video Platforms: Cable MSOS, DBS, IPTV (Market Shares by Revenue), 1992–2012

	1992	1998	2002	2003	2007	2009	2012
Sky (News Corporation—UK)				100.0	100.0	97.0	95.3
Tele + (Canal +—France)	90.0	92.0	96.0				
Stream (News Corporation—Australia)	10.0	8.0	4.0				
IPTV operators ¹						3.0	4.7
Total Revenue (mil euro)	105.0	602.0	844.0	1,098	2,422	2,582	2,768*
Total Revenue (mil US\$)	144.0	825.0	831.0	1,473	3,097	3,3	4,373*
C4	100.0	100.0	100.0	100.0	100.0	100.0	100.0
C2	100.0	100.0	100.0	100.0	100.0	100.0	100.0
HHI	8,200	8,528	9,232	10,000	10,000	9,418	9,104
N (>1%)	2	2	2	1	1	1	1
Noam Index	5,798	6,030	6,528	10,000	10,000	9,418	9,104

Source: AGCOM. Source for 2012: Mesco, Mauela. “Italian Telecom and Media Firms Lost Over EUR4B and TV and on-demand audiovisual services in Italy.” 2012, *Wall Street Journal* July 9, 2013. 2012 updates provided by editors. 2012 revenues estimated based on Sky Italia revenue of 2.63 billion euros.

1 IPTV operators included Fastweb, which had 240,000 subscribers in 2011 but shut down operations in 2012; Wind, which also shut down its service (Infostrada TV) in 2012; and Telecom Italia, which had 242,000 subscribers in 2012.

Sky Italia came into conflict with the Italian government shortly after its inception and, along with the domestic Italian broadcaster Europa 7, brought (in 2005) and won (in 2011) a suit against part of the government’s 2004 media reform legislation. Sky Italia came into conflict with the government over the reforms because the government attempted to reduce the amount of advertising shown on Sky Italia’s channels by increasing taxes for subscriptions and by barring Sky Italia from entering the new DTT market. Sky Italia asserted this was protectionist because Sky Italia’s pay-TV channels had succeeded in taking advertising revenue away from RAI and Mediaset.

The policies the Court found incompatible with Italy’s economic obligations as an EU member centered on the fact that as ATV broadcasters prepared to switch over to DTT, the Berlusconi government began providing large incentives for households so that they would start buying digital decoders. This would help cover analog-to-digital conversion costs for not only for RAI, but Mediaset too by ensuring that an audience would exist to receive new DTT frequencies. In the suit, Court of Justice of the EU ruled in 2011: “the Italian subsidies for the purchase of digital terrestrial decoders in 2004 and 2005 constitute State aid which is incompatible with the common market.”⁸

p. 193 Sky Italia’s other complaint was that while government declared that it sought to increase competition in the multichannel TV sector through the transition, in practice the two broadcasters that already dominated the ATV market, RAI and Mediaset, were favored. The debate over the “digital dividend,” that is, deciding how to allocate the new frequencies released by the digital switchover, focused on the existing dominant broadcasters rather than on allowing small or new broadcasters to take advantage of the increasing number of digital frequencies to enter the market; hence the government’s policies effectively guaranteed that RAI and Mediaset would maintain their existing duopoly. The EU and OCSE delivered several warnings to the Italian government aimed at reducing the favoritism shown to RAI and Mediaset, though as the tables show, the duopolistic structure of broadcast television persists.

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Film

US film distributors have dominated Italy's film distribution market for decades, since both before and after World War II (1939–1945). In 2009, all Italian film distributors together controlled only 24% of the market share. The value of the film distribution industry in Italy in 2009 was US\$759 billion, and there was low concentration in this industry. Only in 2001 did the level of concentration increase gradually, due to the take-over of some small players by bigger ones and the failure of several distributors. In 2008, the two biggest players—United International Pictures, which is owned by Comcast/GE, and Fininvest's Medusa Film—owned 16.6% and 19.7% of the market share, respectively. Medusa Film is organized as joint stock company and has been the leading distributor in Italy since the 1990s. Apart from Medusa Film, the main players in the Italian film distribution market are the subsidiaries of US distributors.

In this study we considered the market share of distributors only, and not producers, because the latter segment is highly fragmented, consisting of many small production companies that tend to have very short lives on the market. In addition, for Italy the only useful data available are from 1996 onward (Table 8.6).

Table 8-6. Film Production/Distribution (Market Shares by Box Office %), 1996–2008

	1996	2001	2006	2008
Medusa Film (Fininvest, Berlusconi family)	11.5	19.9	13.0	16.6
United International Pictures (UIP)—Universal (Comcast/GE, US), Paramount (Viacom, US)	19.0	17.2	13.0	19.7
Warner Bros. Italia (Time Warner, US)	11.6	11.2	7.5	9.6
Buena Vista (Walt Disney, US)	10.0	8.6	12.0	7.7
20th Century Fox (News Corporation, US)	8.8	5.1	6.8	6.4
01 Distribution (RAI Cinema, public)		2.5	9.5	11.0
Sony (Japan/US)	5.5	7.8	9.3	5.1
Filmauro	7.8	6.8	8.2	8.0
Eagle Pictures		6.2	6.0	3.9
Bim Distribuzione		1.5	2.4	2.5
Sacher Distribuzione		1.3	1.3	0.2
Mikado	1.8	1.8	1.0	1.6
Lucky Red Distribution	3.0	2.3	0.8	
Cecchi Gori Group		1.8		
Nexo		2.7	0.6	
Fandango		1.2	0.4	0.4
Key Films		1.2		
Istituto Luce	1.0	1.2	0.2	
Lady Film	0.7			
Life International	0.5			
Mediafilm			0.7	0.7
Dnc Distribution			0.4	0.2
Moviemax				2.3
Teodora Film				0.3
Others	19.7	3.7	11.4	3.8
Total Revenue (mil euro)	423.0	476.0	547.0	594.0
Total Revenue (mil US\$)	580.0	427.8	698.4	759.5
C4	52.1	56.9	47.5	56.9
HHI	909	1,096	783	1,097
<i>N</i> (>1%)	10	18	12	11
Noam Index	288	258	226	331

Source: ANICA, Cinetel.

Wireline Telecom

The value of the wireline telecom market in Italy is US\$20.7 billion and the main operator is Telecom Italia with a 66% market share, followed by Fastweb with 8%, Wind with 14%, and Vodafone Italia, a subsidiary of Vodafone (UK), with 9%. The remaining 3% of the market belongs to a handful of much smaller operators.

In the telecommunications field, the government focused on building broadband networks up to a level of universal service that could contribute to significant economic growth. In pursuing its policies, there arose a prolonged debate between stakeholders in the industry and the government. During the course of the debate, data on the likely total costs were made public, to the government's chagrin, as it had not wanted to publicize this information before working out a network expansion plan with private enterprises. But the main problem with the broadband expansion is the continuing uncertainty about the respective roles of private enterprises and the State. So far, the private enterprises have failed to agree on how to form a consortium to finance, develop, and manage the new networks, and the government has failed to find the formula necessary to implement public funding.

Up until 1998, Telecom Italia ran all of Italy's landline telephone services. After 1998, when the EU legislated extensive liberalization measures for the European telecommunications industry, competition within the Italian market increased and Telecom Italia began to lose some of its share to emerging private operators, although such firms soon encountered difficulties.

The market concentration is expressed here through the more focused C2 index, since the C4 index covers all of the operators (Table 8.7).

Table 8-7. Wireline Telecom (Market Shares by Revenue), 1996–2012

	1996	2001	2006	2009	2012
Telecom Italia (Telco/Telefonica, Spain) ¹	100.0	73.0	73.6	64.1	66
Wind (Vimpelcom, Russia)			6.3	7.7	14
Albacom, Tele2, Wind-Infostrada		17.0	Wind		
Fastweb (Swisscom, Switzerland)			5.3	9.9	8
BT Italia (UK)			5.0	5.8	0
Vodafone Italia (UK)				4.3	9
TeleTU (ex-Tele2) (Sweden)			3.1		
Tiscali (Soru)			1.2	1.7	2
Atlanet, Colt, Edisontel, Eplanet		10.0			
Others	0.0	0.0	5.5	6.5	1
Total Revenue (mil euro)	13,000	15,300	17,700	16,200	11,595
Total Revenue (mil US\$)	17,800	13,800	22,600	20,700	18,320
C2	100.0	90.0	79.9	74.0	80
C4	100.0	100.0	90.2	87.5	97
HHI	10,000	5,718	5,520	4,321	4,702
<i>N</i> (>1%)	1	2	6	6	5
Noam Index	10,000	4,043	2,254	1,764	2,103

Source: AGCOM. Source: 2012 updates provided by editors. Source: Italy Telecommunications Report. Business Monitor Q1 2013.

1 Telefónica owns 9.47% of the Telco holding company that controls TI.

Telecom Italia

p. 195 Telecom Italia is the largest Italian telecommunications provider. It was established through the merger of several public telephone companies in the 1980s and was privatized in 1998. It operates landline services in Italy, mobile phone services through its subsidiary TIM (Telecom Italia Mobile), Internet and telephony services under the brand Alice, and, as noted earlier, broadcast television through its subsidiary Telecom Media, which was founded in 2003. The main shareholders of Telecom Italia are Mediobanca, Intesa San Paolo, Generali, and Telefónica, who collectively hold a 22.5% stake, and the remaining 77.5% is split among multiple retailers. Because Telefónica controls 9.47% of Telco, though, it effectively controls Telecom Italia through executive appointments.

Fastweb

Fastweb is a broadband provider that specializes in IPTV services. In 2007, the Swiss telecommunications company Swisscom paid US\$3.8 billion US for an 82.4% stake in the company, though Fastweb retains its own stock market listing and remains a separate operating entity.

Wind

Wind was founded in 1997 as a joint venture by Enel, the Italian national power company, France Télécom, and Deutsche Telekom. It is also the third largest mobile phone provider in Italy. Wind is owned by Wind Telecom, which belongs to the Russian telecom VimpelCom Ltd.

Wireless Telecom

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Telecom Italia decided to enter the mobile market when the mobile phone industry in Italy was deregulated in 1994 as Telecom Italia Mobile (TIM). In 2011, the value of the entire wireless telecommunications industry was US\$22.6 billion, and TIM is still the main player, holding onto a 33.1% market share. The other players are Vodafone Italia with 30.2%, Wind with 22.3%, and the Hong Kong-based conglomerate Hutchison Whampoa (operating as 3 Italy) with 9.8%. The high level of competition within the wireless market indicates a substantial reduction in TIM's 1990s monopoly: the firm's market share has fallen from 89% in 1996 to 40.4% in 2009 (Table 8.8).

Table 8-8. Wireless Telecom (Market Shares by Revenue), 1996–2012

	1996	2001	2006	2009	2012
TIM/Telecom Italia (controlled by Telco/Telefonica, Spain) ¹	89.0	52.3	42.8	40.4	33.1
Wind (Vimpelcom, Russia)			13.6	16.9	22.3
Blu-Omintel-ProntoItalia-Wind	11.0	47.7	Wind	Wind	
Vodafone Italia (UK)			35.9	35.7	30.2
3 Italy (Hutchison Whampoa, Hong Kong)			7.7	7.0	9.8
Total Revenue (mil euro)	3,300	12,100	18,100	17,700	13,400
Total Revenue (mil US\$)	4,500	10,900	23,200	22,600	21,200
C4	100.0	100.0	100.0	100.0	95.4
C2	100.0	100.0	79.0	76.1	63.3
HHI	8,042	5,011	3,365	3,241	2,601
<i>N</i> (>1%)	2	2	4	4	4
Noam Index	5,687	3,543	1,682	1,621	1,301

Source: AGCOM. Source for 2012 updates provided by editors. Data provided from "Technology, communications and media: Italy." *Euromonitor*.

1 Telefónica owns 9.47% of the Telco holding company that controls TI.

Internet Media

Search Engines

The data available for the search engine market were gathered from Audiweb, but unfortunately, the available data only go as far back as 2008. The search engine market is not concentrated, and the largest player in Italy is Google, followed by [Ask.com](#) and [Virgilio.Ask.com](#) entered the Italian market in 2005, taking over the search engine Excite Italia in a US\$7.2 million deal. Virgilio, the leading Italian search provider, was founded in 1996 as a search engine and web directory. It is owned by Matrix, a subsidiary of Telecom Italia (Table 8.9).

Table 8-9. Internet Search Engines (Market Shares by Search Volume), 2008–2009

	2008	2009	2012
Google (US)	49.4	50.6	47
Ask.com (InterActiveCorp, US)	10.0	8.1	5
Virgilio Ricerca	8.5	7.4	12
Libero Ricerca	4.6	5.0	18
Yahoo! Search (US)	5.0	4.9	6
Bing (Microsoft, US)	5.9	4.4	9
Trovit	2.4	2.5	n.a
Nasone	0.5	1.5	n.a
Others	13.7	15.6	3
Total Access (mil subscribers)	56,990	66,717	11,637
C4	73.8	71.1	86
HHI	2,700	2,758	2,819
<i>N</i> (>1%)	7	8	6
Noam Index	1,020	975	1,151

Source: Audiweb. Source 2009: Michael Bonfils, Search Engine Watch March 3, 2010

<<http://searchenginewatch.com/article/2066926/Search-Around-the-World-Italy>> Update provided by editors. [↗]

Online News

The main online news media sources are owned by the traditional print publishers, such as Gruppo Editoriale L'Espresso, with *La Repubblica*, and RCS Media Group, with *Corriere della Sera*. The online news media market is less concentrated than the print one. Together, Gruppo Editoriale L'Espresso and RCS Media Group take 40.8% and 16.8% of the total business, respectively.

From an economic point of view, the new media sector is still marginal. For the time being, it has not attracted companies already in the market of “traditional” media to invest heavily in it. Nor does it offer an attractive opportunity for new players wanting to enter the media market because of high start-up costs and the limited penetration of the Internet in Italian households.

The data available for the online news media market were also gathered from Audiweb, though data are only available for 2010 and 2011 (Table 8.10). ↵

Table 8-10. Online News Media (Market Shares by Monthly Unique Visitors), 2010–2011

	2010	2011
Gruppo Editoriale L'Espresso	44.6	40.8
RCS Media Group	16	16.8
Nanopress (Trilud)	7.9	7.2
Liquida (Gruppo Banzai)	7.5	6.4
ANSA	7.5	7.7
La Stampa.it (Editrice La Stampa/FIAT)	5.6	7.6
Il Giornale (Berlusconi family)	3.7	3.3
Adnkronos	3.1	2.8
Quotidiano Libero (Angelucci family)	2.7	2.5
Il Messaggero (Caltagirone family)	2.5	2.5
Others	24.9	19.5
Total monthly unique visitors (1,000)	44.0	46.0
C4	76.0	72.9
HHI	2,488	2,188
<i>N</i> (>1%)	10	10
Noam Index	445	692

Source: Audiweb.

Conclusion

Any attempt to identify an overarching trend across the main sectors of the Italian media market is impossible. The diversity of legislative and entrepreneurial history, of reference markets, openness to opportunities, and responses to technical innovations has been different for every sector.⁹ For example, while for a long time broadcast television seemed to be growing ever more concentrated, for the first time in recent decades the conditions seem to encourage a slow and gradual opening of the market in favor of players other than the historically dominant RAI and Mediaset, such Telecom Italia and Sky Italia. Conversely, print ownership has for decades been less concentrated than broadcast television ownership, but in recent years a decline in advertising investments, caused by decreases in book and magazine sales, has created conditions ripe for mergers and acquisitions, which will serve to consolidate the market.

In terms of wireline and wireless telecommunications, the pan-European deregulation of the 1990s led to a diversification of operators, which reduced Telecom Italia's former monopoly over the sector. However, it should be noted that the Internet, and digital communications in general, have had a limited impact on the Italian market when compared with other European country markets. This is primarily due to low Internet usage in Italy, and because Italian firms have not moved very enthusiastically to embrace online services.

In comparing the Italian media market with other countries, there are three main concerns that raise serious questions about the viability and diversity of Italian media in the coming years.

The first concern is the incomparably high level of ownership concentration for free broadcast TV that has now persisted for over 20 years. As can be understood from the data and commentary in the previous pages, two companies control 87.2% the Italian broadcast television market: the public RAI and the Berlusconi's family's Mediaset. Sky Italia also maintains an effective monopoly over pay satellite TV. In the Italian media market, concentration is most strikingly problematic in the television sector, an acute anomaly when compared to the markets of other developed countries.

The second concern is that the high concentration of advertising investment in the field of television. For several years Italian television has received over half of the total advertising investments made. This exemplifies the anomaly that is the Italian television duopoly, and also indicates how other all other parts of the market—print, online, and radio—must compete for the rest.

The third problem is that of the political-corporate relationship in Italy. A prime example of this was Fininvest founder Silvio Berlusconi, who served as prime minister three times: in 1994, from 2001 to 2006, and again from 2008 to 2011. Berlusconi and his associates in government—a number of whom held direct stakes in his properties—were able to exert considerable influence over RAI and government regulators while in office.

Despite the problems associated with the Gasparri Law, the transition from ATV to DTT still represents an opportunity to finally break apart the RAI-Mediaset duopoly by encouraging the entry of new broadcasters into the market. However, the policies of Berlusconi's last government, which encouraged the consolidation of RAI and Mediaset, has so far limited the potential for change in television broadcast concentration. Thanks to government preference, these two leading broadcasters have obtained a large part of the new DTT complex, and in the process of increasing and diversifying their range of channels have decreased opportunities for other firms. So even though the EU applied pressure on Berlusconi's government to ameliorate this situation, the television duopoly remains and is likely to persist for years to come.

p. 199 Nonetheless, EU legislation forcing its member states to privatize their public telecom companies to open the market to new competitors ↵ has still had a positive effect on reducing media monopolization in Italy. Although the regulatory changes should have been implemented with greater transparency, Italy has witnessed an increase in service due to increased competition from both foreign and domestic firms since the regulations were implemented. Such competition has also spurred research and development in the telecommunications sector by creating more incentives for competition. However, the success of these reforms will depend on consistent and timely political decisions affecting media enterprises, decisions that in the past have been difficult to implement due to frequent changes in government. And there is uncertainty within the sector over whether or not there will be sufficient demand to justify investments in infrastructure. In such a situation, the excessive fragmentation of the market and strong competition without proper regulation will discourage investment. The sector is definitely moving to grow high-speed broadband networks and to diversify its offerings, but it is still unclear as to who will undertake the requisite infrastructure investments. A reduction in concentration and the birth of a truly competitive media environment will depend on the market strategies of newcomers in the DTT, IPTV, web, and mobile TV sectors.

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p. 201 Italy—Data Summaries

FININVEST IS THE MOST diversified multimedia producer in Italy, and it effectively monopolized the commercial part of broadcast TV (Table 8.11). Its owner, Silvio Berlusconi, leveraged this to leader of the Forza Italia party and three terms as prime minister (1994–1995, 2001–2006, and 2008–2011). With Fininvest's control over Mediaset (broadcasting), Medusa (film), Mondadori (books), plus the government's appointees to the governance boards of the public TV broadcaster RAI, Berlusconi held an extraordinary influence over TV. Although Fininvest ranks below the major platform companies nationally in revenue, it holds 23.6% of the content market (Table 8.12), comfortably ahead of its nearest rival 21st Century Fox, which is only active in film and multichannel platforms (its monopoly in multichannel, through the DBS provider Sky Italia, accounts for its 6.2% share of the content market).

Table 8-11. National Media Industries Concentration in Italy

	2004/5		2011 or Most Recent		% Change Annual Average	
	Company Power Index in Country	Company Share of the Overall National Media Market (%)	Company Power Index in Country	Company Share of the Overall National Media Market (%)	Company Power Index in Country	Company Share of the Overall National Media Market (%)
Telecom Italia ¹ / Telefonica	2568.4	41.7	1581.5	29.7	-5.9	-1.5
Murdoch Interests (US)	230.9	2.4	608.5	6.5	12.9	0.504
Vodafone (Vodafone Italia) (UK)	472	14.5	318.7	12.3	-4.8	-0.269
Fininvest ² (Berlusconi)	239	6.6	294.3	8.3	2.6	0.208
RAI (Public)	258	5.4	383.1	8.0	5.1	0.331
Vimpelcom (Wind, Russia)	80.9	7.2	225.9	11.7	13.7	0.568
Google (US)	11.2	0.221	65.2	1.4	24.7	0.146
RCS Media Group	54.7	2.6	58.4	2.4	0.83	-0.026
Gruppo Espresso	56.2	1.9	42.4	1.5	-3.5	-0.049
Swisscom (Switzerland)	9.9	1.9	17.9	2.2	7.8	0.047
Hutchinson Whampoa (3G, Hong Kong)	21.4	2.8	31.2	3.2	4.8	0.050
British Telecom (UK)	8.8	1.8	0.0	0.000	100.00	-0.220
GEMS	5.3	0.651	6.2	0.665	1.8	0.002
Il Sole 24ore	6.0	0.573	2.9	0.353	-8.4	-0.028
Caltagirone Editore	5.9	0.575	4.4	0.440	-3.6	-0.017
Poligrafici Editoriale	4.2	0.47	2.6	0.314	-5.9	-0.019
Giunti	2.3	0.429	2.4	0.414	0.46	-0.002
Grupo Finelco	0.8	0.09	1.0	0.1	4.9	0.003
Media Concentration Index				2004/5	2011 or Most Recent	% Change Annual Average
Total Revenue: Nat'l Media Industry (mil US\$)				64,240	65,323	0.21%
Total Voices (<i>n</i>)				54	52	-0.46%
Net Voices (<i>n</i>)				41	39	-0.61%

Public Ownership (%)	5.4	8.0	0.33%
Foreign Ownership (%)			0.85%
C4 Average—Weighted	90.1	89.8	0.0%
HHI Average—Weighted	4042	3727	-0.97%
C1 Average—Weighted	53	49	-1%
Noam Index Average—Weighted	1522	1958	3.6%
Pooled Overall Sector C4	69.9	62.0	-0.99%
Pooled Overall Sector HHI	2103	1372	-4.3%
Pooled Overall Sector Noam Index	179	194	1.03%
Market Share of Top Ten Companies: Nat'l Media Industry (%) (Pooled C10)	86.9	85.8	-0.1%
National Power Index	4040	3654	-1.2%

- 1 Telefonica (Spain) controls the Teleco holding company, which controls TI, with a share of about 9%.
- 2 Includes Mediaset (TV and radio), Medusa (film), and Mondadori (publishing).

Table 8-12. Top Content Media Companies in Italy

	2004/5		2011 or Most Recent		% Change Annual Average	
	Company Power Index in Country	Company Share of the National Content Media Market (%)	Company Power Index in Country	Company Share of the National Content Media Market (%)	Company Power Index in Country	Company Share of the National Content Media Market (%)
Fininvest	879.7	24.3	840.5	23.6	-0.57	-0.085
RAI(Public)	949.7	19.8	1094.2	22.9	1.79	0.389
Murdoch Group (21st Century Fox, Sky, US)	284.3	3.3	574.4	6.2	9.2	0.370
Google (US)	41.1	0.812	186.3	3.9	20.8	0.394
RCS Media Group	201.2	9.7	166.9	6.9	-2.3	-0.345
Gruppo Espresso	206.8	7.0	121.0	4.3	-6.5	-0.335
GEMS	19.7	2.4	17.7	1.9	-1.3	-0.062
Caltagirone Editore	21.6	2.1	12.5	1.3	-6.6	-0.107
Poligrafici Editoriale	15.4	1.7	7.4	0.898	-8.8	-0.104
Giunti	8.5	1.6	6.9	1.2	-2.7	-0.049

Media Concentration Index	2004/5	2011 or Most Recent	% Change Annual Average
Public Ownership (%)	19.8	22.9	0.39%
Foreign Ownership (%)	6.1	14.5	1.20%
C4 Average—Weighted	75.7	78.3	0.3%
HHI Average—Weighted	2689	3186	2.31%
C1 Average—Weighted	39	44	1%
National Power Index	2673	3101	2.00%

Vodafone (UK) and Vimpelcom (Russia) have become significant mobile operators in the country. Telecom Italia's incumbency advantage in wireline (a declining market) is reduced in mobile services, and it is facing increased competition from foreign wireline providers such as BT (UK), 3G (Hong Kong), and Swisscom (Switzerland), so its share of platform media has fallen from 56.8% to 45% (Table 8.13).

Table 8-13. Top Platform Media Companies in Italy

	2004/5		2011 or Most Recent		% Change Annual Average	
	Company Power Index in Country	Company Share of the National Platform Media Market (%)	Company Power Index in Country	Company Share of the National Platform Media Market (%)	Company Power Index in Country	Company Share of the National Platform Media Market (%)
Telecom Italia/Telefónica ¹	3525	56.775	2427.1	45.0	-4.6	-1.5
Vodafone Italia (77% Vodafone, UK & 23% Verizon, US)	648	19.9	490.4	18.9	-3.4	-0.114
Murdoch Interests(US)	210.9	2.109	626.8	6.578		0.559
VimpelCom (Wind, Russia)	110.9	9.8	332.9	17.179	14.7	0.924
Swisscom (Switzerland)	13.6	2.6	27.6	3.5	9.3	0.112
Hutchinson Whampoa (3G, Hong Kong)	29.4	3.8	48.0	4.9	6.3	0.135

Media Concentration Index	2004/5	2011 or Most Recent	% Change Annual Average
Public Ownership (%)	0	0	0%
Foreign Ownership (%)	45.9	55.3	1.3%
C4 Average—Weighted	95.3	96.0	0.1%
HHI Average—Weighted	4546	4018	-1.5%
C1 Average—Weighted	59	52	-1.0%
National Power Index	4550	3953	-1.6%

1 Telefónica (Spain) controls the Telco holding company, which controls TI.

Italy's overall media industries show a decline, mostly driven by Telecom Italia's reduced market share. The average HHI declined after 2004 from 4,042 to 3,727, and the national power index declined from 4,040 to 3,654. The combined national market share of the C4 firms of Fininvest, Sky Italia, Vodafone Italia, and Telecom Italia is quite high, 89.8%. If we look at the content sector alone, the picture changes. Of that sector, Fininvest holds 23.6% (though a bit less than five years earlier) (Table 8.12). The public broadcaster RAI (22.9%) follows. In the content media sector, the HHI concentration rose from 2,689 to 3,186 and the power index rose similarly from 2,673 to 3,101 (Table 8.13). ↵

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p. 205 ↵

Notes

1. Associazione Italiana Editori (AIE). *Rapporto sullo stato dell'editoria 2009*. Milan: AIE, 2010. http://culturaincifre.istat.it/sito/libri/sintesiRapporto2009_R.pdf.[↵]

2. Accertamenti Diffusione Stampa (ADS). *Diffusione dei quotidiani 2009*. Milan: ADS, 2010.
3. 2013 updates provided by editors. Market shares are generated by using ADS's circulation numbers and calculating the market share for the named companies. Then it was approximated that "Others" remained the same and the left over amount was attributed to the named companies in proportion to their market share. Similarly revenue was estimated by removing 14% of 2009's revenue, the amount in decline sources have stated the Italian market has lost.
4. Associazione Italiana Editori (AIE). *Rapporto sullo stato dell'editoria 2011*. Milan: AIE, 2012.
<<http://www.aie.it/LinkClick.aspx?fileticket=VhebinUVCfg%3D&tabid=2808>> .
5. Richeri, Giuseppe. *Economia dei media*, Rome: Laterza, 2012.
6. Autorità per le Garanzie nelle Comunicazioni (AGCOM). *Relazione annuale 2010*. Rome: AGCOM, 2010.
<<http://www.agcom.it/Default.aspx?message=downloadpdf&DocID=119>>.
7. Prario, Benedetta. *Le trasformazioni dell'impresa tv verso l'era digitale*, Bern: Peter Lang, 2005.
8. "Judgment in Case C-403/10 P Mediase: SpA v Commission." *Press Release No 77/11*. Court of Justice of the European Union. July 28, 2011. Dec 4, 2012. <<http://curia.europa.eu/jcms/upload/docs/application/pdf/2011-2007/cp110077en.pdf>> .
9. Richeri, Giuseppe. *Economia dei media*, Rome: Laterza, 2012.