



CHAPTER

10 Media Ownership and Concentration in Portugal

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Abstract

This chapter focuses on media ownership and concentration in Portugal. Following an overview of the Portuguese media landscape, the rest of the chapter focuses on print media (newspapers, book publishing, magazine publishing), audiovisual media (radio, broadcast television, film), telecommunications media (wireline and wireless telecom), and Internet media (Internet Service Providers, search engines, online publishing). Also included is an analysis of cross-media concentration by advertising revenues. The Portuguese media industry is highly concentrated, with few operators dominating the market. In telecom, there is a close integration Portugal Telecom with Brazilian network provider Oi Telemar. In audiovisual media, the large firms are ZON, Prisa, and the public RTP. In print media, the main firms are Impresa and Cofina.

Keywords: Portuguese media market, media industry, media groups, print media, radio, telecommunications, Internet, Impresa, Oi Telemar, ZON, Portugal Telecom, Prisa, RTP, Cofina Portuguese media market, media industry, media groups, print media, radio, telecommunications, Internet, Impresa, Oi Telemar, ZON, Portugal Telecom, Prisa, RTP, Cofina

Subject: Economic Sociology, Social Research and Statistics

Introduction

Media concentration, and its impact on the pluralism of information, constitutes one of the most important and hotly debated trends of the Portuguese media industry. This report focuses on the major market segments of that sector: newspapers, magazines, television, radio, online publications, and cinema. It aims to objectively quantify the issue of media concentration. For that purpose, diverse information was gathered from accounting data, official statistics, and yearbooks (e.g., APCT and Markttest). Broadly, the information was collected with the purpose of attaining three distinct concentration indicators: the C4 (Concentration Ratio of the four largest companies), the HHI (Herfindhal–Hirschman Index), and the Noam Index. These are applied individually and collectively to provide objective measures of media concentration and contribute to enlighten the debate on the issue of concentration in Portuguese media markets using consistent indicators and analytical data.

The chapter is divided into two main parts. Since we cannot look at the media business without relating it to the telecommunications industry, the indices mentioned were applied to both. The first part of the chapter regards media concentration indicators and general information about media policies and regulation. The second part focuses on the communications sector concentration indicators and provides some data about the regulatory challenges of the relation between media and telecom companies, especially in terms of the convergence trend. The last section features a summary of the main approaches toward the media and communications market structure and some conclusions about the concentration situation and its implications.

First, it is necessary to define the assumptions and the concepts. Next, we must quantify this information, including the market positions ↪ of the respective groups. Finally, we will analyze that information with a dynamic perspective to take into account the impact on information and communication technology (ICT) and the market trends. This process requires us to answer the following fundamental questions:

- Is there a concentration trend in the media business of Portugal? If so, to what extent?
- What are the analytical criteria that support this hypothesis?
- What are the types of concentration?
- What are the advantages and disadvantages of this phenomenon?
- Who are the companies or groups that benefit from concentration?
- Which media channels are subject to high levels of concentration?

Many questions remain unanswered or need to be addressed in more detail when debating the media business concentration in Portugal. Generating the data and defining the correct underlying assumptions of their interpretation are the main challenges in answering the questions just outlined.

As is common all over the developed world, Portugal's media outlets have experienced major mergers and business partnerships in recent years. These moves resulted in a small number of conglomerates that control a significant part of the Portuguese media industry. Therefore, discussions about the concentration of media in Portugal are increasingly urgent. In political, legal, academic, and social spheres, as well as among the general public, there are different opinions about the impact of this phenomenon. It is safe to say that all parties believe that there is significant concentration. This discussion is not new and resembles debates about this topic being waged in other countries. Rather than entering a polarized debate on the financial and societal impact of media concentration, it is important to analyze this problem without dogmas and with the understanding and belief that media companies can grow based on a free-market economy as long as certain rules that safeguard the public interest are respected.

The issue of media concentration has frequently been debated by the Portuguese government over the past few years. In 2009, the Socialist Party presented the Law of the Pluralism and Non-Concentration of Media. According to the daily newspaper *Público*, the law intended to “prevent the Government, the regional governments and the autarchies from owning media organs, with the exception of radio and television public service” (*Público*, 01/23/2009). It was proposed by the government, but rejected by the Assembly of the Republic in October 2008. This law intended to respond to the constitutional provision that it is the state's responsibility to assure media's independence regarding political and economic powers, and to prevent media companies' concentration as well as to disclose media companies' ownership and means of financing.¹ The opposition Social Democratic Party stood against this bill and argued that it did not provide a clear, broad, and strong response to the needs of pluralism in an emerging participatory and deliberative democracy. They criticized this statute for being behind the times because the European Commission was already promoting the establishment of reliable criteria and objective indicators about pluralism. The national president raised this point to justify his veto of the law. Despite the rejection of the proposed Law of the Pluralism and Non-Concentration of Media, the media concentration debate continues. There have been situations that led the regulatory entities involved in the sector to intervene: Autoridade da Concorrência (AdC) focuses on economic market regulation, Autoridade Nacional das Comunicações (ANACOM) focuses on technical regulation of communications, and Entidade Reguladora da Comunicação Social (ERC) focuses on media content regulation. One situation that required regulatory intervention involved the Ongoing Group. It was forbidden from holding simultaneous positions above 20% in two private free-to-air TV channels. In addition, the Media Companies ↪

Ownership Transparency Initiative, promoted by ERC, forces the industry to provide detailed information about its financial and shareholder structures. This initiative promotes the accountability of media companies.

From the market's perspective, Portugal (with a population of 10 million people) is a relatively small market in terms of media and advertising investment. According to data by Mediamonitor (owned by Marktest), advertising spending has been growing,² with television dominating about 72% of the market (Table 10.1).

Table 10-1. Advertising Spending by Media 2002–2010 (Thousands €)

Media	2002	2003	2004	2005	2006	2007	2008	2009	2010	Variation 2010–2002
Press	449,815	592,549	675,473	700,606	733,912	813,891	835,223	741,717	721,939	272,124
Radio	169,880	172,080	189,031	187,322	184,883	183,455	178,760	196,229	200,128	30,248
TV	1,528,408	1,672,374	1,892,813	2,483,635	2,840,206	3,085,068	3,330,911	3,517,230	3,797,464	2,269,056
Cinema	n.d.	9,903	13,392	13,596	14,491	21,976	23,427	22,864	23,485	13,582
Outdoor	170,871	200,145	224,770	250,590	276,730	282,553	303,504	311,407	294,186	123,315
Total	2,318,974	2,647,051	2,995,479	3,635,749	4,050,222	4,386,943	4,671,825	4,789,447	5,037,202	2,718,228

Source: Media Monitor/Marktest.

The main media companies in Portugal are mostly owned by domestic groups and investors, except in the case of Media Capital, which in 2005 was acquired by prisa Group (Spain) and Bertelsmann (Germany). The latter sold its participation in 2006. Here is a list of media companies with the greatest ownership turnover and whose assets are described throughout the report and market share analysis:

1. *ZON Multimédia*—Predominantly owned by a group of domestic financial companies (banks like CGD, BES, and BPI, as well as other investors). It is the leading distributor of cable TV.
2. *Impresa*—Predominantly owned by a group of domestic financial companies. Its main activity areas are television, magazines, newspapers, and distribution.
3. *Media Capital*—Dominated by prisa Group (Spain, now UK). Its main activities are television and radio.
4. *Cofina*—Owned by domestic financial companies and focused on the print segment, particularly newspapers and magazines.
5. *Controlinveste*—Domestic company whose main assets rely on daily press and relevant stakes in sport channels of pay TV.
6. *Renascença*—Owned by the Catholic Church; its main assets are three radio channels whose audiences are the most significant.
7. *Rádio e Televisão de Portugal, SGPS*—Owned by the State. Its main asset is television, in addition to a news agency and radio stations.
8. *Sonaecom*—Subholding of a domestic firm that operates in mobile telecommunications and the daily press.
9. *Ongoing*—Owned by financial companies, it has a strong presence in the economic press, including a TV channel that has also invested in the Brazilian market.
10. *Portugal Telecom/MEO*—The main telecommunications company with investment from large companies with a national presence. It focuses on pay TV.

As in other countries, Portugal has market dynamics that increasingly endanger the market position of the companies that have historically ruled the industry. In the last decade, new players, such as Cofina, Controlinveste, and Ongoing, have solidified their market positions. On the other hand, there is a new trend that illustrates the increasing presence and importance of telecommunication operators, which are becoming more active in the media sector. They have also caused media convergence through content distribution platforms, particularly in pay TV content distribution. Both Portugal Telecom and Sonaecom have demonstrated interest in the content industries, mainly through the development of platforms for paid content distribution. After the government regulators forced it to divest and sell its cable business (particularly the TV Cabo company that now operates as ZON), Portugal Telecom has shown a clear interest and investment in pay TV through the creation of the MEO channel in 2008. Within three years it reached over 1 million subscribers (ANACOM, 2012).

Print Media

Newspapers

This section examines the degree and the evolution of concentration in the Portuguese newspapers market.

p. 235 For purposes of this study this corresponds to the market of Portuguese newspapers with national coverage,³ including those that focus on general information, sports, and national daily news. To assess the degree and the evolution of concentration in the national daily newspaper market, the variable of circulation was considered. Drawing on these market and share definitions, the list of companies that participate in the Portuguese newspapers market and their respective daily circulation averages are presented in Table 10.2.

Table 10-2. Market Share of Daily Average Circulation for Portuguese Newspapers

	2003		2005		2007		2009		2010	
	Value	%	Value	%	Value	%	Value	%	Value	%
Controlinveste	247,537	42.9	232,688	31.0	355,149	30.6	289,240	35.6	147,126	22.3
24 Horas	50,824	8.8	51,181	6.8	36,923	3.2	29,262	3.6		
Diário de Notícias	50,794	20.5	37,992	5.1	37,759	3.3	34,063	4.2	30,670	4.7
Global Notícias					150,575	13.0	104,955	12.9		
O Jogo	40,677	16.4	44,878	6.0	35,976	3.1	30,068	3.7	29,945	4.5
Jornal de Notícias	105,242	42.5	98,637	13.1	93,916	8.1	90,892	11.2	86,511	13.1
Cofina	260,830	45.2	332,911	44.3	462,459	39.8	433,343	53.4	427,036	64.8
Correio da Manhã	114,643	19.9	118,254	15.8	118,859	10.2	122,264	15.1	129,080	19.6
Jornal Destak	53,567	9.3	118,803	15.8	172,261	14.8	98,585	12.1	111,643	16.9
Jornal de Negócios	7,731	1.3	8,890	1.2	8,261	0.7	10,668	1.3	10,530	1.6
Record	84,889	14.7	86,964	11.6	76,582	6.6	72,570	8.9	70,721	10.7
Meia Hora					86,496	7.4	23,301	2.9		
Metro Portugal							105,955	13.1	105,062	15.9
Média Capital			121,134	16.1	176,357	15.2				
Metro Portugal			121,134	16.1	176,357	15.2				
Sonae	56,239	9.8	50,701	6.8	44,169	3.8	38,229	4.7	35,119	5.3
Público	56,239	9.8	50,701	6.8	44,169	3.8	38,229	4.7	35,119	5.3
IGD					87,818	7.6				
Diário Desportivo					87,818	7.6				
Megaфин					22,935	2.0	27,103	3.3	23,217	3.5
OJE					22,935	2.0	27,103	3.3	23,217	3.5
Económico SGPS	12,299	2.1	13,557	1.8	13,534	1.2	15,222	1.9	16,088	2.4
Diário Económico	12,299	2.1	13,557	1.8	13,534	1.2	15,222	1.9	16,088	2.4
I Informação							8,959	1.1	10,539	1.6
Total	576,905	100.0	750,991	100.0	1,162,421	100.0	812,096	100.0	659,125	100.0
Revenue (USD m)	—		—		347		349		325	
CR4	100.0		98.2		93.1		97.0		96.0	
HHI	3,984.8		3,234.1		2,823.2		4,154.0		4,745.1	

Noam	1,992.4	1,446.4	1,067.1	1,695.9	1,937.2
<i>N</i> (>1%)	4	5	7	6	6

Source: Elaborated by the author using data from APCT.

The circulation averages of Portuguese daily national newspapers from 2003 to 2010 reveal two interesting trends: the average circulation of paid newspapers (e.g., *Diário de Notícias* or *Jornal de Notícias*) has stagnated or declined while the total circulation (including both paid and free newspapers) has increased significantly in the last decades, thus illustrating the remarkably positive performance of free newspapers in the last decade. However, it should be noted that in 2009, the performance of free newspapers was less impressive, with free newspapers experiencing a small reduction in circulation following the crisis in the advertising markets and the subsequent reduction of free newspapers' revenues. However, the free newspapers recovered in 2010 and increased their market share. Table 10.2 aggregates the market shares of newspapers under the control of the same media group, stressing the relative importance of each media group that participates in the Portuguese newspapers market. In this context, Table 10.2 also reveals the extent of concentration in the industry of national daily Portuguese newspapers (in terms of circulation average), depicting the evolution of the three concentration indicators (*C4*, HHI and Noam index) for the period of 2003–2010. The concentration indexes described in Table 10.2 reveal two important findings:

1. The market of Portuguese national dailies corresponds to a highly concentrated market.
2. The market grew and diversified (excluding 2008) from 2003 to 2010.

So far, we have evaluated concentration in the Portuguese market of national dailies by examining circulation numbers. But newspapers operate in a two-sided market. Newspapers' core business comprises two distinct but interrelated markets: the circulation market, where newspapers sell content to readers, and the advertising market, where newspapers sell advertising space and contents to advertisers. To evaluate the extent of concentration in the market of Portuguese national dailies, the previous concentration measures of circulation must be complemented with concentration measures of the advertising market. To this end, Table 10.3 depicts data on newspapers' advertising revenues from 2007 to 2010. Table 10.3 also shows the newspapers' market shares in the advertising market by newspaper and by communication group, as well as the concentration indices.

Table 10-3. Newspapers' Advertising Revenues at Official Ad Rates (Thousands €)

Newspapers/Media Groups ¹	2007		2008		2009		2010	
	Revenues	%	Revenues	%	Revenues	%	Revenues	%
Controlinveste	132,961	38.4	147,211	39.9	138,839	39.8	114,243	35.2
24 Horas	13,434	3.9	13,604	3.7	15,574	4.5	7,114	2.2
Diário de Notícias	39,211	11.3	40,018	10.8	35,368	10.1	32,417	10.0
O Jogo	7,104	2.1	7,899	2.1	7,597	2.2	7,507	2.3
Jornal de Notícias	70,015	20.2	68,775	18.6	64,183	18.4	59,400	18.3
Global Notícias	3,197	0.9	16,915	4.6	16,117	4.6	7,805	2.4
Cofina	120,464	34.8	129,771	35.1	146,679	42.0	137,752	42.4
Correio da Manhã	64,208	18.5	65,334	17.7	60,379	17.3	59,447	18.3
Jornal Destak	32,863	9.5	40,671	11.0	31,277	9.0	27,451	8.5
Jornal de Negócios	8,369	2.4	9,05	2.5	11,244	3.2	13,287	4.1
Record	15,024	4.3	14,716	4.0	17,55	5.0	18,030	5.6
Metro Portugal					26,229	7.5	19,537	6.0
Sonae	34,736	10.0	31,34	8.5	27,687	7.9	25,556	7.9
Público	34,736	10.0	31,34	8.5	27,687	7.9	25,556	7.9
Media Capital ²	29,015	8.4	28,984	7.9				
Metro Portugal	29,015	8.4	28,984	7.9				
Económica SGPS	19,712	5.7	21,177	5.7	20,503	5.9	31,274	9.6
Diário Económico	19,712	5.7	21,177	5.7	20,503	5.9	31,274	9.6
Socied. VÍcra Desportiva, Lda	9,63	2.8	10,844	2.9	15,55	4.5	15,946	4.9
A Bola	9,63	2.8	10,844	2.9	15,55	4.5	15,946	4.9
Total	346,518	100.0	369,327	100.0	349,258	100.0	324,771	100.0
<i>N</i> (>1%)	6		6		5		5	
C4	91.5		91.3		95.6		95.1	
HHI	2,892		2,998		3,461		3,215	
Noam	1,181		1,224		1,548		1,437	

Source: Elaborated by the author based on data from Markttest.

1 The newspapers *OJE* and *Diário Desportivo*, both active in the market since 2007, were excluded for lack of data.

2 The newspaper *Metro* was sold to Cofina in 2009, which is why Media Capital no longer has a presence in the market of daily newspapers from that year on.

As shown in Table 10.3, Controlinveste has been losing market share in advertising investment. On the contrary, Cofina increased the most in newspaper advertising revenues. In 2009, *i informação*, a new daily owned by a small Portuguese media group (Sojormedia) with an important position in regional and local press, entered the market. It is not shown in Table 10.3 because its advertising revenues are unknown.

The situation of the advertising market seems to mimic the outcomes of the circulation market, which is not surprising given the interrelations between circulation and advertising dollars: advertisers seek advertising space, content relevance, and a media outlet's ability to reach the advertiser's key audience. Consequently, the larger a newspaper's circulation and audience relevant to the advertiser, the more attractive it becomes to advertisers. Given the high degree of concentration of the circulation market, we expect to observe a highly concentrated newspaper industry in terms of advertising revenues. Two groups, Cofina and Controlinveste, dominate about 77% of the market. To confirm the validity of this hypothesis, the concentration

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indexes (C4, HHI, and Noam Index) have been computed and reproduced in Table 10.3.

Book Publishing

According to the study "Book Publishing and Commercialization," prepared by Observatório das Actividades Culturais (OAC), the book publishers have earned 400 million euros, although a GFK study states a turnover of 380 million euros. Given the difficulty of an extensive analysis of the numerous small book companies,⁴ this study is based on the eight major companies. However, as the considered earnings stand at 380 million euros, the sample represents about 50% of the book publishing industry. The analysis is based on publishers Porto Editora, Lda. and Leya, S.A., which are mainly responsible for the sector, representing about 50% of the revenue of the total publishing market (Markttest, 2012).

Unlike other media markets, Portuguese book publishers are not integrated into large media groups but consist of autonomous book publishing companies. Foreign ownership has been decreasing (although Bertelsmann has acquired Círculo de Leitores), especially after Porto Editora acquired Bertrand, whose core business is book retailing. Leya is the only Portuguese book publisher partially owned by national and foreign companies with links to Nicolas Berggruen, CEO of Liberty Acquisition Holdings, which has controlled prisa Group since 2010. The total revenue earned by these seven publishers shows an increase during this period. The publishers Porto Editora, Lda., and Leya S.A. are primarily responsible for this fact, followed by Círculo de Leitores, S.A. (bought by Porto Editora in 2011), and Editora Planeta de Agostini, S.A. (Table 10.4)

Table 10-4. Earnings of the Main Publishers (€)

Company	2008		2009		2010	
	Revenue	%*	Revenue	%*	Revenue	%*
Editorial Presença	8,521,591	4.4	7,735,185	4.1	8,118,019	4.2
Leya SA	41,878,706	21.8	51,014,616	26.9	56,173,063	28.9
Porto Editora Lda	83,023,906	43.1	87,097,071	46.0	92,743,376	47.8
Coimbra Editora S.A	4,006,012	2.1	4,339,461	2.3	4,242,367	2.2
Gradiva-Publicações Lda.	4,899,600	2.5	4,234,838	2.2	4,547,804	2.3
Editora Planeta de Agostini, S.A.	22,695,516	11.8	16,453,965	8.7	13,291,869	6.9
Círculo de Leitores, S.A (Bertelsmann, Germany)	27,560,136	14.3	18,462,749	9.8	14,953,805	7.7
Total	192,585,467	100.0	189,337,885	100.0	194,070,302	100.0
Revenues (US \$)	283,363,708		264,027,894		257,606,202	
<i>N</i> (>1%)	7		7		7	
C4	91.0		91.4		91.3	
HHI	2,705		3,040		3,256	
Noam	1,023		1,149		1,231	

Source: Elaborated by the author based on data obtained from annual reports.

* Market share.

p. 240 Considering a universe of seven publishers, the C4 was 91.3% in 2010, a high value due to the significant earnings of one of the companies. Despite the variations from year to year, the C4 index shows a high degree of concentration ($C4 > 50\%$) of the four main publishers in the market. From 2008 to 2010, HHI grew, justified by the sector's increasing concentration. In 2010, HHI was 3,256, while in 2008 it was 2,705 for the same group of seven publishers. The Noam Index was 1,023 in 2008 and 1,231 in 2010 for the same group.

In summary, the C4 in the book publishing market has increased and is expected to continue increasing as a result of very recent movements in the market, which are not yet fully expressed in the available data. In 2008, Leya was formed. It was the first publishing to organize itself as a holding company that incorporated several of the most prestigious Portuguese publishers, including D. Quixote, Asa Oficina do Livro, and Teorema.

The increasing concentration of the book publishing industry is illustrated by two key examples. Babel entered the market with the purchase of Editora Magalhães. In 2011, it was acquired by the Ongoing Group,⁵ which spans the publishers Arcádia, Ulisseia, and Verbo, among others.

During the last decade, there was an influx of foreign capital into the Portuguese publishing market for the first time. In 2006, the German group Bertelsmann, which already owned Círculo de Leitores, acquired Bertrand and its associated businesses: publishing, retail trade, and distribution. However, the foreign investment in the national book market is not prevalent today. The main foreign player is Santillana from prisa Group which operates Planeta Agostini Publishing. Among the analyzed players, Planeta Agostini is the only foreign-owned one. There are other foreign-owned players such as Santillana, though they are excluded from this analysis because they do not have a large enough market share to be considered.

At the end of 2010, Porto Editora, the publishing industry's leader whose base has been scholar books and dictionaries' publishing, was the leader in online sales through the website Wook. It fought for market supremacy and reinforced its leading position by acquiring Bertrand. With this acquisition, Porto Editora added its scholar books business to a library network. With the opening of the Wook store in the North region in 2008, followed by an opening in the South, Porto Editora has innovated the retail book space by capturing more of the value chain. It is a publisher, editor, and distributor. Also, it has created a new and differentiated distribution system with *Círculo de Leitores*. For further research, it would be interesting to evaluate the impact of this acquisition. The main national editorial groups have been developing businesses in Portuguese-speaking countries, such as Angola, Mozambique, and Brazil. The concentration and consolidation strategies are also part of a business objective to achieve economies of scale in order to reach more competitive positions in these Lusophone markets.

Magazine Publishing

The magazine industry in Portugal has a dynamic that includes considerable ownership turnover. The competitive set within the newsmagazine segment comprises three general weekly magazines owned by different groups: *Visão/Impresa*, *Sábado/Cofina*, and *Focus/Impala*. They compete for the audience and advertising market. Regarding the question of ownership, the market is concentrated in a small number of players, as shown in Table 10.5.

Table 10-5. Advertising Investment in Magazine Industry (Thousands €)

	2005		2007		2009		2010	
	Revenues	%	Revenues	%	Revenues	%	Revenues	%
Cofina	28,091	19.5	38,427	22.5	37,596	26.3	35,915	23.5
Media Capital	12,511	8.7	14,118	8.3	12,963	9.1	12,802	8.4
Impala	39,367	27.3	49,942	29.3	31,859	22.3	36,341	23.8
Impresa	50,070	34.7	53,176	31.2	45,405	31.8	49,261	32.3
Motorpress Ibérica (Bertelsmann, Germany)	5,969	4.1	6,546	3.8	5,635	3.9	2,733	1.8
Others	8,257	5.7	8,432	4.9	9,488	6.6	15,632	10.2
Total	144,265	100	170,641	100	142,946	100	152,684	100
Total (\$US mil)	179,808		233,848		199,335		202,671	
<i>N</i> (>1%)	6		6		6		6	
CR4	90.14%		91.22%		89.42%		89.42%	
HHI	2,454		2,442		2,339		2,339	
Noam	1,002		997		955		955	

Source: Elaborated by the author based on data from Markttest.

To calculate the concentration indexes presented in Table 10.5, the options were restricted due to a lack of information. Yet it was possible to estimate the players' market position. Admittedly, the sample presented here (composed of the only players that provided data on advertising investment without commercial discounts, calculated by Markttest) represents about 70% of the market. This estimation is valid, given that the three weekly newsmagazines considered here absorb a considerable part of the advertising investments. The main media groups with a significant portfolio of titles are also included, although some titles owned by these groups are missing, due to a lack of official data. Under this assumption, to calculate market shares and concentration levels, the aforementioned magazines are assumed to constitute 100% of the market.

As seen in Table 10.5, Impresa Group has the highest market share in terms of advertisement investment. Over the years, the concentration levels show that the positions of the different players remained relatively constant. The concentration levels tended to decrease slightly. However, three media groups, Impresa, Cofina, and Impala, always retained about 80% of the market, with minor variations over the years. Impresa was the clear leader from 2005 to 2010.

Audiovisual Media

Radio

National radio is dominated by three media groups: Renascença (private/church-owned), Media Capital (private), and RDP (state-owned). The only other relevant radio station is TSF, which is part of another important communication group, Controlinveste, whose presence is greater in the printed press and paid TV. The analysis does not include regional or local radio stations.

As mentioned, this analysis considers the national radio operators. As evident in Table 10.6, RR Group has been losing share. However, it maintained its dominant position. Media Capital had a positive evolution, with Rádio Comercial and Cidade FM primarily responsible for the group's performance. The public RDP Group's share growth was 4%, mostly due to Antena 1's performance. From the data in Table 10.6, RR Group maintained its dominant position in 2009 by introducing the channel Sim. Media Capital Group also evolved positively, introducing Romântica FM and M80 with great success. RDP, on the other hand, lost market share after 2007. TSF maintained a constant market share through the last five years. Drawing on the information presented in Table 10.6, the concentration measure indexes were applied, and one can conclude that the high concentration in the radio segment is a long-standing trend. The market trends have not changed significantly since the turn of the millennium.

Table 10-6. Radio Broadcasting Audience and Concentration Indexes

	2006	2007	2008	2009	2010
RR Group (Church-owned)	50.5	53.2	53.0	53.3	49.2
RFM	29.8	30.6	31.8	31.1	27.5
Renascença	18.3	19.7	18.4	17.7	15.8
Mega Hits	2.4	2.9	2.8	2.8	3.9
Rádio Sim				1.8	2.0
Media Capital Group (PRISA)	25.0	23.9	25.5	26.9	32.0
Rádio Comercial	15.3	13.8	14.1	14.9	15.4
Cidade FM	8.5	7.8	7.6	7.1	7.1
M80		1.0	2.7	3.9	8.6
Best Rock FM	1.2	1.3	1.0	1.1	0.9
RDP Group (Public)	17.2	16.5	14.9	13.9	13.0
Antena 1	9.1	8.8	7.6	7.8	7.1
Antena 3	7.0	6.7	6.5	5.1	5.2
Antena 2	1.0	0.9	0.8	0.9	0.8
TSF	7.3	6.5	6.7	5.9	5.7
Total	100	100	100	100	100
Revenue Estimate (US \$mil)	232				242
<i>N</i> (>1%)	4	4	4	4	4
CR4	100	100	100	100	100
HHI	3,521	3,711	3,720	3,796	3,653
Noam	1,761	1,856	1,860	1,898	913

Source: Elaborated by the author based on data obtained from Markttest.

This market is highly concentrated and its dynamics are not changing. It was more concentrated in 2009 than in 2003. It is worth noting that the Media Capital Group considerably increased its share in terms of advertising revenues. The RR Group, analyzed through this variable, has experienced a steady reduction in its dominant position, although it owns the radio stations with the largest audiences. TSF lost market share in terms of advertising investment between 2006 and 2010.

According to the study “Caracterização do Sector da Radiodifusão Local” (2009), promoted by Entidade Reguladora da Comunicação Social (ERC), the Portuguese market includes 347 local radio stations, which have, on the whole, large audiences and significant advertising revenue. The same study shows that the advertising revenues earned by these local radio stations in 2007 represented approximately 18% of the audience market and €43.594M in estimated advertising revenues. These indicators show the considerable weight that local radio stations have outside the main metropolitan areas. Even in those areas there are some stations with important market niches mainly due to their close ties and proximity to their local communities. Table 10.7 shows revenues of the national radio market based on undiscounted advertising revenues.

Table 10-7. Radio Advertising Revenues (Thousands €)

	2005		2006		2007		2008		2009		2010	
	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%
R/com Group(Church)	61,294	32.7	60,821	32.9	62,599	34.1	62,608	35.0	64,323	37.1	64,821	35.7
RFM	45,076	24.1	45,761	24.8	46,121	25.1	45,843	25.6	47,427	27.4	48,846	26.9
Renascença	14,534	7.8	12,732	6.9	14,056	7.7	13,770	7.7	13,943	8.1	13,326	7.4
Mega Hits	1,684	0.9	2,328	1.3	2,422	1.3	2,995	1.7	2,953	1.7	2,649	1.5
Media Capital Group (PRISA)	72,541	38.7	66,848	36.2	65,402	35.7	63,226	35.4	61,141	35.3	63,597	35.1
Rádio Comercial	47,069	25.1	42,316	22.9	40,932	22.3	38,196	21.4	43,187	24.9	48,019	26.5
Cidade FM	13,099	7.0	11,841	6.4	13,364	7.3	16,672	9.3	17,954	10.4	15,578	8.6
RCP	12,373	6.6	12,691	6.9	11,106	6.1	8,358	4.7				
TSF	53,487	28.6	57,214	31.0	55,454	30.2	52,927	29.6	47,765	27.6	52,981	29.2
Total	187,322	100.0	184,883	100.0	183,455	100.0	200,000	100.0	173,229	100.0	181,399	100.0
Revenues (US\$ mil)	233		232		251		294		242		241	
<i>N</i> (>1%)	3		3		3		3		3		3	
C3	100		100		100		100		100		100	
HHI	3,386		3,347		3,349		3,354		3,385		3,359	
Noam	1,955		1,933		1,934		1,937		1,954		1,939	

Source: Elaborated by the author based on data obtained from Marktest.

RDP group cannot be found, since the public radio does not identify advertising investments.

The advertising market has a higher level of concentration than the audience market, as 100% of the advertising investment is concentrated in three groups. Table 10.7 shows that two main groups dominate about 70% of the advertising market. In turn, the market positions remained relatively constant throughout the six

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years analyzed, as shown by the concentration indexes (HHI and Noam), whose variations from year to year are marginal.

Table 10.8 illustrates each radio group's recruitment of advertising investment from 2006–2011.

Table 10-8. Radio Market Share of Advertising Revenues 2006–2011 (%)

	2006	2007	2008	2009	2010	2011
RR Group (Church)	32.9	34.12	35.02	32.78	32.39	33.5
RR	6.89	7.66	7.7	7.11	6.66	7.91
RFM	24.75	25.14	25.64	24.17	24.41	23.91
Mega FM	1.26	1.32	1.68	1.5	1.32	1.68
MC Group	36.16	35.65	35.37	42.88	41.14	39.91
R Comercial	22.89	22.31	21.37	22.01	23.99	24.46
RCP	6.86	6.05	4.68	3.64	1.6	
M80				5.1	6.09	8.34
Romantica FM				1.59	1.02	
Best FM				1.39	0.64	0.27
Vodafone FM						0.03
Star FM						0.96
Cidade FM	6.4	7.28	9.33	9.15	7.78	5.84
ControllInveste Group	30.95	30.23	29.61	24.34	26.47	26.59
TSF	30.95	30.23	29.61	24.34	26.47	26.59
CR2	69.1	69.8	70.4	76.0	74.0	73.4
HHI	3,347.6	3,349.0	3,354.3	3,050.7	3,442.4	3,421.9
Noam	1,932.8	1,933.5	1,936.6	2,024.0	1,987.5	1,975.6

Source: Elaborated by the author based on data obtained from Markttest.

Until 2009, Media Capital increased its share considerably in terms of advertising revenues, with a slight decrease between 2010 and 2011. The RR Group experienced a steady reduction of its dominant position, although it holds radio stations with large audiences. TSF lost market share in terms of advertising investment in the period between 2006 and 2009, but it recovered in 2010 and 2011.

Broadcast Television

This section investigates the degree and the evolution of concentration in the Portuguese television market, including free-to-air channels as well as paid/cable channels. Satellite channels were not considered because it is a marginal business and it is promoted by MEO, a recent entrant that merged with Portugal Telecom in 2008, and the data on MEO are insufficient for analysis. According to this market definition, the participants in the Portuguese TV market are described in Table 10.9.

Table 10-9. Free-to-Air TV and Pay-TV Main Players and Channels

Company—Owner	Channel—Brand
Media Capital (PRISA Group, Spain, part UK-owned) Impresa (National Company)	<ul style="list-style-type: none"> • TVI (free to air) • SIC (free to air) • SIC Notícias (cable) • SIC Mulher (cable) • SIC Comédia (cable) • SIC Radical (cable)
RTP (public)	<ul style="list-style-type: none"> • RTP 1 (free to air) • RTP 2 (free to air) • RTP Memória (cable) • RTPN (cable)
Other Providers (pay television over cable)	<ul style="list-style-type: none"> • AXN (Sony Pictures) • Panda (Chello) • TV Record (Rede Record) • MTV PT (MTV Networks) • GNT (Globosat) • Fox (Fox Entertainment Group) • História (Chello) • Hollywood (Chello) • People + Arts (BBC) • MEO (Portugal Telecom)

Source: Elaborated by the author based on data from Markttest.

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To account for the two-sided nature of TV markets (TV channels constitute platforms between viewers and advertisers), concentration in the Portuguese TV industry was assessed along two dimensions: the advertising market and the market of content diffusion. Therefore, the concentration measures (C4, HHI, and Noam Index) were computed for two variables: audience size and advertising revenues. Each of them assesses the degree of concentration from a different perspective of the Portuguese TV market. To be more precise, the first variable, audience size, assesses concentration from the viewers' perspective, while the second variable, advertising revenues, assesses concentration from the advertisers' point of view. Advertising represents the main revenue source for free-to-air TV.

In the case of share of audience, concentration measures were obtained separately for free-to-air and paid television. This division turned out to be necessary given the methodological differences among data available on the audiences of free-to-air channels and paid TV. In the case of free-to-air TV, audience shares correspond to the ratio of the consumers' time spent watching a specific channel and the total time spent by consumers watching TV. In the case of paid TV, audience shares correspond to the number of subscriptions obtained by each group as a fraction of total subscriptions of paid TV. In the paid TV market, the bundling phenomenon prevents consumers from choosing their own portfolio of channels. The free-to-air TV market in Portugal is consists of four TV channels:⁶ two public channels (RTP 1 and RTP 2) and two private ones (SIC and TVI) that are owned by powerful media groups (Impresa and Media Capital/Prisa Group, respectively). Table 10.10 presents the audience shares of free-to-air TV channels for 2003–2010.

Table 10-10. Broadcast Television Channel Market Shares 2003–2010 (%)

Channels	2003	2004	2005	2006	2007	2008	2009	2010
RTP1 (public)	32	33	34	35	36	35	36	37
SIC (Impresa)	35	34	32	30	30	29	29	29
TVI (Media Capital)	33	33	34	35	34	36	35	34
Total	100	100	100	100	100	100	100	100
Revenue (US \$mil)				2,743	2,935	3,168	3,338	3,548
<i>N</i> (>1%)	3	3	3	3	3	3	3	3
Indexes								
C4 ¹	100	100	100	100	100	100	100	100
HHI	3,338	3,334	3,336	3,350	3,352	3,362	3,362	3,366
Noam	1,927	1,925	1,926	1,934	1,935	1,941	1,941	1,943

Source: Elaborated by the author based on data obtained from Markttest.

- 1 It includes the two state TV channels—RTP1 and RTP2—for which revenues in 2010 were 15.47% and 0.12%, respectively, as one can see in Table 10.11.

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Considering the ownership structure of the TV channels represented in Table 10.10, it is easy to conclude that C3 is 100% because three operators own the whole market as a consequence of the small number of firms participating in it. The rigorous assessment of the degree of concentration in the Portuguese free-to-air TV market requires the computation of concentration indices, whose values are presented in Table 10.10. Nevertheless, it should be noted that audiences are almost equally distributed among the three media groups, thus creating competitive pressures despite the small number of firms participating in this market. Furthermore, the free-to-air TV market is now substantially more competitive than it was two decades ago after SIC and TVI entered the market in 1991 and 1992, respectively. The degree of competition is compounded by the emergence of other offerings through paid channels. This point will be further explored later in this chapter.

Tables 10.11 and 10.12 emphasize the relative concentration of advertising revenues (without commercial discounts) in a limited number of media groups (RTP, Impresa, Media Capital). The remaining channels (included in the category which gathers almost all pay-TV channels) do not capture a significant share of advertising revenues; their market shares were lower than 7% between 2006 and 2010. Considering a more longitudinal analysis, the progressive growth of pay TV (mainly broadcasted by cable) is noteworthy. There was also a small rise in advertising revenue in the Impresa and Media Capital. RTP Group experienced a slight decrease in advertising revenue. Considering that the core business of RTP, Impresa, and Media Capital is unquestionably the free-to-air segment, the information in Table 10.11 also suggests the existence of an asymmetry between the weight of free-to-air and pay TV in terms of advertising revenues.

Table 10-11. TV Channel and Media Groups Advertising Revenues, 2006–2010 (Thousands €)

Groups	2006		2007		2008		2009		2010	
	Value	%	Value	%	Value	%	Value	%	Value	%
Media Capital (PRISA)	1,258,581	44.3	1,379,080	45.0	1,612,178	48.4	1,737,196	49.4	1,856,915	49.1
TVI	1,258,581	44.3	1,379,080	45.0	1,612,178	48.4	1,737,196	49.4	1,851,819	49.0
TVI24	—	—	—	—	—	—	—	—	5,096	0.1
Impresa	1,065,025	37.5	1,095,441	35.7	1,062,271	32.2	1,009,265	29.0	1,043,488	27.6
SIC (free to air)	934,427	32.9	970,078	31.6	951,984	28.9	901,648	25.9	945,775	25.0
SIC Notícias (paid)	90,053	3.2	90,298	3.0	79,564	2.4	74,423	2.1	83,194	2.2
SIC Mulher (paid)	16,686	0.6	18,786	0.6	30,723	0.9	33,194	1.0	19,510	0.1
SIC Comédia (paid)	9,832	0.3	—	—	—	—	—	—	—	—
SIC Radical (paid)	14,027	0.5	16,279	0.5	11,617	0.4	11,856	0.3	12,568	0.3
RTP (public)	419,811	14.8	460,314	15.0	493,398	14.8	591,653	16.8	647,482	17.1
RTP 1 (free to air)	386,732	13.6	420,515	13.7	455,640	13.7	489,245	13.9	584,714	15.5
RTP 2 (free to air)	2,197	0.1	2,127	0.1	2,791	0.1	3,623	0.1	4,566	0.1
RTP Memória (paid)	6,180	0.2	8,972	0.3	10,608	0.3	57,616	1.6	22,417	0.6
RTPN (paid)	24,702	0.9	28,700	0.9	24,359	0.7	41,169	1.2	35,785	1.0

Others (paid TV)	96,789	3.4	130,788	4.3	151,387	4.6	160,069	4.8	232,020	6.1
AXN (Sony Pictures)	28,689	1.0	52,845	1.7	53,958	1.6	57,053	1.7	66,919	1.8
Panda (Chello)	25,988	0.9	26,855	0.9	27,273	0.8	25,497	0.8	39,033	1.0
Record (Rede Record)	14,576	0.5	16,279	0.5	28,862	0.9	36,161	1.1	52,694	1.4
MTV PT (Rede MTV)	10,267	0.4	13,482	0.4	9,299	0.3	5,850	0.2	7,103	0.2
GNT (Globosat)	8,013	0.3	—	—	—	—	—	—	—	—
Fox (Grupo Fox Entertainment)	6,103	0.2	17,224	0.6	27,230	0.8	34,787	1.0	50,308	1.3
História (Chello)	1,797	0.1	816	0.0	1,507	0.1	0	—	—	—
Hollywood (Chello)	1,356	0.1	2,667	0.1	1,391	0.0	594	0.0	3,448	0.1
People + Arts (BBC)	—	—	620	0.0	1,867	0.1	127	0.0	—	—
Disney	—	—	—	—	—	—	4,435	0.1	10,901	0.3
MOV	—	—	—	—	—	—	2,755	0.1	1,614	0.0
Discovery	—	—	—	—	59	0.0	—	—	—	—
TOTAL	2,840,206	100	3,065,623	100	3,330,911	100	3,517,229	100	3,797,464	100
Revenue (US \$mil)	3,568	—	4,201	—	4,901	—	4,905	—	5,041	—
C4	97.6	—	97.4	—	97.0	—	96.9	—	95.6	—
HHI	3,600	—	3,544	—	3,622	—	3,586	—	3,507	—
Noam	1,800	—	1,772	—	1,811	—	1,793	—	1,753	—

Source: Elaborated by the author based on data obtained from Marktest.

Table 10-12. Pay TV-Market Shares by Advertising Revenues 2006–2010 (Thousands €)

Groups	2006		2007		2008		2009		2010	
	Value	%	Value	%	Value	%	Value	%	Value	%
Media Capital (PRISA)									5,096	1.3
TVI24									5,096	1.2
Impresa	130,598	50.6	125,363	42.7	121,994	39.5	119,473	30.9	97,713	24.9
SIC Notícias	90,053	34.9	90,298	30.7	79,564	25.8	74,423	19.3	83,194	20.3
SIC Mulher	16,686	6.5	18,786	6.4	30,723	10.0	33,194	8.6	19,510	4.8
SIC Comédia	9,832	3.8								
SIC Radical	14,027	5.4	16,279	5.5	11,617	3.8	11,856	3.1	12,568	3.1
RTP (public)	30,882	12.0	37,672	12.8	34,967	11.3	98,785	25.6	58,202	14.8
RTP Memória	6,180	2.4	8,972	3.1	10,608	3.4	57,616	15.0	22,417	5.5
RTPN	24,702	9.6	28,700	9.8	24,359	7.9	41,169	10.7	35,785	8.7
Other (paid TV)	96,789	37.5	130,788	44.5	151,446	49.1	168,402	43.6	232,020	59.0
AXN (Sony Pictures, Japan)	28,689	11.1	52,845	18.0	53,958	17.5	57,053	14.8	66,919	16.3
Panda (Chello)	25,988	10.1	26,855	9.1	27,273	8.9	25,497	6.6	39,033	9.5
Record (Rede Record)	14,576	5.6	16,279	5.5	28,862	9.4	36,161	9.4	52,694	12.8
MTV PT(Rede MTV)	10,267	4.0	13,482	4.6	9,299	3.0	5,850	1.5	7,103	1.7
GNT (Globosat)	8,013	3.1								

Fox (Grupo Fox Entertainment, Newscorp, US)	6,103	2.4	17,224	5.9	27,230	8.8	34,787	9.0	50,308	12.3
História (Chello)	1,797	0.7	816	0.3	1,507	0.5				
Hollywood (Chello)	1,356	0.5	2,667	0.9	1,391	0.5	594	0.2	3,448	0.8
People + Arts (BBC, UK)			620	0.2	1,867	0.6	127	0.0		
Disney (US)							4,435	1.2	10,901	2.7
MOV							2,755	0.7	1,614	0.4
Discovery (US)					59	0.0				
Total	258,269	100.0	293,823	100.0	308,317	100.0	385,517	100.0	410,590	100.0
Revenue (US \$mil)	324		403		454		538		545	
CR4	83.8		82.6		77.7		80.7		68.8	
HHI	4,104.42		3,966.15		4,104.72		3,504.31		4,324.02	
Noam	2,369.69		2,289.86		2,369.86		2,023.21		2,496.47	

Source: Elaborated by the author based on data obtained from Markttest.

Table 10.13 shows multichannel TV platform operators who distribute content, a segment in the Portuguese TV market that has taken root over the last 20 years. Despite the growing weight of paid TV channels, free-to-air TV continues to attract the largest amount of consumers' time. Regarding consumers' subscription choices, the firm ZON (formerly TV Cabo and part of Portugal Telecom) is the market leader. ZON's market leader position is the result of its first-mover advantage. The other major participants are Cabovisão (owned by Canadian company Cogeco until 2012 when it was purchased by ALTICE), PCT, and TVTEL. However, as Table 10.13 shows, the competition in this segment has increased. For example, Portugal Telecom/MEO earned a market share of 30% in 2010, corresponding to about 700,000 subscribers. Another important conclusion is that concentration levels have markedly decreased in the last three years.

Table 10-13. Multichannel Video Platforms, Market Shares by Subscription, 2007–2010 (%)

Groups	2007	2008	2009	2010
ZON	78.4	72.3	64.4	57.9
TVTel ¹	3	—	—	—
Cabovisão ² (Cogeco)	14.9	12.4	10.2	9.4
PT/Meo (Portugal Telecom)	1	13.7	23	29.9
Optimus	0.1	0.6	1	1.1
Ar Telecom	0.6	1	0.9	0.9
Vodafone (UK)	0	0	0.3	0.7
Others	2	0.1	0.1	0.1
Total	100	100	100	100
<i>N</i> (>1%)	4	4	4	4
C4	97.3	99.4	98.6	98.3
HHI	6,379	5,571	4,785	4,342
Noam	3,190	2,786	2,763	2,171

Source: Elaborated by the author based on data obtained from Anacom.

1 TVTel was bought by ZON on 2008.

2 Cabovisão was purchased by Altice in 2012.

p. 247 Like the radio and print industries, the TV industry is a two-sided market. To get a ↵

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comprehensive perspective on the TV market configuration (free-to-air and pay TV) and to evaluate the extent of concentration in the Portuguese TV market, the previous analysis must be coordinated with an analysis of concentration concerning advertising revenues. Table 10.13 provides an overview of the situation of the Portuguese TV market in terms of advertising from 2006 to 2010 and an overview of the free-to-air and pay TV broadcasters' concentration, calculated by advertising revenues.

The values shown in Table 10.14 regarding the revenue generated by pay-TV services, published at ANACOM's website in the report on the situation of the communications, were calculated based on total revenues of TV subscription services and on the market shares of the respective operators.

Table 10-14. Pay-TV Revenues by Operator

	2008	2009	2010	2011
ZON/TV Cabo Group	438,162	501,542	511,658	628,62
PT Group/Meo	82,712	178,805	264,130	408,236
Cabovisão	75,380	79,633	82,921	100,164
Optimus (formerly Sonaecom)	3,333	7,706	9,272	13,993
AR Telecom	5,757	7,239	7,948	—
Vodafone	—	2,413	5,828	13,410
Other providers	606	1,090	1,325	1,866

Source: Elaborated by the author based on data obtained from ANACOM.

p. 251 Since 2008, the trend is for the strengthening of the most recent operator, Portugal Telecom, and the for Cabovisão and ZON's loss of market share. Revenues have continuously increased in all operators and, despite the prevalence of the mentioned operators, Vodafone reveals a sharply growing trend. This situation can be due to the stabilization of the number of subscribers of the oldest operators, while the most recent ones, with their aggressive policies, are entering into the market to fill the gaps. For the year 2012, despite the introduction of Digital Terrestrial Television (DTT) in Portugal and the global economic and financial crisis, it is expected that the market structure and trends will be stable.

Despite the limited number of free-to-air channels, the market characteristics, and the business model, the free-to-air TV segment captures a much higher market share of the advertising market. This situation, from a business model perspective, reveals a high level of dependence on advertising investment. In contrast, the market share of the pay-TV sector is relatively limited at less than 10% because the main revenues are a product of the number of subscriptions. In any case, this market share will probably evolve positively as the number of pay TV subscribers increases, due to the emergence of new operators in pay-TV via satellite such as MEO. In light of the previous evidence, one expects the Portuguese TV market to exhibit a significant degree of concentration because approximately 90% of advertising revenues are concentrated in two market groups: Impresa/SIC and Media Capital/TVI.

The results in Table 10.15 corroborate the hypothesis of a highly concentrated market. This result is explained by comparing the advertising revenues of pay TV and free-to-air public TV. A substantial portion of the advertising revenues are concentrated in two media groups, Impresa and Media Capital, thus exerting a considerable level of market power.

Table 10-15. TV Segment Market Share of Advertising Revenues 2006–2010 (%)

Segment	2006	2007	2008	2009	2010
Free-to-air TV	90.91	90.42	90.74	89.01	89.60
Pay TV/cable	9.09	9.58	9.26	10.99	10.40

Source: Elaborated by the author based on data obtained from Markttest.

Film

The film industry in Portugal began in 1918, after the restructuring of the production company Invicta Film. During the 1920s, Portuguese film production was mainly dedicated to the transposition of Portuguese literary classics to the screen and the project direction was done by foreign filmmakers. Now the majority of projects are directed by domestic filmmakers. Lusomundo (now part of ZON and Portuguese-owned) entered the market in 1984, and it has been the leader of distribution and exhibition of movies.⁷ To get a clearer picture of Lusomundo and other operators' market position, Table 10.16 ranks several operators according to their ability to generate revenue. As the table shows, the highest market shares belong to Lusomundo Audiovisuais, Columbia Tristar Warner (part of US-owned Sony and Time Warner), Castello Lopes Multimédia, and Prisédeo.

Table 10-16. Film Studio Market Share by Gross Revenue per 2008–2011 (%)¹

	2008		2009		2010		2011	
	Value	%	Value	%	Value	%	Value	%
ZON—Lusomundo Audiovisuais	40,919,763.8	58.5	36,328,113.1	49.2	425,923,820.3	51.8	32,323,301.0	42.3
Paramount Pictures		23.0		19.3		20.3	12,687,438.5	16.6
Universal Pictures		12.6		10.6		11.1	6,925,451.3	9.1
Walt Disney Studios		12.3		10.4		10.9	6,831,300.0	8.9
Film & TV House		6.2		5.2		5.5	3,410,348.4	4.5
Summit Entertainment		4.4		3.7		3.9	2,468,762.9	3.2
Columbia Tristar	12,963,606.7	18.5	19,111,734.9	25.9	21,245,474.5	25.8	21,871,029.6	28.6
Warner Bros Pictures		9.8		13.7		13.6	11,540,166.7	15.1
Columbia Pictures		8.7		12.2		12.2	10,330,862.9	13.5
Castello Lopes Multimedia	8,621,321.4	12.3	12,106,004.0	16.4	10,932,814.4	13.3	8,443,531.9	11.0
20th Century Fox		12.3		16.4		13.3	8,443,531.9	11.0
Prisvídeo	2,371,424.4	3.4	3,606,666.6	4.9	5,187,315.8	6.3	2,229,928.9	2.9
Lionsgate		3.4		4.9		6.3	2,229,928.9	2.9
Others	5,018,515.6	7.2	2,689,091.2	3.6	2,285,169.7	2.8	11,568,171.2	15.1
Total Revenue Estimate (US \$ mil)	69,894,631.8	100.0	73,841,609.8	100.0	82,243,156.6	100.0	76,435,962.5	100.0

<i>N</i> (>1%)	9	9	9	9
C4	60.2	61.6	59.4	56.2
HHI	1,231	1,263	1,217	1,008
Noam	410	421	406	336

Source: Elaborated by the author based on data obtained from ICA.

- 1 Table presents market shares of producers/studios, as well as those of the distributors in Portugal who represent several studios. For purposes of concentration measures, we use the producers/studios.

As one can see from Table 10.16, the international film distributors do not operate directly in Portugal, so they are associated with local distributors.

p. 252 Examining the period between 2008 and 2011, Lusomundo's market share decreased by 16.2%, while Columbia Tristar Warner rose 10.1%. Castelo Lopes Multimedia, for its part, suffered a slight decrease of 1.3%. The data show that the market is quite concentrated and that Lusomundo's market share is extremely high compared to other operators. The concentration in distribution in 2010 is particularly evident, according to ICA (Instituto do Cinema e do Audiovisual/Cinema and Audiovisual Institute). Lusomundo had 51.8% market share and the four leading companies—ZON, Prisvídeo, ↵

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Columbia, and Castelo Lopes—had 97.2% audience market share (an average of 92.5% between 2004 and 2010) and 73.3% of the premiere movie market share, a growth of 26.2% when compared to 2004. Between 2004 and 2010, there was an average of 271 feature films per year: 48.1% were from the United States, 35.1% were from Europe, and 17% were coproductions in other regions. Portugal's national production is low. In 2009 and 2010, there were only 22 and 30 films produced in Portugal, respectively. According to a report elaborated by ICA, the market share of domestic films in Portugal is one of the lowest in Europe: "in 2009, the quota was 2.5%, this is the second lowest in the EU-15, occupying the 18th position on the EU's 27 member states ranking" (ICA, 2010).

Telecommunications Media

Wireline Telecom

The 21st century started with Portugal Telecom (PT) leading the telecommunications sector. Nonetheless, there has been a decrease in the penetration rate of the landline phone in Portugal, in part due to the impact of the expansion of mobile communications. Another reason for this trend is related to the expense of landline telephone service in Portugal. In 2006, Portugal had one of the most expensive landline rates, with prices 30% to 40% higher than the EU15 group average. The market for landline telephone service in Portugal has matured and is currently in decline. As Table 10.17 shows, the market share (quantified by consumers with direct access) has steadily decreased from 68.5% in 2007 to 55.3% in 2010.

Table 10-17. Market Share of Fixed Telephone Service (%)

Direct Access Clients	2007	2008	2009	2010
Portugal Telecom (incumbent)	68.50	63.80	57.50	55.30
Alternative providers	31.50	36.20	42.50	44.70
ZON Multimédia (Portugal)	0.10	5.70	13.50	16.40
Optimus (Portugal)	21.40	19.00	16.80	16.00
Vodafone (UK)	1.40	3.10	4.10	4.20
Cabovisão ¹ (Cogeco, Canada)	7.70	7.50	7.20	7.20
ArTelecom (Portugal)	0.40	0.80	0.80	0.80
Others	0.50	0.10	0.10	0.10
Total	100	100	100	100
Revenue Estimate (US \$mil)	1,215			1,658
C4	99	96	95	95
HHI	5,212	4,530	3,840	3,653
N (>1%)	5	5	5	5
Noam Index	2,331	2,026	1,717	1,634

Source: Elaborated by the author from ANACOM data.

1 Purchased by Altice in 2012.

In the past, the landline communications sector in Portugal was highly concentrated because PT had a very high market share in terms of the number of calls and call duration. The entrance of new competitors has caused PT to lose market share, although it was still the market leader with 68.5% by the end of 2007 and 55.3% by the end of 2010. This segment continues to be highly concentrated, although the HHI decreased from 5,211 in 2007 to 3,653 by 2010.

p. 254 In Table 10.18, we clearly see Portugal Telecom's leadership between 2007 and 2011. ↵

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Among the three groups, SonaeCom reached the lowest income during that period.

Table 10-18. Gross Income of Telecommunication Groups (€)

	2007		2008		2009		2010		2011	
	Revenues	%	Revenues	%	Revenues	%	Revenues	%	Revenues	%
Sonaecom	892,693,691	21.5	976,200,000	23.0	949,400,000	22.5	920,700,000	22.3	864,000,000	21.7
Vodafone Portugal	1,377,841,059	33.1	1,493,991,389	35.2	1,472,745,543	34.9	1,400,137,007	34.0	1,315,049,278	33.1
Portugal Telecom	1,891,889,967	45.5	1,779,319,662	41.9	1,793,949,224	42.6	1,800,196,339	43.7	1,797,273,768	45.2
Total	4,162,424,717	100.0	4,249,511,051	100.0	4,216,094,767	100.0	4,121,033,346	100.0	3,976,323,046	100.0
C4	100		100		100		100		100	
HHI	3,621.5		3,516.9		3,537.8		3,561.7		3,608.9	
<i>N</i> (>1%)	3		3		3		3		3	
Noam Index	2,090.9		2,030.5		2,042.6		2,056.3		2,083.6	

Source: Elaborated by the author based on data obtained from Markttest.

Wireless Telecom

Portugal has one of the highest penetration rates of mobile phone service (MPS) in Europe. In 2009, there were 16.5 million subscribers in a population of 10.5 million.

The innovations of 2005 can be considered a turning point in the history of telecommunications. TMN (owned by Portugal Telecom), Vodafone (subsidiary of the UK corporation), and Optimus (owned by the Portuguese Group, Sonaecom) launched new low-cost offers, associated with lower and simpler tariffs and specific brands: Uzo, Vodafone Directo, and Rede 4, respectively. At the same time, companies in this sector began to invest in developing stable relationships with their customers by increasing the number of customer service centers and renovating existing ones, focusing on quality of service, and improving telephone support services for resolving problems. These measures resulted in greater customer engagement, higher customer acquisition rates, and increased revenues. Table 10.19 presents the main business metrics of the mobile phone industry from 2002 to 2009.

Table 10-19. Main Business Metrics of the Mobile Phone Industry and Revenues (Millions €)

TMN (Portugal Telecom)	2002		2003		2004		2005		2006		2007		2008		2009	
	Revenues	%	Revenues	%	Revenues	%	Revenues	%	Revenues	%	Revenues	%	Revenues	%	Revenues	%
Subscribers	4,426.0	46	4,887.0	47	5,053.0	43	5,312.0	44	5,704.0	44	6,261.0	44	6,933.0	44	7,252.0	44
Total revenues	1,474.8	47	1,522.6	46	1,606.3	45	1,557.1	44	1,502.4	43	1,542.9	42	1,593.6	43	1,517.8	44
EBTIDA	623.2	60	689.9	58	746.7	56	673.5	54	658.7	51	679.0	50	681.9	50	674.1	44
ARPU	27.1	-	25.2	-	24.5	-	22.8	-	21.0	-	19.8	-	18.1	-	16.2	-
Vodafone (UK)	Revenues	%	Revenues	%	Revenues	%	Revenues	%	Revenues	%	Revenues	%	Revenues	%	Revenues	%
Subscribers	3,084.7	32	3,247.9	31	4,276.3	37	4,276.3	36	4,751.0	36	5,209.1	36	5,639.0	36	5,952.0	33
Total revenues	1,063.6	34	1,153.2	35	1,325.1	37	1,325.1	38	1,393.0	40	1,511.3	41	1,495.7	40	1,424.3	44
EBTIDA	306.8	30	350.1	30	412.4	31	412.4	33	471.1	36	533.2	39	546.3	40	545.6	33
ARPU	27.4	-	27.4	-	24.6	-	24.6	-	22.8	-	22.2	-	20.0	-	17.6	-
Optimus (SonaeCom, Portugal)	Revenues	%	Revenues	%	Revenues	%	Revenues	%	Revenues	%	Revenues	%	Revenues	%	Revenues	%
Subscribers	2,119.8	22	2,305.8	22	2,350.0	20	2,350.0	20	2,601.9	20	2,893.5	20	3,191.6	20	3,432.6	20
Total revenues	607.5	19	636.2	19	627.0	18	627.0	18	610.4	17	619.4	17	629.1	17	607.0	17
EBTIDA	107.2	10	146.5	12	167.0	13	167.0	13	169.1	13	153.7	11	142.4	10	166.7	10
ARPU	23.9	-	22.4	-	20.6	-	20.6	-	19.7	-	18.2	-	16.8	-	14.8	-
Total Mobile Market																
Subscribers	9,631	-	10,441	-	11,679	-	11,938	-	13,057	-	14,364	-	15,764	-	16,637	-

New Clients	972	810	1,082	1,174	1,114	1,308	1,408	872
Total Revenues	3,146	3,312	3,558	3,509	3,506	3,674	3,718	3,549
EBTIDA	1,037	1,187	1,326	1,253	1,299	1,366	1,371	1,359
Revenue (US \$mil)	2,965	3,756	4,427	4,374	4,405	5,035	5,471	4,949
<i>N</i> (>1%)	3	3	3	3	3	3	3	3
C3	100	100	100	100	100	100	100	100
HHI	3,714	3,695	3,735	3,714	3,718	3,741	3,741	3,732
Noam	2,144	2,133	2,156	2,144	2,147	2,160	2,160	2,155

Source: Elaborated by the author from ANACOM data.

Although TMN holds the highest market share in terms of revenues and total number of customers, Vodafone leads in terms of new added clients. By the end of 2004, TMN had added 167,000 new customers, while Vodafone had added 690,000.

The mobile communications market, regardless of the year in question, is highly concentrated. This is mainly due to the high barriers to entry, such as the high investment costs of network infrastructures. TMN has been the market leader since the beginning, followed by Vodafone and then Optimus, which is part of Sonae Group and mainly owned by domestic shareholders. Although there have been some slight oscillations in market shares throughout the years, they have not caused a shift in the rank order of operators during the period analyzed.

As shown in Table 10.20, TMN maintained the market dominance between 2007 and 2011, closely followed by Vodafone. The market has remained relatively stable.

Table 10-20. Mobile Phone Service Operators Market Shares by Gross Income(€)

	2007		2008		2009		2010		2011	
	Revenues	%	Revenues	%	Revenues	%	Revenues	%	Revenues	%
Optimus	604,384,809	17.4	629,100,000	17.2	860,697,911	21.9	814,969,323	21.9	795,517,765	22.8
Vodafone (UK)	1,377,841,059	39.7	1,493,991,389	40.8	1,472,745,543	37.5	1,400,137,007	37.7	1,315,049,278	37.7
TMN	1,492,979,633	43.0	1,534,831,270	42.0	1,592,225,805	40.6	1,499,349,998	40.4	1,376,495,700	39.5
Total	3,475,205,501	100.0	3,657,922,659	100.0	3,925,669,259	100.0	3,714,456,328	100.0	3,487,062,743	100.0
C4	100.0		100.0		100.0		100.0		100.0	
HHI	3,720.0		3,724.5		3,533.2		3,531.6		3,500.9	
<i>N</i> (>1%)	3		3		3		3		3	
Noam Index	2,147.8		2,150.3		2,039.9		2,039.0		2,021.2	

Source: Elaborated by the author based on data obtained from Markttest.

Internet Service Providers

Internet penetration in Portugal represents one of the most successful examples of the benefits from research and development in the telecom infrastructure. According to ANACOM, broadband penetration has achieved an impressive growth rate since 2002 (Table 10.21). Between 2002 and early 2010, wired Internet users increased by about 88%, mainly because of the increase in ADSL users (ANACOM, 2012).

Table 10-21. Broadband Internet Main Access Indicators

	2002		2003		2004		2005		2006		2007		2008		2009		2010	
	(THOU.)		(THOU.)		(THOU.)		(THOU.)		(THOU.)		(THOU.)		(THOU.)		(THOU.)		(THOU.)	
Users—Total	261.9	100	503.0	100	842.5	100	1,193.8	100	1,458.9	100	1,549.0	100	1,692.3	100	1,925.8	100	2,036.7	
→ By ADSL	52.8	20.7	184.8	36.7	424.1	50.3	700.4	58.7	916	62.8	927.7	59.9	996.5	58.9	1,108.2	57.5	1,119.2	
→ By cable	205.4	78.4	314.6	62.5	415.1	49.3	490.1	41.05	537.6	36.84	605.7	39.1	669	39.5	760,6	39.5	813.6	
→ Others	3.6	1.4	3.5	0.7	3.2	0.38	3.2	0.27	5.2	0.36	15.5	1	26.6	1.57	56.5	2.9	103.8	
Penetration of fixed broadband	2.50		4.80		8.10		11.30		13.80		14.70		15.40		17.50		18.60	
Mobile Access			(thou.)	(thou.)	(thou.)	(thou.)	(thou.)	(thou.)	(thou.)	(thou.)	(thou.)	(thou.)	(thou.)	(thou.)	(thou.)	(thou.)	(thou.)	(thou.)
Users—Total			–	–	–	–	–	–	1,454.5	100	2,378.8	100	3,792.5	100	3,757.1	100		
Active Users			–	–	–	–	–	–	659.8	45.5	1,160.7	48.8	2,169.8	57.2	244.4	57.74		
<i>Modem</i>			–	–	–	–	–	–	–	–	–	–	–	–	1,291.2	34.37		
Penetration of Mobile Wideband			–	–	–	–	–	–	13.70		22.40		35.70		35.30			
Operators in activity			32	25	0	30	28	35			37		35		32			

Source: Elaborated by the author from ANACOM data.

Despite this scenario, from 2007 onward there was a slower growth rate due to the entrance of mobile service in Portugal. Between 2007 and the quarter of 2010, there was an increase in mobile broadband of about 61% while wired broadband grew about 25%. In comparison with the EU, in 2008 Portugal was the only country, apart from Slovakia, with a high penetration of mobile broadband, reaching 22.4% by the end of that year.

Regarding the number of customers with broadband access, Portugal Telecom is the market leader, with 48.2% market share in 2011. ZON, the leading cable operator, is the second biggest broadband player, with almost 32.9% market share. Together, both operators accounted for more than 80% of the market by the end of 2011, thus enabling us to conclude that broadband is a highly concentrated market (Table 10.22).

Table 10-22. Market Share of Internet Access Providers (%)

	2008	2009	2010	2011
Portugal Telecom Group *	41.1	43.6	46.0	48.2
ZON Multimédia *	27.7	31.6	32.2	32.9
Cabovisão** (Cogeco/Canada)	9.8	7.9	7.9	7.5
Optimus *	14.2	10.4	7.4	5.7
TVTEL *	1.4	—	—	—
Vodafone (UK)	2.4	3.9	4.3	4.2
Ar Telecom *	1.5	1.5	1.3	0.8
ONITELECOM *	0.4	0.3	0.3	0.2
Other Providers *	1.4	0.8	0.7	0.6
Total	100	100	100	100
Revenue Estimate (US \$mil)		1,658		
C4	93	94	93	94
HHI	2,771	3,091	3,287	3,510
N (>1%)	8	6	6	5
Noam Index	980	1,262	1,342	1,570

Source: Elaborated by the author from ANACOM.

* Portuguese companies and investors mainly own all these players.

** Purchased by ALTICE in 2012.

One can ascertain that the Internet service sector is highly concentrated both in mobile communications (led by TMN group, followed by Vodafone and Optimus) and in wired communications (led by PT Group).

The values in Table 10.23, showing the revenue generated by Internet access services, were calculated based on total revenues of broadband access services and on the market shares of the respective operators, in the report of the situation of communications published at ANACOM's website.

Table 10-23. Broadband Services Revenues by Operator

	2008	2009	2010	2011
PT Group	254,890	283,924	317,301	518,805
ZON Group	185,681	203,811	219,788	346,562
Cabovisão	54,790	49,653	53,251	75,776
Optimus	74,707	58,280	44,512	56,404
Vodafone	18,563	26,602	28,537	44,593
Ar Telecom	9,595	9,086	7,939	8,87
ONITELECOM	2,340	2,088	1,810	1,127
Other providers	5,169	4,618	4,057	5,928

Source: Elaborated by the author from ANACOM.

p. 258 Overall, total revenues generated have suffered annual increases throughout the period analyzed. However, in individual terms, there are several changes to register. Ar Telecom and

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ONITELECOM suffered declines in their revenues from the Internet throughout the whole period analyzed, while the operator Optimus suffered decreases in the years 2009 and 2010. These declines may be caused by the exponential increase in the revenues of access packages, which are not separately identifiable, which include Internet access service, where these operators do not act. The revenues concentrate mainly on the operators PT and ZON, which have also been systematically increasing their market shares.

p. 260 Search Engines

Google clearly dominates the Portuguese market, with almost 98% market share, while the other operators are residual (including the Portuguese search engine Sapo). Google's leading position has remained practically unchanged, as is shown in Table 10.24. The extremely concentrated market is illustrated by an HHI of 9,500 for the three years studied.

Table 10-24. Market Share of Search Engines 2008–2010 (%)

Search Engines	2008	2009	2010
Google (US)	97.86	97.91	97.42
Microsoft (US)			
Windows Live	0.91	0.27	
Bing		1.1	1.77
Yahoo (US)	0.49	0.48	0.42
Sapo			0.24
Ask (US)	0.07	0.12	0.11
AltaVista (US)	0.05	0.02	0.01
AOL (US)	0.01	0	0
Yandex (Russia)	0	0.01	0.01
Others	0.6	0.02	0.02
Total Indexes	100	100	100
C4	99.33	99.76	99.85
HHI	9,578	9,588	9,494
<i>N</i> (>1%)	1	2	2
Noam	9,578	6,780	6,713

Source: StatCounter—GlobalStats.

Despite being able to identify the market share of search engines in Portugal, we could not find official information about the turnover generated by this activity in the domestic market. One of the reasons for this lack of official information is that Google (which, as shown in the table, holds almost 100% of the market), does not own any company legally constituted in Portugal. It operates through a support office, with no telephone contacts available on the Internet. The support provided, especially in matters of institutional communication and relationships with government and other public and private entities, is complemented by Weber & Shandwick Group, an American consultant integrated in the Interpublic Group. The operations in Portugal are also followed by an official representing the Iberian market). We estimate the turnover resulting from the search engines in Portugal, based on the investment in digital advertising in 2011, to be about €32.88M (data obtained by the author directly from advertising central sellers). These advertising experts believe that about 80% of the advertising spending for search engines adds up to €26.31M. Moreover, assuming that about 50% of advertising spending in search engines is not related to the trade advertising centers (on the contrary, they are the result of direct agreements between companies and search engines), we can estimate a total value of about €52.61M.

Online Publishing

Because of the dynamic nature of online publications, it is important to first analyze the weight of each group in this segment and then consider the extent to which online publications could contribute to the concentration levels of the communication market. The data presented are related to the number of unique users for news and information websites. Due to incomplete information about audiences of each publication in recent years, it is not yet possible to analyze the concentration levels of each publishing segment.

The data presented in Table 10.25 allow us to conclude that generally the main media groups of the offline press are also important in digital publications. In fact, the concentration index *C4* was about 50% in 2010, a relatively moderate level. The concentration levels between 2002 and 2010 exhibit a decreasing trend. Media Capital and Impresa are always among the top four media groups. The conclusions are similar to the previous analysis, where moderate degrees of concentration were observed.

Table 10-25. Online News Users by Site

	2002		2003		2004		2005		2006		2007		2008		2009		2010
	Users	%	Users	%	Users	%	Users	%	Users	%	Users	%	Users	%	Users	%	Users
A Bola	302	6.9	409	8.1	457	8.3	520	8.5	1,072	8.2	1,030	7.4	1,028	7.8	1,320	7.5	1,800
Cofina	616	14.0	745	14.7	806	14.7	902	14.7	1,771	13.6	1,859	13.4	1,720	13.0	2,182	12.4	2,900
Controlinveste	0	0	0	0	0	0	0	0	0	0	1,943	14.0	1,858	14.1	2,419	13.7	3,100
Economica	104	2.4	98	1.9	123	2.2	150	2.5	395	3.0	509	3.7	507	3.8	799	4.5	1,300
Impala	0	0	0	0	0	0	0	0	115	0.9	108	0.8	100	0.8	176	1.0	170
Impresa	901	20.4	922	18.1	966	17.6	1,029	16.8	1,991	15.3	2,039	14.7	1,842	14.0	2,508	14.2	3,200
Lusomundo	679	15.4	736	14.5	793	14.5	866	14.1	1,744	13.4	0	0	0	0	0	0	0
Media Capital (PRISA)	767	17.4	753	14.8	784	14.3	817	13.3	1,874	14.4	1,921	13.9	1,690	12.8	2,345	13.3	2,900
Motorpress	66	1.5	108	2.1	141	2.6	183	3.0	497	3.8	690	5.0	984	7.5	1,264	7.2	1,600
RDP/RTP (public)	326	7.4	464	9.1	469	8.5	556	9.1	1,240	9.5	1,505	10.9	1,469	11.1	1,842	10.4	2,300
Renascença	190	4.3	252	5.0	290	5.3	339	5.5	810	6.2	802	5.8	749	5.7	980	5.6	1,300
Sonae.com	457	10.4	595	11.7	660	12	765	12.5	1,500	11.5	1,468	10.6	1,252	9.5	162	0.9	2,000
IOOnline	0	0	0	0	0	0	0	0	0	0	0	0	0	444	2.5	1,200	
Sol	0	0	0	0	0	0	0	0	0	0	0	0	0	1,214	6.9	1,300	
Total Media Groups	4,408	100	5,082	100	5,489	100	6,127	100	13,009	100	13,874	100	13,199	100	17,655	100	25,000
C4	63.6		62.1		61.1		58.9		56.7		56		53.9		53.6		47
HHI	1,389.1		1,291.3		1,265.4		1,230.8		1,158.4		1,143.8		1,105.8		1,043.5		92

<i>N</i> (>1%)	10	10	10	10	10	10	10	11	12
Noam	439.3	408.4	400.2	389.2	366.3	361.7	349.7	314.6	26

Source: Elaborated by the author based on data obtained from Marktest

Note: Top Media groups, according to this variable, are highlighted.

There is no official information available regarding the advertising investment on the online media.

p. 261 However, in order to obtain ↴

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reference value, the author managed to gather information directly from the advertising agencies operating in Portugal, as one can see on Table 10.26.

Table 10-26. Advertising Sold by Central Sellers

Support	Central Markets				
	2008	2009	2010	2011	2012
Digital	20,127,000	23,252,000	28,908,000	32,882,000	35,119,000

Source: Estimative elaborated by the author based on data obtained directly from central advertising sellers

As mentioned, these data result from the amount exclusively traded by the trade centers, so they do not represent the total advertising market. According to some experts (from the central advertising sales agencies and the Press Association) approached by the author, this value is equivalent to about 50%, so we can estimate that the total online advertising market reaches around €70.238.000(x2).

Analysis of Cross-Media Concentration by Advertising Revenues

As already mentioned, for the measurement of concentration levels several variables were analyzed for each media segment. For reasons of space, we have chosen only a few of these variables. Regardless of the variable used, the results suggest that the media sector is considerably highly concentrated and that these levels of concentration must be treated with caution and contextualized within the media system in Portugal.

When analyzed in a cross media perspective through the obtained advertising revenue, the concentration levels confirm that the media sector is dominated by two groups: Impresa and Media Capital. They capture advertisement investment of about 300 million euros, while the advertising revenue raised by the other players ranges from 70 to 20 million euros. Table 10.27 shows the advertising revenues from the main media players in Portugal.

Table 10-27. Advertising Incomes by Media Group Segment (2006–2010)

Main Media Companies	2006		2007		2008		2009		2010	
	Revenues	% Segment Income	Revenues	% Segment Income	Revenues	% Segment Income	Revenues	% Segment Income	Revenues	% Segment Income
Media Capital (PRISA)	179.2		167.9		174.4		150.9		151	
Television	143	79.8	146	86.96	153.1	87.79	135.2	89.6	134.9	89.34
Radio	12.8	7.14	12.9	7.68	13.3	7.63	12.5	8.28	12.7	8.41
Others (Internet/press)	6.5	3.63	9	5.36	6.7	3.84	3.2	2.12	3.3	2.19
Productions					1.3	0.75				
Outdoors	16.9	9.43								
Impresa	168		170.8		166.9		143.9		157.1	
Television	115.8	68.93	115.8	67.8	109.2	65.43	92.7	64.42	105.9	67.41
Newspapers and Magazines	52.2	31.07	53.5	31.32	55.5	33.25	44.8	31.13	44.4	28.26
Digital			1,5	0.88	2.2	1.32	6.4	4.45	6.8	4.33
Controlinveste	70.8		68.8		65.7		57.3		59.5	
Newspapers and Magazines	61.2	86.44	60.1	87.35	57.5	87.52	50.2	87.61	52.1	87.56

Radio	9.6	13.56	8.7	12.65	8.2	12.48	7.2	12.57	7.4	14.2
Cofina	55.1		61.9		60.2		52.7		54.9	
Newspapers	40.1	72.78	44	71.08	44.8	74.42	40.1	76.09	41	74.68
Magazines	15	27.22	17.9	28.92	15.4	25.58	12.6	23.91	13.9	25.32
RTP (Public)	48.1		51.5		54.2		48.6		49.9	
Radio and Television	48.1	100	51.5	100	54.2	100	48.6	100	49.9	100
Renascença (Church)	20.3		18.4		17.6		15.4		15.9	
Radio	20.3	100	18.4	100	17.6	100	15.4	100	15.9	100
Sonaecom	15.6		14.3		13.5		13.2		12.2	
Newspapers	15.6	100	14.3	100	13.5	100	13.2	100	12.2	100
Total	557.1		553.6		552.5		481.9		500.6	
C4	85		85		85		84		84	
HHI	2,299		2,255		2,281		2,252		2,272	
Noam	869		852		862		851		859	

Source: Annual accounts of all companies; Renascença and Controlinveste for 2009 and 2010 obtained by extrapolations, applying market's average to the previous year of each company. The data about Controlinveste from 2006, 2007, and 2008 were provided directly from the board company because there are no official data.

Note: Media Capital has sold the press and outdoors assets on 2007 to focus on audiovisual business.

According to Robert Picard,⁸ media in countries with fewer than 10 million people tends to be concentrated in two or three large groups. In Portugal, the market lies in the hands of four major media groups, which hold 84% of advertisement investment (Table 10.27). The market positions of both groups have also remained relatively stable, as shown by the application of concentration indexes presented at the end of the table. The sample is robust in that it represents more than 70% of the media advertising market in Portugal. There are no precise numbers about the advertising market in Portugal, nor are there statistics on the local and regional media or any smaller players outside of the leading media groups or major newspaper companies. It is estimated that as a whole it may vary between 600 and 800 million euros. Therefore, if we point to an intermediate value (700 million), this sample represents about 70% of the market.

The issue of corporate concentration of media in Portugal has been an integral part of the political agenda and has been a target of analysis and intervention for the regulators. However, the debate has been more focused on a monomedia perspective over a multimedia approach that would allow the measurement of a media group's (and its segments') real potential in the advertising market, as the following table suggests. The target of an in-depth review by regulators was one of the most relevant and controversial situations, and it occurred when Controlinveste purchased Lusomundo Media

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from Portugal Telecom in 2005. At that time, this operation was problematic because it could have potentially lead to a dominant position in the relevant market of the daily newspapers. After several studies were conducted, it was proven that the operation would neither increase the concentration, nor lead to predatory market practices. On the other hand, it was also demonstrated that initially the market had not been properly defined and it did not include free papers or daily regional and local journals. Ten months later, the operation was approved.⁹ In a more recent situation, regulators have been examining the "complaint" filed by Controlinveste on Cofina's dominant position in the free daily newspapers segment after it acquired *Metro*, which joined *Destak*, the two major dailies in this segment. Specifically, Controlinveste accuses Cofina of having a market position that may lead to predatory practices in the relevant market of free daily advertising.

Conclusions

An analysis of the media business concentration measurement indexes leads to the conclusion that it is a sector with considerable concentration levels. Whatever the segment concerned (radio, television, or press), the data show that there are a few operators dominating the market. Several concentration indexes and three models were selected for study: the concentration index $C4$, the HHI, and the Noam Index. Apart from online publishing, the data reveal a high degree of concentration. However, we do not have enough data to prove that this high degree of concentration has negative impacts related to competition or predatory practices by dominant operators. We cannot conclude that this situation leads to a decrease in information pluralism.

Taking into account the analysis of all the segments, one of the main conclusions is that although there are considerable concentration levels, there has been a trend to reduce those levels, mainly in the press and TV markets. In turn, the moderate concentration level in the online publications that integrate the main communication groups could, from a pluralism perspective, be linked to an increase in the diversity of voices and contribute to a greater balance of market forces. The analysis of information pluralism should be studied from a holistic approach for both offline and online outlets. In this context, the online publications disclose that positive evolution can be perceived due to the growing weight of the digital world in terms of a growth in the size of audiences and the amount of information consumed. This circumstance signifies some moderate optimism related to the existence of a greater plurality of voices in the market.

In Portugal, the property concentration titles issue has been more focused on the daily press. In effect, the high concentration level revealed by the national daily press industry is not surprising given the dominance of Controlinveste and Cofina, which hold a sizeable market share. Despite the existence of high concentration levels, as was proven in this study, one should emphasize that these groups can hardly exploit their dominant position in the market of the national daily press for several reasons.

The barriers to entry by new players into the press industry are relatively limited. In contrast with radio or TV, in which operators need licenses, in the press there is greater freedom of entrance. Licenses are not needed and the dynamics of the market itself allow the creation of alternatives. In this way, one can infer that the legal possibility of free entrance without the need to have a license to work limits the power of existing companies already established in the market. In the case of the national daily press, the entrance mechanism seems to function very well and the distribution boom of free newspapers is proof of this hypothesis, as are the new daily titles such as *i informação*, a property of the Sojormedia/Lena Group.

p. 266 In Portugal there is an important tradition of weekly newspapers such as *Expresso* (average circulation per edition of 124,143), *SOL* (62,586), and weekly magazines such as *Visão* (116,183) and *Sábado* (77,639). These newspapers have a central role in the Portuguese newspaper market due to the competitive pressure in the national daily press market. On the other hand, there is also an established cultural tradition of reading local and regional weekly newspapers such as *Mirante* (24,877 weekly circulation), *Região de Leiria* (13,091), and *Jornal do Fundão* (15,986) (APCT, 2012). Once again, although these newspapers are not included in the national market of daily press, they end up having a competitive role in that market.

TV and radio markets present high levels of concentration and lack a diversity of voices in national coverage. In the press case, in spite of the absolute levels of concentration revealed in the national daily press market, the increase of the number of voices since 2005 seems to be contributing to slightly reduced concentration levels in this segment. In turn, the emergence of the free newspapers conveys a new dynamic for the industry of national daily press. This trend is quite recent. These newspapers currently represent an important role in the configuration and supply of the national daily press market, holding higher market shares (in terms of circulation and audience) than paid newspapers.

The distribution of free newspapers, as well as the online publications, created alternatives and replaced established patterns. Free newspapers stole share from the paid newspapers, and online publications reinforced their position as a complementary or replacement information product. It is also important to mention that the introduction of the free press has contributed to the expansion of the total size of the market by attracting new readers to the industry, namely young urban consumers. Adding the two effects, in the perspective of information pluralism and diversity of voices, the total impact of digital newspapers and free newspapers seems to create a positive impact on the market, contributing to an increase in the total circulation (at least until 2007). Free newspapers and digital newspapers have stimulated the pluralism and diversity of information by increasing the number of active voices in the industry.

With regard to free television, the market is concentrated but is relatively competitive. There are three major players, one public and two private. In the case of pay TV, ZON has more than 70% market share. However, in the television sector we also need to consider the market dynamics, particularly the transition from analog to digital.¹⁰ It is to be expected that the new technologies (broadband, cable, satellite, DTT, etc.) will contribute to the emergence of new operators, mainly in niche areas. Therefore, as other channels beyond cable and satellite arise (DTT and IPTV), the competition will increase. Yet another aspect that may have great impact on the market will be the possible (partial or full) privatization of RTP (a public channel). In 2012, the coalition government PSD-CDS (of liberal philosophy in economic terms) created a goal to reduce the role of the state in the economy, including the media sector, in order to decrease the public deficit.

p. 267 Nevertheless, the accomplishment of this eventual privatization has been dividing Portuguese society's opinion: those who favor privatization and those who are against it. In fact, putting aside the discussion about the concept of public service television¹¹ for further research, it is necessary to take a closer look at the impact on the market and on the competition in the media sector. Some experts believe that privatization will cause a negative impact on the market. That is, RTP's privatization may have direct and indirect impacts on the difficult financial balance of the current private operators, information pluralism, and on the general decline of programming quality. They defend the idea that privatization generates excessive competition. However, the market is already too competitive. For example, the net advertising revenues are discounted more than 75% off of the list price. This deep discount is now expected by advertisers and hampers the survival of media outlets and their contribution to the information pluralism.

In the last decade, the communications sector in Portugal has experienced significant changes since the emergence of mobile phones. In the last ten years, new opportunities and innovative services appeared which were aligned with new customer needs. Simultaneously, the marketing and communication strategies led by the players in this market, price reductions of the necessary equipment and services, and the introduction of the prepaid system allowed a rapid expansion of mobile phone use. Despite more than 70% of the market being concentrated in two operators (PT/TMN and Vodafone), it is possible to consider the Portuguese market a competitive one because new entrants could emerge at any time without significant barriers to entry. Regarding landline communications, the market is concentrated in Portugal Telecom, particularly in terms of the residential market. In the business market, there is some competition. Though it is a relatively competitive market, regulators such as the Competition Authority and National Authority of Communications, have felt the need to regulate the market.

Some complaints from competitors were due to the fact that access to the networks is not provided on a predictable timeframe, causing some obstacles for consumers who want to switch to a new provider. Whenever a customer intends to switch to another provider, there is a long and complicated process with their current provider in order to discourage the client from switching. From a regulatory standpoint, a situation in paid television content distribution that occurred in 2006 had a huge impact on the telecommunications sector. The third operator in the communications ranking, Sonaecom, decided to make a Public Offer of Acquisition. According to Lopes *et al.* (2006), Sonaecom made this offer for several reasons: difficulty of organic growth, cycle of market saturation, and excessive market concentration. Though the Public Offer of Acquisition did not materialize, regulators took advantage of this situation to intervene and compel Portugal Telecom (the market leader) to do a spin-off of PT Multimedia (ZON). This a different ownership structure and generated a more balanced market.

When Portugal Telecom lost their cable business, it was temporarily out of the content distribution market for pay television. In 2008, Portugal Telecom reappeared in the pay television business with the release of MEO, broadcasted by satellite.¹² MEO has had a significant evolution, reaching about 700,000 subscribers in only two years. This is a significant accomplishment given the business cycle's maturity as well as the market's small size. Portugal Telecom's interest in the television sector, including free-to-air channel, has been obvious. In 2009, there was a rumor that that Portugal Telecom would take a significant position in TVI. TVI's owner, Prisa, was having difficulty paying off its debt, a difficulty that this sale would alleviate. In the end, the 30% stake that was for sale was purchased by a local investor supported by a partner who was connected to the Liberty Acquisition Holdings. Portugal Telecom ended up not making the deal, due in part to public opinion. People were against the purchase because they were afraid it would reduce competition and increase predatory market practices, including advertising investment.

It is also important to consider that the concentration movements of media companies in Portugal result in part from the need of companies to consolidate the internal market, which is very small, and to gain economies of scale to grow their overseas markets. The international growth of media operations of Portuguese companies has been very slow and cautious, representing one of the most passive economic sectors. In the last several years, due to several factors including the global economic crisis' pressure which has affected internal consumption, media companies have started to be more proactive. Ongoing Group has been investing in the Brazilian market. It launched the newspaper *Brasil Econômico*, bought the newspapers *Dia* and *Correio do Povo*, and has been showing public interest in joining the television market. This group has also created some partnerships in Angola. Cofina launched the free daily newspaper in Brazil about four years ago. In this context, we may even consider that the future of media companies in Portugal is dependent on the acceleration of international growth because of the external market's stagnation.

On the other hand, the book publishers face the same problem in terms of internal growth. For this reason, the international expansion to Brazil and to Portuguese-speaking African countries (especially Angola, Mozambique, and Cape Verde) has been attracting some publishers' attention, particularly Porto Editora and the Leya Group, which have attempted to enter these markets by establishing local subsidiaries.

In the telecommunications industry, the target is to grow internationally. Portugal Telecom has made some steps toward that objective by increasingly assuming the role of major operator for the countries. After selling its 50% stake in Vivo (the Brazilian telecom operator) to Telefónica (the Spanish market leader) for 7.5 billion Euros, it reinvested a significant part of the proceeds into Africa. It also made a large investment of roughly 4 billion Euros (roughly a 25% stake) in Oi, one of the main Brazilian telecom operators. Oi is a leader in landline phones and the 4th largest operator in mobile phones. In association with these types of deals, new opportunities related to pay TV and the convergence between telecommunications and media are apparent.

Technological convergence explains the appearance of new communication services through different networks. According to the Green Paper of 1997, convergence can cause a complete and fast transformation of telecommunications, media, and information technological services. Furthermore, the Green Paper clarifies that “convergence is not only about technologies,” but also “about services, new ways of doing business and of interacting with society” (ii). This could cause operators to merge, eliminating the clear differences that existed between them. However, when properly regulated, the concentration risk is minimum. In reality they are cross-platform services and products, and there are financial considerations when entering each sector. Today we have line services combined with television, through web TV or web broadcast news. In the revision of the document in 1999, the Internet (and mainly broadband) is unfairly blamed for media convergence. To access broadband, customers must acquire new equipment, and that takes time. The process is debated in many European institutions and solutions are being created to define and regulate convergence. The Green Paper finds three factors at play when analyzing convergence levels: the availability of the technologies and networks, the particular details of the individual services and markets, and the communication industry as a whole.

p. 269 What is the true social and political impact of convergence? What are its regulatory and organizational implications for the future? The answers to these questions rest in having the regulation separated from content broadcasting infrastructures. These questions arose when the private market developed and the telecommunications industry was less regulated by government. European institutions have been trying to integrate the cultural and competitive components. The European Commission, in its communication about the Electronic Commerce, recognized that this fact applied to all the convergence areas. The Green Paper reflects and highlights that the goals of the Member States are not called into question by convergence—indeed, “these objectives are varied and tailored to the specific needs of different sectors, but include national goals such as promoting efficiency, economic welfare, and the public and consumer interest” (18).

When there is a regulatory overlap, the market players can demand a rationalization of the current structures in order to prevent unnecessary administrative barriers. For example, when services can be offered by a single network, the organizations can benefit from having a single regulatory authority as the key contact for questions related to that network regardless of the services offered through it. The current definitions eliminate barriers between the different sector rules and regulatory bodies. The regulation is connected to the definition of activities. Even though the regulation can be neutral towards technologies, as in the broadcasting and telecommunications sector, it can also be associated with technologies used for the service offering, between regulated areas, and in areas where regulations are not currently applied. Convergence does not necessarily imply a unification of different sectors, but instead could refer to new activities and combined with existing services. The resolution of the Green Paper relative to the convergence of the telecommunications and media sectors raised the issue of media concentration and the lack of legislation to defend consumers and media pluralism.

According to European Union guidelines, Portugal has created a regulatory framework in the context of media and telecommunications. As already mentioned, in Portugal there is a Media Regulatory Entity (ERC) for media and a National Communications Authority (ANACOM) for telecommunications. However, these entities have been criticized for their nomination mode (which is the result of an agreement between the two major parties and is accountable to Parliament, in the case of ERC) and the duplication of structures. It is important to reflect on the transformations within the sector, including those resulting from ICT's impact and the disruption of the business models which are increasingly attached to digital distribution models. Progress cannot be reversed, and these innovations represent a decrease of the press's importance as a source of information and opinion.

Although is fundamentally about regulation, it is increasingly important to recognize the regulatory focus on the challenges resulting from convergence, especially in free-to-air and pay television. This need will be reinforced by the transition from an analog to a DTT model (a switch which occurred in January 2012.) This transition will contribute to increased supply of content. It may be appropriate to rethink the regulation model by examining the close relationship between the audiovisual materials' content regulation (ERC) and technical regulation (ANACOM). However, the closeness and cooperation of these entities may materialize in a model that is able to create a permanent mechanism of collaboration where both entities maintain independence, or merge to join the technical and content regulation into the same structure. This merger could generate a multidisciplinary view on some issues and challenges imposed by the convergence or it may create a dominance of technical regulation over content regulation. The main justification of any merger must be to promote pluralism and the diversity of voices as much as possible.

In summary, it makes sense to rethink and promote the discussion about the regulatory model that is most appropriate to Portugal and oriented to the challenges of the *digital dividend*. As described by Faustino (in Albornoz & García Leiva, 2013), the migration from analogue to digital terrestrial television (DTT) enabled a more efficient use of radioelectric spectrum, releasing significant resources—the digital dividend—which have been used for the development of mobile broadband.

p. 270 The regulation should take into account market logic and contingencies that affect the behavior, programming strategies, and managing practices of public and private media companies. The guarantee of pluralism has its price, which can be justified if regulation contributes to democratic processes' sustainability and development. Regulation, defined as self-regulation and government-imposed regulation, is increasingly necessary. It is possible to identify a model that fits the market characteristics and that corresponds to the specifics of each State and its demands for citizenship and human dignity. With the increasing evolution of media and social values, the regulation must be dynamic, attentive, and adaptable to each new issue that arises. It must try to seek a balance between healthy competition that promotes diversity and pluralism, and regulation that protects the public interest and the freedom of expression.

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THE NATIONAL MEDIA INDUSTRY in Portugal is highly concentrated, with a power index of 3,470 in 2010 (Table 10.28). Portugal's C4 companies have a lower market share relative to similar companies in other countries. Overall concentration is high but is slightly declining.

Table 10-28. National Media Industries Concentration in Portugal

	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 (%)
Oi + Telemar ¹	1,310	26.3	1,045.1	23.0	-5.1	-0.7
ZON	653.4	10.4	506.0	118	-5.6	0.3
Vodafone (UK)	510.9	13.8	420.7	12.0	-4.4	-0.4
PRISA Group (Spain)	304.1	9.0	293.4	9.0	-0.9	0.001
RTP (public)	281.3	8.5	330.7	9.5	4.39	0.2
Impresa	282.5	8.5	230.3	8.1	-4.6	-0.07
Google (US)	38.0	0.4	212	2.2	114.7	0.4
Sonae.com (Optimus)	183.8	10.3	185.8	9.3	-0.3	-0.2
Controlinveste	51.6	1.3	38.6	1.2	-6.3	-0.03
Cofina	48.4	1.6	60.0	1.6	6.01	-0.01
Group RR	20.0	0.6	20.3	0.6	0.3	-0.01
Porto Editora	42.5	1.0	38.6	0.8	-2.3	-0.04
Cabovisão	34.0	3.0	20.4	2.5	-10.1	-0.1
Controlinveste	51.6	1.343	38.6	1.2	-6.3	-0.03
Media Concentration Index			2004/5	2011 or Most Recent	% Change Annual Average	
Total Revenue: Nat'l Media Industry (mil US\$)			12,381	15,222	4.6%	
Total Voices (<i>n</i>)			57	62	2.2%	
Net Voices (<i>n</i>)			41	44	1.8%	
Public Ownership (%)			10.3		11.3	
Foreign Ownership (%)			25.7	42.2	4.1	
C4 Average—Weighted			98	97	-0.3%	
HHI Average—Weighted			3,805	3,550	-1.7%	
C1 Average—Weighted			47	44	-0.0	
Noam Index Average—Weighted			1,769	1,910	2.0	
Pooled Overall Sector C4			60.8	56.2	-1.2	
Pooled Overall Sector HHI			1,336	1,150	-3.5%	
Pooled Overall Sector Noam Index			242	212	-3.1	
Market Share of Top Ten Companies: Nat'l Media Industry (%) (Pooled C10) ⁹			93.0	89.0	-0.9%	
National Power Index			3,824	3,470	-2.3	

1 Oi/Telemar of Brazil holds 62% of the merged company.

Portugal Telecom (PT) and Vodafone (UK) are the country's largest platform companies, with the former controlling 39.7% of the platform market and the latter 20.8% (Table 10.30). PT's power index declined from 2,166 to 1,811 due to loss of wireline market share to Vodafone and ZON, which is domestically owned.

Table 10-30. Top Platform Media Companies in Portugal

	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 (%)
Oi + Telemar ¹	2,166.1	43.5	1,811.3	39.7	-4.1	-0.8
Vodafone (UK)	844.7	22.8	730.0	20.8	-3.4	-0.4
ZON	686.5	11.7	634.1	15.9	-1.9	0.8
Optimus	296.3	16.3	319.1	15.7	1.9	-0.1
Cabovisão	45.5	4.2	30.4	3.8	-8.3	-0.1

Media Concentration Index	2004/5	2011 or Most Recent	% Change Annual Average
Public Ownership (%)	3	3	0
Foreign Ownership (%)	22.8	49.5	6.7
C4 Average—Weighted	99	98	-0.2
HHI Average—Weighted	4,131	3,584	-3.3
C1 Average—Weighted	51	46	-1.0
National Power Index	4,039	3,531	-3.2

1 Oi/Telemar of Brazil holds 62% of the merged company; Portugal Telecom shareholders control the other 38%.

ZON, a media holding company that owns a satellite and cable operator along with being a movie distributor and a carrier of mobile phone services, with a commanding market share in the multichannel platforms (57.9%) and film distribution markets (42.3%), as well as a growing share in the ISP (32.7%) and wireline markets (16.4%). It is now Portugal's second-largest media group overall. Portugal's other domestic ICT major, Optimus, a GSM/UMTS mobile operator in Portugal, also experienced negative growth during this period.

Portugal's strict television licensing regulations discourage market entrants in broadcast television, though this may change should Portugal decided to privatize its public broadcasting service, RTP. In addition to RTP (37%), two other companies have a share in TV broadcasting—PRISA (34%) and Impresa (29%). There are also a limited number of companies with substantial share in the radio industry. Group RR maintains 35.7% of the market while PRISA owns 35.1% and RTP owns 13%. PRISA remains the second-largest content media producer in the country, controlling 21.2% of the market, just behind RTP with 22.3% (Table 10.29).

Table 10-29. Top Content Media Companies in Portugal

	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 (%)
PRISA Group	769.6	22.7	692.4	21.2	-2.5	-0.3
RTP (public)	711.9	21.4	780.6	22.3	2.4	0.2
Impresa	715.0	21.5	543.6	19.1	-6.0	-0.5
ZON	602.8	8.5	331.6	6.2	-11.3	6.2
Google (US)	96.0	48.0	500.3	5.1	105.3	5.1
Controlinveste	130.5	3.4	91.2	2.8	-7.5	2.8
Cofina	122.4	3.9	141.6	2.4	3.9	-0.0
Impala	22.0	0.8	12.6	0.5	-0.1	-0.1
Economica SGPS	2.9	0.5	5.7	0.6	0.2	0.0
Cabovisão	15.3	50.3	6.7	45.9	-14.1	-0.1
Scoeid. Vicra Desportiva. Lda	0.7	0.3	1.7	0.3	0.4	0.0
Media Concentration Index						
		2004/5	2011 or Most Recent		% Change Annual Average	
Public Ownership (%)		21.4	22.3		0.2	
Foreign Ownership (%)		30.3	32.1		0.5	
C4 Average—Weighted		96	95		-0.3	
HHI Average—Weighted		3,305	3,504		1.5	
C1 Average—Weighted		41	41		0	
National Power Index		3,496	3,388		-0.8	

p. 272 The newspaper market, in contrast, is far more open to competition, but the foundation of free dailies has completely upended the business models of traditional print content producers. Cofina, (42.4%) and Controlinveste (35.2%) dominate the daily newspaper industry. ↴

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Notes

1. According Article 38, paragraphs 3 and 4, and Article 39, paragraph 1, (b) and (c) of the Portuguese Republic Constitution.
2. According to Markttest Report. The data are presented without commercial discounts, which are usually above 50%.
3. For lack of data, the newspaper *Bola* has been excluded from the concentration analysis in terms of average circulation. Despite the recognized importance of this newspaper, data on its circulation are not available as this newspaper is not audited by APCT—Associação Portuguesa Controlo de Tiragem (www.apct.pt). However, this newspaper has a similar audience to that of the newspaper *Record*, according to official data from Markttest. So in this perspective, it was possible to assume a similar circulation performance. In this case, the concentration indexes will decline substantially because it belongs to an independent company.
4. There are about 250 publishers, according to the Portuguese Association of Publishers and Booksellers.

5. The Ongoing Group did not operate in the media business segment until 2011, when it acquired Babel, which is why it is not included in the analysis.
6. It is important to mention that next year a new free-to-air operator will be chosen. The Portuguese government launched a new license, and there are several candidates for Channel 5.
7. It is not active in the production area.
8. At a presentation performed in March 2009 in Portugal in a conference organized by the Portuguese Media Confederation.
9. On this matter, see the book *Concentração, Pluralismo e Regulação dos Media*, Faustino, Paulo 2011. Media XXI Collection.
10. The deadline to switch off was January 2012. There is no doubt that this new space represents an opportunity to respond to a growing supply of communication services, since it assumes the possibility of introducing new broadband applications to reduce the digital division in many countries. However, besides the risks resulting from the transition process, especially in the interior due to literacy levels and regional disparities, it is necessary to have a great coordination capacity, so that the citizens recognize the benefits of DTT implementation. This aspect necessarily requires an increased focus on the model of cooperation between telecommunication companies and media companies, so that the content's quality doesn't decrease due to an excessively instrumental perspective of technology's predominant use as a platform for electronic commerce. Along with this concern, there is another one, already mentioned, which is the crucial importance of identifying a good national strategy to (re)use the free space—digital dividend—preventing it from being occupied by foreigners, particularly Spanish or French, which would have predictable negative impacts on Portugal's cultural affirmation.
11. Many critics believe that these goals have not been met. A privatization would need to deal with the high costs involved, that is, the accumulated deficit of RTP about 800 million euros—the equivalent to the total advertising market in 2010.
12. MEO is Portugal Telecom's commercial service that provides four television services: ADSL, fiber optic network, satellite, and TMN's 3G network. The ADSL and the fiber optic networks offer three services: television, Internet, and telephone. The satellite network only distributes television contents. The television transmission via ADSL works through IPTV (Internet Protocol Television), unlike the WebTV (television via Internet). MEO service came after PT Comunicações and PT Multimédia's separation.