



CHAPTER

21 Media Ownership and Concentration in Chile

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Abstract

This chapter considers media ownership and concentration in Chile. After an overview of the Chilean media landscape, the rest of the chapter focuses on print media (newspapers, book publishing, magazine publishing), audiovisual media (radio, broadcast television, multichannel TV platforms, film), telecommunications media (wireline and wireless telecom), and Internet media (Internet Service Providers, search engines). Concentration is much higher in telecommunications than among the traditional media.

Keywords: [Chilean media market](#), [traditional media](#), [revenue](#), [print media](#), [audiovisual media](#), [telecommunications](#), [Internet Chilean media market](#), [traditional media](#), [revenue](#), [print media](#), [audiovisual media](#), [telecommunications](#), [Internet](#)

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

Introduction

Chile is a middle-income country of 17 million inhabitants that ranks atop most indicators for welfare, technological development, and the economy within Latin America.^{1,2} It also shows high levels of free expression³ and low corruption,⁴ which are important when considering institutional issues related to media ownership and the rule of the law. Although its media sector is relatively small in comparison to Brazil, Mexico, and Argentina, it is particularly dynamic, predominantly market-driven, and mostly open to foreign investors. It is also highly centralized in the capital city, Santiago, and shows increasing levels of ownership concentration, especially in newspapers (which are a duopoly), pay-television, telecommunications, cinema distribution, and, in recent years, radio. An additional problem to consider is the country's unequal income distribution.⁵

p. 642 As in most of Latin America, broadcast television is still the predominant medium in audience and in advertising income (see Table 21.1), but the industry is fragmented because the law forbids control of more than one franchise in the same area, a principle likely to remain for digital broadcasting. In addition, a strong public broadcaster, Television Nacional de Chile (TVN), competes effectively against six private networks.

Table 21-1. Aggregate Advertising Expenditure in Chilean Media, 2004–2008

	2004 Nominal \$m ¹	Market Share %	2008 Nominal \$mil	Market Share %
Broadcast Television	283.5	48.8	281.2	48.4
Newspapers	169.6	29.2	166.7	28.7
Radio	47.6	8.2	41.8	7.2
Magazines	19.8	3.4	16.8	2.9
Outdoor	44.2	7.6	50.5	8.7
Cinema	1.7	0.3	1.2	0.2
Cable TV	9.3	1.6	9.9	1.7
Online	5.2	0.9	13.4	2.3
Total	580.9	100	794.1	100

Source: ACHAP.

1 Nominal values at each year's rates at 636 pesos per dollar. Calculations based on peso figures.

Radio is universally available, with a high per capita exposure, yet individual stations are considerably less influential than the networks. Only four radio networks dedicate themselves to broadcast hard news, while the others are oriented to entertainment and music. Deregulation of the industry, plus the regulator's enthusiasm for allocating as much spectrum as possible for free and with a minimum of restrictions, has generated 1,780 radio franchises operating in 2009,⁶ with an average of 8,988 listeners per station. In contrast, there are only 6 national television networks out of 125 licenses, 68 are only available through pay-television platforms, and 113 only have local coverage.⁷

Forty percent of households have some form of subscription television, though income by subscription is similar to the advertising expenditure shared by all media types (see Table 21.1). In contrast to traditional media, large international companies control this sector and the telecommunications market with a triple offer of subscription-based television, Internet, and phone service. By 2011, half of all Chileans were Internet users, and nearly 100% had access to mobile phones.

The press is more conventional in ownership. It is a duopoly of two family holdings, El Mercurio and COPESA, with a third international player (Sweden's MTG) playing a secondary role. COPESA, bought at the turn of the century by an emerging businessman with a highly diversified portfolio, has become a multimedia conglomerate by expanding into radio, broadcast television, and cable.

p. 643 Due to the country's small population and poor reading habits (despite high literacy rates), book publishing is fairly small (5,170 new titles were published in 2010),⁸ and the share of magazine advertising expenditure has fallen by 50% since 2000 to \$20.3 million (see Table 21.1). Although film is experiencing a relative boom by Chilean standards (14 full-length Chilean features were screened in 2009, a figure similar to the previous decade's average),⁹ film production is a labor-intensive craft by small, isolated producers who have little business acumen. The average Chilean movie costs between \$500,000 and \$1 million. Despite many improvements in the recent two decades, they are still poorly marketed.¹⁰ Theater owners, in contrast, are an oligopoly of multinational companies that run multiscreen cinema houses, often placed within popular shopping malls.

The main issues about media concentration and ownership in Chile are similar to those in other countries. Many authors, activists, and specialized bodies have pointed out that media ownership concentration is Chile's main problem and a considerable threat to freedom of expression.¹¹ Additional issues include

- The conflicts between "old" and "new" media, in terms of business models
- Digital convergence and its ability (or inability) to enhance choice, freedom of expression, and ownership de-concentration

- Ownership of digital infrastructure by a few powerful, large telecom companies
- The dilemma between a business view of media and a broader “public interest” perspective¹²

This chapter comments on these issues throughout the various media and related communication sectors following the structure used in the rest of this book. So it starts with print media—that is, newspapers (the most relevant), book publishing, and magazines. Then the audiovisual media follow: radio and broadcast television (which are universally accessed), multichannel TV platforms (to which 40% of the population has access), and film (small and fragmented in terms of production, but consolidated and growing in exhibition). The fourth part deals with the telecommunications sector (both wireline and wireless), which is closely related to the fifth part devoted to Internet media (especially ISPs) because these areas are controlled by bigger, transnational companies that are becoming the backbone of digital convergence and so are gradually displacing the traditional media in content distribution and processing (texts, videos, static images, and audio).

There are several points to note here before proceeding. The first relates to the chapter’s structure. While each sector has many very distinct characteristics and dynamics (which are explained in detail), the boundaries between media platforms and industries are blurring due to digital convergence, as well as corporate mergers and acquisitions. Thus, studying ownership concentration separately without an overall, convergent perspective is risky.

The second issue relates to the quantitative data presented here and their interpretation. We mostly used publicly available data and tried to compare at least two points in time (the latest figure available, plus at least one previous date) so as to have an idea of the market dynamics. Yet their quality is patchy, to say the least. Regulated sectors, notably broadcast television and telecommunications, have the most accurate numbers. In the other media platforms, data quality and accuracy vary considerably—especially in terms of revenues, which are very hard to get, in contrast to audience indicators. In addition, there are problems of comparability between the different media types: for example, the consumption of television is measured in terms of rating points, radio in terms of audience reach,¹³ newspapers in average weekly readership (we discarded circulation), websites in unique visitors, and telecommunications in percentage of lines or connections. Last but not least, there are inconsistencies and discontinuities of these data over time. Although great effort was put into producing the most reliable figures possible within the constraints of this study, quantifying media concentration in Chile is not an easy exercise and should be undertaken with care, matching it against the overall background information provided in the following pages.

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Taking all this into account, the conclusions at the end of the chapter confront the evidence examined with the Noam Index. Despite the shortcomings mentioned, there are many interesting findings.

Print Media

Newspapers

Newspapers in Chile are similar to those in other Latin American countries in terms of market and ownership structure: most have been owned by politically powerful families defending—until recently at least—a conservative ideology. General Augusto Pinochet’s 1973 military coup meant closure for the historically strong Chilean partisan press. Two family-owned, anti-communist holdings were left alone: the broadsheet *El Mercurio*, controlled by the Edwards family since the 1830s, and *La Tercera*, a tabloid owned by the Picó-Cañas family. Both groups owned additional, smaller papers. They were active supporters of the right-wing dictatorship and its pioneering neoliberal economic agenda. They formed a powerful duopoly.¹⁴ In the early 2000s, *La Tercera* became the COPESA consortium and was bought by businessman Alvaro Saieh.¹⁵ The *El Mercurio* and COPESA publishing groups still dominate the industry.

Table 21.2 depicts the main newspaper owners in Chile. Table 21.3 shows the share of weekly readership in 2010 and 2011 by the most influential newspapers of the dominant duopoly: *El Mercurio*, the populist tabloid *Las Últimas Noticias* (owned by *El Mercurio* group of the Edwards family), COPESA’s main stream *La Tercera*, and the populist *La Cuarta*.

Table 21-2. Main Newspaper Titles and Their Owners

Owner	City/Region of Distribution	Titles
Grupo Edwards / El Mercurio (Chile)	Santiago	<i>El Mercurio de Santiago</i> *
		<i>Las últimas Noticias</i> *
		<i>La Segunda</i> *
		<i>El líder de Melipilla</i>
	Valparaiso and San Antonio	<i>El Mercurio de Valparaíso</i>
		<i>La Estrella de Valparaíso</i>
		<i>El Líder de San Antonio</i>
	North of Chile	<i>La Estrella de Arica</i>
		<i>La Estrella de Iquique</i>
		<i>La Prensa de Tocopilla</i>
		<i>El Mercurio de Calama</i>
		<i>La Estrella del Loa</i>
		<i>La Estrella del Norte</i>
	South of Chile except Concepcion	<i>El Austral de Temuco</i>
		<i>Diario Austral (Valdivia)</i>
		<i>El Austral de Osorno</i>
		<i>La Estrella de Chiloé</i>
		<i>El Llanquihue</i>
	Concepcion	<i>El Sur (Concepción)</i>
<i>La Estrella (Concepción)</i>		
<i>Crónica Chillán</i>		
Alvaro Saieh / COPESA (Chile)	Santiago	<i>La Tercera</i> *
		<i>La Hora</i>
		<i>La Cuarta</i> *
		<i>Pulso</i>
	Concepcion	<i>El Diario de Concepción</i>
Metro International (Sweden)	Santiago	<i>Publíméetro</i>
La Nacion S.A. (Chile)	National	<i>La Nacion (closed in 2012)</i>
		<i>El Nortino</i>
		<i>Diario Oficial (Official Gazette)</i>

Source: Based on data from Asociacion Nacional de la Prensa, ANP; Publimetro.cl; Vera (2005).

(*) Note: asterisk indicates national reach.

Table 21-3. Share of Main Newspaper Weekly Readership Rates, 2010 vs. 2011

Media Holding¹	2010	%	2011	%
El Mercurio SAP Newspapers (Edwards family, Chile):	1,106.4	34.4	765.7	16.1
<i>El Mercurio</i> (daily broadsheet)	551.9		765.7	
<i>Las Ultimas Noticias</i> (tabloid)	473.3		1,006.1	
<i>La Segunda</i> (evening paper, weekdays only)	81.2		162.3	
COPESA Newspapers (A. Saieh, Chile):	1,623.3	50.5	2,098.3	44.0
<i>La Tercera</i> (daily)	410.2		666.5	
<i>La Cuarta</i> (tabloid)	789.6		795.9	
<i>La Hora</i> (free evening paper, weekdays only)	423.5		635.9	
Others:				
<i>Publimetro</i> (free paper, MTG Sweden)	464.9	14.5	732.3	15.4
<i>La Nacion</i> (State-owned, paper version ceased in 2011)	22.3	0.7	—	—
Average Weekly Readership, 000s	3,216.9	100.0	4,764.7	100.0
C4		100.0		75.5
HHI		3,939		2,434
Number of Firms with Market Share >1% (<i>n</i>)		4		3
Noam Index		1,969		1,405

Source: ANP.

- 1 Only the titles depicted were measured. *Las Ultimas Noticias* added online readership figures to its paper-only ones in 2012.

Although readership figures are evenly split between the two main newspaper holdings, revenues are more concentrated in the outlets owned by the El Mercurio Group (targeted to higher income groups in contrast to those from COPESA), as revealed by Table 21.4. This table is based on estimations by Megatime, an agency that measures advertising effectiveness. These figures should be taken with care because they are based on published prices of advertising multiplied by the number of advertisements printed by each newspaper. The frequent discounts to clients were not considered. Therefore, the aggregated income of newspapers in Table 21.4 (\$650.4 million in 2008) is almost four times as much as the more realistic advertising expenditures shown in Table 21.1 (\$166.7 million the same year). Yet specialists roughly consider shares of income accurate. There are no other publicly available sources, and newspaper companies are not required by law to disclose their financial information because they are neither publicly listed in the stock exchange nor do they belong to a regulated market such as telecommunications and broadcast television.

Table 21-4. Estimated Share of Advertising Revenues per Newspaper Group, 2007–2008¹

Media Holding/Title	2007 Nominal \$m	%	2008 Nominal \$m	%
El Mercurio SAP Newspapers (Edwards family, Chile)	381.6	56.6	357	54.9
<i>El Mercurio</i> (daily broadsheet)	316		293.5	
<i>Las Ultimas Noticias</i> (tabloid)	49.0		48.4	
<i>La Segunda</i> (evening paper, weekdays only)	16.6		15.1	
COPESA Newspapers (A. Saieh, Chile)	166.5	24.7	165.9	25.5
<i>La Tercera</i> (daily)	130.6		125.2	
<i>La Cuarta</i> (tabloid)	19.6		20.2	
<i>La Hora</i> (free evening paper, weekdays only)	16.3		20.5	
Others:				
<i>Publimetro</i> (free paper, MTG, Sweden)	45.7	6.8	51.3	7.9
<i>Estrategia</i> (business paper, Ed. Gestion, Chile)	41.2	6.1	37.1	5.7
<i>Diario Financiero</i> (business paper, Claro group, Chile)	35.3	5.2	34.7	5.3
<i>La Nacion</i> (public) ²	4.2	0.6	4.5	0.7
Total	674.5	100	650.4	100
C4		99.4		99.3
HHI		3,921		3,786
Number of Firms with Market Share >1% (<i>n</i>)		5		5
Noam Index		1,960		1,693

1 Source: Megatime. Values are based on published price of advertising by number of advertisements. Exchange rate of 636 pesos per dollar (2008).

2 *La Nacion* is not considered in the calculations.

p. 646 Many attempts to reduce the dominance of El Mercurio and COPESA failed. The most dramatic attempt was by *La Epoca*, a center-left publication linked to Christian-Democrat investors created at the end of the Pinochet regime, and *El Metropolitano*, a commercial venture backed by the Hites family. Both went bankrupt in the late 1990s. The following decade, two new ideologically motivated projects also failed: *Diario Siete* and *Le Monde Diplomatique*, which is now a weekly publication of limited impact.

The only successful challenger so far has been a big multinational with a novel business model, Sweden's Metro International Group (MTG), which introduced the free daily *Publimetro* in the early 2000s.¹⁶ Despite their usual stance in favor of the free market, competition, and free speech (at least in Communist countries such as Cuba), the incumbents tried to block the newcomer by suing Santiago's Metro system to prevent distribution of *Publimetro* inside its facilities.¹⁷ The new paper is now distributed at the Metro's station entrances. Its impact is considerable, given the exponential expansion of the Metro network in the last decade and its role as the backbone of Santiago's public transportation system. *Publimetro* is more a complement than a threat to El Mercurio and COPESA, since its contents are mostly drawn from press agencies and are designed for fast reading during an average Metro ride. Therefore, it is no real match to the duopoly's own distinctive, original news content.

p. 647 In 2010, the owner of COPESA, Alvaro Saieh, bought a 20% stake of the powerful cable operator VTR for \$340 million, as well as the small analog Channel 22 UHF for an additional \$2.5 million.¹⁸ COPESA became the sole traditional media consortium with a stake—although a minority one—in the far more profitable telecommunications industry.

Until its final disappearance at the end of 2012, *La Nacion* was another marginal player in the newspaper sector. Originally it was a private broadsheet, nationalized in the 1920s. In contrast to the public broadcaster TVN, it was always openly controlled by the government and had relatively low readership rates, which became marginal after the 1990s. However, it was able to survive for decades due to cross-subsidization from the highly profitable *Diario Oficial*. After adverse coverage of right-wing president Sebastian Piñera's 2009 campaign, the print version of *La Nacion* was closed in late 2010 by the new Piñera government.¹⁹ The online-only version suffered the same fate two years later.

Book Publishing

p. 648 The small size of the Chilean market, the lack of book readership habits among the population, and high taxation (VAT is 19%, and books are not exempted) create an adverse environment for book production despite the country's high literacy rates. In 2010, 5,107 titles were published. Only a few of these printed more than a 1,000 copies, but there are no updated public figures available. Nearly 90% of all published titles are concentrated among three main players, Spain's Santillana being the most important followed by the newspaper consortium COPESA.

Magazines

The magazine market in Chile is shrinking in terms of advertising income (down by almost a quarter during the 2000s according to Table 21.1), readership, and political influence. Of the historical titles that once shaped political discussion from the 1960s up to the 1980s, only *Que Pasa* remains. All of the others have disappeared or are no longer relevant, as the sector has shifted to entertainment, lifestyle, and sports.

p. 649 Originally a right-wing publication that opposed the socialist government of Salvador Allende and applauded the military coup that ousted him in 1973, *Que Pasa* is now a relatively harmless, business-oriented, and elegantly designed weekly controlled by COPESA, the second largest newspaper consortium and holder of cable TV interests. Most other titles that rank at the top of current readership figures (see Table 21.5) also belong to large consortia (including *El Mercurio*), and have relatively inoffensive, business savvy content that complements the premium advertising of expensive cars, financial products, clothing, and the like. The exception to the rule, with high political impact, non-corporate ownership, and sharp and incisive contents, is the semi-satirical *The Clinic*, named after the place in which general Augusto Pinochet was arrested in London in 1998 on grounds of human rights abuses. *The Clinic* began as a satirical and intellectual broadsheet published every two weeks (hence its classification as a magazine), but it has gradually increased its news content.

Table 21-5. Weekly and Bi-Weekly Magazines: Average Total Readers in Santiago 2009–2011

Owner	Title	Content	2009 ¹ 000s	Share %	2011 ² 000s	Share %
COPESA (Chile) (A. Saieh)	<i>Paula</i>	Female	126.8		119.1	
	<i>Que Pasa</i>	News & business	67.8		45.4	
Total COPESA			194.6	32	164.5	24
Ed. Tiempo Presente (Chile)	<i>Cosas</i>	General/Glamour	86.5		102.1	
Total Tiempo Presente			86.5	14	102.1	15
El Mercurio (Chile)	<i>Dato Avisos</i>	Advertising	69.3		76.9	
Total El Mercurio			69.3	12	76.9	11
Luksic Group (Chile)	<i>Capital</i>	News & business	21.4		38.3	
Total Luksic			21.4	4	38.3	6
Publimetro (MTG, Sweden)	<i>El Gráfico</i>	Sports			21.4	
	<i>Golf Digest</i>	Sports			1.2	
Total Publimetro				0	22.6	3
Televisa (Mexico)	<i>Caras</i>	General/Glamour	87.1		105	15
	<i>Vanidades</i>	Female	28.5		28.7	4
Total Televisa			115.6	19	133.7	19
The Clinic (Chile)	<i>The Clinic</i>	Political satire	115.1		139.8	
Total, The Clinic			115.1	19	139.8	21
			602.5	100	677.9	100
Revenue Estimate (\$US mil)				163		
C4				100		84
HHI					2,102	1,649
Number of Firms with Market Share >1% (N)					6	7
Noam Index					858	794

Source: ANP/Ipsos Search.

1 Oct 2008/Nov 2009.

2 Jan/June 2011.

Radio

Similar to the newspaper industry, radio has historically been a private venture in Chile and predominantly featured entertainment and music, as well as information. The Pinochet dictatorship (1973–1990) created Radio Nacional AM out of confiscated left-wing outlets, but this government-controlled news and talk network was privatized after the return to democracy in the 1990s. To distinguish itself from its Communist counterparts, the Pinochet regime tolerated some dissent in radio, as this medium was deemed less influential than TV and the press.²⁰ Radio's subsequent diversity of ownership and editorial views in difficult times—including the 2010 earthquake and tsunami, when the Internet and mobile networks collapsed—has consistently placed it among the most credible and reliable social institutions in the country. This explains its universal penetration and high rates of per capita listenership (Table 21.6).

Table 21-6. Owners of FM Radio Stations in Santiago¹

Iberoamericana Radio Chile S.A. (Grupo Prisa, Spain)	FM Dos 98.5 FM
	Futuro 88.9 FM
	Imagina 88.1 FM
	Concierto 88.5 FM
	Pudahuel 90.5 FM
	ADN Radio 91.7 FM *
	Radio Activa 92.5 FM
	Rock & Pop 94.1 FM
	Radio Uno 97.1 FM
	Corazón 101.3 FM
40 Principales 101.7 FM	
COPESA (Alvaro Saieh, Chile)	Duna 89.7 FM
	Carolina 99.3 FM
	Beethoven 96.5 FM
	Zero 97.7 FM
	Paula 106.9 FM
	Disney 104.9 FM
Bio Bio Comunicaciones S.A. (Mosciatti family, Chile)	Bio-Bio 99.7 FM *
Canal 13 (Luksic Group and Universidad Catolica de Chile, Chile)	Sonar 105.7 FM
	Play 100.9 FM
	Maria 89.3 FM
	Oasis 100.1 FM
	Horizonte 103.3 FM
Compañía Chilena de Comunicaciones S.A. (Carlos Figueroa and others, Chile)	Cooperativa 93.3 FM *
	Universo 93.7 FM
Sociedad Nacional de Agricultura, SNA (Chile)	Agricultura 92.1 FM *
César Molfino (Chile)	El Conquistador 91.3 FM

Source: Own elaboration based on the information provided by the respective companies.

1 News/information stations are marked with an asterisk

(*).

Radio is highly deregulated and therefore experienced extensive ownership concentration and internationalization after 1990. To appease increasingly concerned local broadcasters, a reciprocity clause was included in article 9 of the Press Law N° 19,733 of 2001 by which foreign investors can own more than a 10% stake of a radio station provided Chileans are entitled to the same condition in the investor's home country. This clause came too late to revert the well-entrenched internationalization of the industry, but it blocked further expansion of foreign conglomerates. Local broadcasters invoked this clause in 2010 to prevent the renewal of some regional radio franchises controlled by Iberoamericana Radio Chile, the local arm of the PRISA Group (Spain).²¹ The issue was still unsolved at the time of this writing.²²

Iberoamericana now controls the 12 most successful networks of national reach—60% of audience share and 37% of radio’s advertising income—since it bought four networks from Colombia’s CRC in 2007 for \$75 million.²³ This merger caused considerable concern, at least among the local broadcasters, which may explain why Iberoamericana created the country’s one and only purely Chilean musical station, UNO 97.1 FM in Santiago,²⁴ and kept ADN 91.7 FM as one of Chile’s four existing news and talk national radio networks along with Cooperativa, Bio Bio, and Agricultura.²⁵ Despite this trend toward ownership concentration, radio is still highly valued by the public and widely considered as pluralist and varied (Table 21.7).

Table 21-7. Aggregated Audience Reach of FM Radio per Operator in Santiago

	2004	2008
Cia Chilena Comunicaciones Stations ¹	9.2	8.5
COPESA Stations	8.7	7.2
Iberoamericana Stations (Spain)	41.8	43.8
Mosciatti Family Station	0.9	2
SNA Station	2.2	2.2
UC/Luksic Group Stations	2.3	3.3
Other Stations	37.3	25.8
Total Revenue (\$US mil)	80.1 ²	95.7
C4	62.0	62.8
HHI	1,919	2,062
Number of Firms with Market Share >1% (<i>n</i>)	5	6
NoamIndex	858	842

Source: Based on IPSOS/Search audience measurements.

1 Stations grouped for referential purposes only according to station ownership of March 2012.

2 Estimated number.

Most stations are dedicated to music and light entertainment. Although there are only four radio networks of national coverage dedicated to news—Cooperativa, Bio Bio, Agricultura, and ADN Radio—they are respected sources of information though very different from one another. Cooperativa belongs to a group of Christian-Democrat, center-left investors (Compañía Chilena de Comunicaciones). Bio Bio belongs to the fiercely independent, non-Catholic Mosciatti family from Concepción. Agricultura belongs to SNA, the National Agricultural Association, traditionally associated with the so-called landed aristocracy. ADN Radio is owned by the Spanish held Iberoamericana Radio Chile. This diversity has helped radio stay ahead of most social institutions in terms of credibility in various surveys since the 1980s.²⁶

Yet radio is not a very transparent market. There are no reliable figures about how income is spread among the existing operators depicted in Table 21.8. The National Institute of Statistics, INE, calculated that the aggregate income of all stations was \$95.7 million in 2008.

Table 21-8. Aggregate Income of the Chilean Radio Industry 2005–2008 According to Source of Funds, US\$mil (Exchange Rate at 560 Pesos per Dollar)

	Advertising	Leasing of Airtime	Other Sources	Total
2005	67.2	2.6	6.2	82.2
2006	80.0	3.4	5.6	94.5
2007	78.4	3.4	5.6	93.0
2008	82.1	4.0	4.8	95.7
Total 2005–2008	307.6	13.4	22.2	365.4
% of Total	84.0	4.0	6.0	100.0

Source: Instituto Nacional de Estadísticas INE's Cultura y Tiempo Libre Annual Reports 2006 to 2010.

Broadcast Television

p. 652 Until 1990, when private operators were authorized, television was a not-for-profit duopoly of state and university broadcasting. Lack of public funding and absolute reliance on advertising after general Pinochet liberalized the economy in 1975 generated a “trout and parrot mixture” of a system in which elitist, public-service principles of European origin coexisted with often conflicting mass appeal and market rules.²⁷

The Latin American norm in media ownership consists of private monopolies controlled by family conglomerates. In broadcast television, that was the case of Brazil's Globo, Mexico's Televisa, and Venezuela's Venevision and RCTV²⁸ (before the socialist government of Hugo Chavez did not renew RCTV's licenses in 2007).²⁹ In Chile, ownership concentration in this sector has been prevented by law. The law stated that a broadcaster could only operate one television channel in the same geographical area, a feature kept by the recent Law of Digital TV N°20,750 of March 25, 2014 (see below). Although just one university broadcaster remains, the small but profitable UCV from Universidad Catolica de Valparaiso, the market is still led by TVN, an unusual public broadcaster due to its combination of sustained mass appeal, economic success, and an absolute prohibition to receive public funding. In 2009, it attracted 33% of advertising expenditures in television,³⁰ a dominant position that gave it political independence from government (Table 21.9).

Table 21-9. TV Broadcasting: Terrestrial Channels 2008 vs. 2004, by Revenues (Nominal US\$mil)¹

Broadcaster/Current Owner ²	2004	%	2008	%
2 Telecanal (Guillermo Cañedo, Mexico)	—	0	2.63	1
4 Red (Angel Gonzalez, Mexico)	26.79	11	65.26	18
5 UCV (Universidad Catolica Valparaiso, Chile)	N/A		N/A	
7 TVN (Public)	83.8	33	106.29	30
9 MEGA (Bethia Group, Chile)	47.2	19	59.47	17
11 CHV (Time Warner, US)	13.08	5	15.62	4
13 UCTV (Universidad Catolica/Luksic group, Chile)	81.71	32	105.51	30
Total	252.58	100	354.78	100
C4		95.0		95.0
HHI		2,620		2,430
Noam Index		1,172		992
Number of Firms with Market Share >1% (<i>n</i>)		5		6

Source: SVS.

1 Exchange rate 2004 and 2008: 636 pesos per dollar. Nominal values for each year, not corrected.

2 Ownership in March 2012.

p. 653 In 2012, TVN stood alone as the only successful not-for-profit operator after the sale in 2010 of a 67% stake of its traditional rival Universidad Catolica de Chile's Canal 13 (UCTV) to the Chilean businessman Andronico Luksic.³¹ Until then, UCTV and TVN dominated the broadcasting industry with a highly unusual combination of market behavior and a public-service remit. High costs, corporate confusion, and increasing competition against less prudish players (which were not afraid of vulgarity or sensationalism) left UCTV almost bankrupt. Almost simultaneously to the partial sale of UCTV, Time Warner acquired another former university network, Chilevision (CHV), from the newly elected national president Sebastián Piñera, a businessman who promised to sell most of his companies if elected. Piñera bought CHV in 2005 for \$40 million from Venezuela's Venevision and sold it five years later to the US-based holding for \$140 million (Table 21.10).³²

Table 21-10. TV Broadcasting Market Shares by Audience (Household Rating Points, Daily Average)

	2005	2006	2007	2008	2009	2010
2 Telecanal (Guillermo Cañedo, Mexico)	0.4	3.2	2.8	2.5	1.6	1.7
4 Red (Angel Gonzalez, Mexico)	10.5	8.8	8.3	6.3	4.4	4.8
5 UCV (Universidad Catolica Valparaiso, Chile)	1.1	1.5	1.5	1.4	1.5	1.6
7 TVN (Public, Chile)	20.7	19.9	20.6	18.9	19.1	18.4
9 MEGA (Bethia Group, Chile)	19.3	17.6	18.5	20.7	18.3	17.6
11 CHV (Time Warner, US)	12.6	14.8	14.6	16.7	16.5	17.1
13 UCTV (Universidad Catolica/Luksic group, Chile)	21	17.1	17.6	18.1	17.1	13
Total for Broadcast Channels	85.6	82.9	83.9	84.5	78.5	74.2
Others: All Pay-Television Channels	14.4	17.1	16.1	15.5	21.5	25.8
C4	73.6	69.4	71.3	74.4	71	66.1
HHI	1,512	1,307	1,369	1,440	1,289	1,138
Noam Index	617	494	517	544	487	430
Number of Firms with Market Share >1% (<i>n</i>)	6	7	7	7	7	7

Source: Time IBOPE.

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The sector faced uncertainty as Chile's Congress debated two legal drafts proposed by the Executive in 2008 as a response to digitization: one reforming the law of TVN and the other governing television.³³ Despite many advantages, the proposals also had serious deficiencies that delayed their approval. They were considered mere upgrades of outdated legislation: television was treated as if neither pay-TV nor convergence existed, isolated regulatory bodies were kept intact, and incumbent broadcasters (including TVN) received unexplained preferential treatment (each of them would get an automatic, free-of-charge 6MHz digital multiplex in the almost vacant UHF band, which they wanted to be perpetual).³⁴ At the same time, the prohibition to control more than one franchise in the same zone was maintained. Therefore, ownership concentration looked more difficult to attain in this sector than elsewhere.

Complications also existed for the former university channels. According to law, the terrestrial franchise allocated to UCTV and CHV's original operators, Universidad Catolica de Chile and Universidad de Chile, respectively, could not be transferred. Thus, the broadcasters UCTV and CHV were merely enjoying a temporary lease from their actual university owners. The new draft for digital terrestrial television stated that current franchisees will automatically be awarded a 6MHz digital multiplex channel. It also introduced further confusion as it was not clear whether the universities or the buyers of UCTV and CHV were entitled to 6MHz digital multiplex channels for free. These channels are valuable slices of spectrum and therefore highly coveted properties.

Multichannel TV Platform

Pay-television in Chile is an oligopoly, like most markets worldwide: the main players are large multinational telecommunication firms that also dominate phone and broadband (landlines and mobile.) They are Spain's Movistar/Telefonica, Mexico's Claro (Telmex in its home country), United States's VTR Globalcom, and Italy's Entel (these last two have minority stakes of Chilean investors though). Their yearly estimated receipts from both cable and satellite TV range from \$803.9 to \$921.6 million (there are no publicly available official figures), an amount similar to the advertising expenditure in all Chilean media channels.³⁵ This income is generated from 1.9 million subscriptions.³⁶ Internet users in Chile are estimated at half of the population, while 38.8% of households are subscribed to either cable or satellite television. Yet these companies are not completely comparable to traditional media firms, as they are more focused on providing connectivity rather than producing content.

Until the middle of the 2000s, pay-television was predominantly provided by cable, and it was dominated by VTR Globalcom, a firm resulting from the merger of preexisting cable operators VTR and Metropolis/Intercom. Until 2009, VTR only participated in telecommunications, providing pay-television, landline phone service, and Internet connections. That year it was granted a 3G license to operate mobile phone services as well. VTR started operating mobile phone services in 2012. Eighty percent of the company belongs to the US-based Liberty Media (John Malone), and the remaining 20% belongs to Alvaro Saieh,³⁷ a Chilean businessman who also owns the newspaper consortium COPESA, plus six radio networks and Channel 22 UHF in Santiago (Table 21.11).³⁸

Table 21-11. Share of Subscriptions of Pay-Television per Operator, 2006–2011

Operator / Origin	2006	2007	2008	2009	2010	2011 ¹
Liberty Global (US)	89.0	80.0	71.0	64.2	56.6	56.0
VTR (US/Chile)	82.0	72.0	63.0	53.9	46.3	45.0
DirecTV (US)	7.0	8.0	8.0	10.3	10.3	11.0
Telmex/Claro (Mexico)	4.0	4.0	10.0	18.3	19.2	20.0
Telefonica (Spain)	4.0	15.0	18.0	16.9	17.0	18.0
Others	2.0	2.0	1.0	0.6	7.2	6.0
Estimated income, \$ mil						921.6
C4	97.0	99.0	99.0	99.4	92.8	94.0
HHI	6,805	5,489	4,457	3,632	2,907	2,870
Noam Index	3,929	3,169	2,573	2,097	1,679	1,657
Number of Firms with Market Share >1% (n)	3	3	3	3	3	3

Source: SUBTEL, own estimations of income based on published prices of subscriptions.

1 Income estimate of 2011 considers the whole year, subscriptions only cover the period January–June.

In the second half of the decade, satellite television quickly grew while cable was relatively stalled. According to the latest available statistics from SUBTEL, the regulator of telecoms, more than 80% of pay-television subscriptions were controlled by three international holdings: VTR (USA plus Saieh), Mexico's Claro (an affiliate of Telmex), and Spain's Telefonica.³⁹

p. 655 Pay-television operators, and VTR in particular, refused to pay any fees for carrying the networks' contents, and these networks have sued VTR for this. Their perspective was summarized by TVN's CEO, who compared cable/satellite operators to "an imaginary discotheque owner who has grown rich by charging customers dearly while playing music from radio stations without paying them any copyright fees for the music that attracts the customers."⁴⁰ Until 2014, the courts rejected these claims given that terrestrial broadcasts were freely available. In addition, incumbents did not object to cable carrying their broadcasts for free before the 1990s. The chances of a monopoly seemed greater because pay-television's subscription-based income (which does not vary according to audience ratings) is long ago bigger than terrestrial television's. And subscribers have been steadily growing.⁴¹

The struggle of payment did not turned into open war because VTR distributed TVN's news channel, TVN 24 Horas, and UCTV's highbrow Canal 13 Cable for free. As legislation forbade terrestrial franchisees to operate more than one channel, cable was the only alternative to distribute these not-for-profit yet commercially operated outlets. In addition, VTR fostered local channels in the main regional cities where it operates⁴²—a strategy that helps bolster local subscriptions as well as public sympathy for the distributor. Finally, the Law of Digital TV of 2014 established that pay operators must compensate the terrestrial networks, and also follow must-carry rules to favor local channels operating a terrestrial franchise.

Cable and satellite-only channels share three characteristics. First, taken individually, each of them has very low ratings. All of them put together attracted almost 25% of the audience share in 2010 (see Table 21.11); the rest went to the terrestrial broadcasters (audience measurements via People Meter include homes that have subscribed to pay-television as well as those without a subscription). Second, the most watched channels are predominantly dedicated to children and films or series. Finally, most belong to international holdings from the United States.

Table 21.12 depicts the 10 most watched cable and satellite-only channels in 2009 and 2011. The most watched channel in 2009 had 1.03 rating points (Discovery Kids) and 1.20 in 2011 (Disney Channel). Most of these outlets belong to US-based transnational holdings: Fox (Nickelodeon, Cinecanal), Time Warner (Cartoon Network, TNT, HBO, CNN), MTV (Nickelodeon, MTV), and the Discovery Channel.

Table 21-12. Audience Share of the Top 10 Most Viewed Cable/Satellite TV Channels, 2009–2011¹

2009				2011		
N°	Channel	Ratings	%	Channel	Ratings	%
1	Discovery Kids (Children, USA)	1.03	7.5	Disney Channel (Children, USA)	1.20	6.8
2	Disney Channel (Children, USA)	0.89	6.5	Discovery Kids (Children, USA)	1.03	6.6
3	Cartoon Network (Children, USA)	0.56	4.1	Cartoon Network (Children, USA)	0.72	6.3
4	Disney XD (Children, USA)	0.38	2.8	Disney XD (Children, USA)	0.61	6.2
5	Canal Fox (Film, USA)	0.31	2.2	Canal Fox (Film, USA)	0.43	6.0
6	Nickelodeon (Children, USA)	0.29	2.1	Nickelodeon (Children, USA)	0.39	6.0
7	TNT (Film, USA)	0.29	2.1	Play House Disney (Children, USA)	0.37	6.0
8	HBO (Film, USA)	0.23	1.7	TNT (Film, USA)	0.35	6.0
9	Cinecanal (Film, USA)	0.23	1.7	Cinecanal (Film, USA)	0.29	5.9
10	CNN Chile (News, USA)	0.22	1.6	HBO (Film, USA)	0.27	5.9
	Remaining Channels (197)	9.35	67.9	Remaining channels (197)	12.16	17.8
	Total	13.78	100.0		17.82	100.0
	C4		20.8%			26.0%
	HHI		144			383
	Noam Index		59			191
	Number of Firms with Market Share >1% (n)		6			4

Source: Time Ibope, Department of Studies TVN.

- 1 Due to the extremely low viewership figures of cable/satellite channels and high margin of error of audience measurements (+/- 2.5%), only the top 10 channels were considered for the calculations, for referential purposes.

Film

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As mentioned, filmmaking in Chile is still a relatively precarious craft made by small, isolated producers who are becoming increasingly more sophisticated and market-driven. This shift comes after decades of a militant, socially conscious perspective with a strong influence of the *cinema d'auteur* as a contrast to commercially oriented movies from Hollywood. After the end of the military dictatorship in 1990, the combination of increased freedom of speech, growing expertise in producing commercials, targeted money incentives from the State for preproduction, and cheap digital cameras, Chilean filmmakers manage to screen nearly a dozen long features per year, reaching 14 new productions in 2009, an historically high figure.⁴³ Digitalization has cut costs of long feature films from an average of \$500,000 to \$1 million: for these very modest productions, by European or North American standards, film stock and cameras are a very high proportion of overall costs.⁴⁴ Yet attendance to cinemas has stayed relatively flat throughout the 2000s, as shown in Table 21.13.

Table 21-13. Attendance to Cinemas in Chile, 2000–2010

Year	Attendance to Cinemas (Tickets sold)	Variation from Previous Year	% Change
2000	9,340,476	-292,797	-3.04%
2001	11,064,343	1,723,867	18.46%
2002	11,454,115	389,772	3.52%
2003	11,442,377	-11,738	-0.10%
2004	12,658,778	1,216,401	10.63%
2005	10,722,860	-1,935,918	-15.29%
2006	10,524,251	-198,609	-1.85%
2007	11,455,550	931,299	8.85%
2008	11,886,801	431,251	3.76%
2009	14,442,596	2,555,795	21.50%

Source: Chilean Chamber of Multiplex Cinema Exhibitors.

In contrast, exhibition is mostly in hands of foreign cinema chains: Cinemark and Cine Hoyts from the United States. Together, they own 86% of all cinema venues in Chile, most of which are located in highly popular shopping malls.⁴⁵

Telecommunications Media

In contrast to mass media, where local firms still play an important role, telecoms are an oligopoly dominated by four big multinationals, three foreign (Telefonica, Claro, and VTR) and the Italian/Chilean Entel. As a regulated sector, their revenues are publicly available at SVS, the Exchange and Securities' regulator (*Superintendencia de Valores y Seguros*), and are shown in Table 21.14. These figures do not include income generated by their pay-television operations as Chilean (preconvergent) legislation considers this to be different from pay-television and there is no legal obligation to disclose any financial details. These anachronistic distinctions and subsequent lack of reliable data prevent a complete view of phenomena such as ownership concentration in the convergent scenario where communications and media are taking place.

Table 21-14. Income of Main Telecom Companies 2004 vs. 2008, US\$mil¹

	2004 Nominal US\$mil	%	2008 Nominal US\$mil	%
Telmex Claro (Mexico)	72.1	3.2	126.9	4.4
Entel (Italy/Chile)	1,088.80	48	1,677.50	58
Telefónica (Spain)	1,105.10	48.7	1,077.50	37.3
Liberty VTR ² (USA/Chile)	2.5	0.1	9.8	0.3
Total	2,268.50	100	2,891.60	100
C4		100.0%		100.0%
HHI		4,686		4,775
Noam Index		2,705		2,757
Number of Firms with Market Share >1% (<i>n</i>)		3		3

Source: SVS.

- 1 Exchange rate 2004 and 2008: 636 pesos per dollar. Nominal values for each year, not corrected.
- 2 Liberty's VTR figures show only its fixed telephone business, not pay-TV.

p. 658 In each subsector there is a market leader among these big four holdings. The following tables show their respective share of subscriptions in landline phone service (Table 21.15), mobile phone service (Table 21.16), pay-television systems (Table 21.11), and fixed Internet connections (Table 21.17). When each of these subsectors is examined individually, smaller providers emerge (such as Nextel, a niche mobile company, and Telsur, a regional telecom provider in southern Chile), but their weight is still negligible compared to Telefonica, Entel, Claro, and VTR. The spectrum and telecoms regulator, SUBTEL, does not provide information about revenue.

Table 21-15. Fixed Telephone Lines per Operator 2008 vs. 2010

	2008	%	2010	%
Entel (Italy/Chile)	178,515	5	195,972	5
Telefonica (Spain)	2,120,974	58	1,944,739	53
Telmex's Claro (Mexico)	113,508	3	188,965	5
Telsur (Chile)	201,306	6	180,759	5
Liberty's VTR (US/Chile)	613,604	17	638,176	18
Other	3,208	8	308,895	8
Total	1,310	100	3,646,471	100
Revenue Estimate (\$US)	1,045			
C4		86		81
HHI		3,723	3,546	
Noam Index		1,665	1,448	
Number of Firms with Market Share >1% (<i>n</i>)		5		5

Source: SUBTEL.

Table 21-16. Total Mobile Subscribers per Operator

	2008	Share	2010	Share
Telmex Claro (Mexico)	2,749.21	19	4,465.52	22
Entel (Italy/Chile)	5,741.09	39	7,229.29	36
Telefonica (Spain)	6,299.09	43	8,129.25	41
Total	14,796.59	100	19,851.62	100
C4		100		99
HHI		3,731		3,461
Noam Index		2,154		1,998
Number of Firms with Market Share >1% (<i>n</i>)		3		3

Source: SUBTEL. Total estimated revenue in 2008: \$1.59 billion.

Table 21-17. Fixed-Line Internet Connections per Operator

	2008	%	2010	%
Telefonica (Spain)	662,113	46	788,996	43
Telmex (Mexico)	—	0	127,368	7
Telsur (Chile)	74,919	5	92,771	5
Liberty's VTR (US/Chile)	590,074	41	698,146	38
Entel (Chile/Italy)	32,257	2	21,632	1
Other	79,646	6	89,886	5
Total	1,439,009	100	1,818,799	100
C4		98.0		93.0
HHI		3,862		3,393
Noam Index		1,931		1,517
Number of Firms with Market Share >1% (<i>n</i>)		4		5

Source: SUBTEL. Total estimated revenue in 2008: \$276 million.

p. 659 **Wireless Telecom**

Mobile phone service has expanded quickly in Chile: subscriptions exceeded the local population in 2010 when mobiles reached 19.8 million, twice as many as in 2005. Only three of the four large landline providers are strong: VTR, the main player in pay-television, started offering 3G mobile in 2012 and struggles to dominate the so-called triple-play of fixed/mobile phone service, Internet connections, and pay-television (where the other companies were weaker than VTR).⁴⁶

Internet Service Providers

The telecom companies (Claro, Entel, Telefonica, and VTR) provide Internet connections (Tables 21.17 and 21.18) and also offer fixed and mobile phone service (Tables 21.15 and 21.16), as well as pay-television. Mobile connections are relatively recent but are growing fast: they added up to 5.8 million by the end of 2010.

Table 21-18. Mobile Line Internet Connections per Operator, 000s

	2009				2010			
	2G	3G	2G + 3G	%	2G	3G	2G + 3G	%
Telefonica (Spain)	2,058.0	266.8	2,324.8	32.1	2,643.90	345.7	2,989.6	51.2
Telmex Claro (Mexico)	694.6	171.8	866.4	12	801.9	275.8	1,077.7	18.5
Entel (Italy/Chile)	3,848.2	191.8	4,040.0	55.9	1,152.0	617.1	1,769.1	30.3
Total	6,600.8	630.4	7,231.2	100	4,597.8	1,238.6	5,836.4	100
C4				100				100
HHI				4,298				3,884
Noam Index				2,482				2,242
Number of firms with market share >1% (<i>n</i>)				3				3

Source: SUBTEL.

Online News

Concerning news sites online, the only publicly available comparative figures for audience impact are depicted in Table 21.19. As these numbers only include the sites affiliated with the International Advertising Bureau (IAB), they should be taken with care. Those related to El Mercurio group represent 57.8% of unique visitors quantified by IAB in 2011 and 54.2% in 2012. This is followed by COPESA, the other dominant newspaper holding, and by two radio consortia: Compañía Chilena de Comunicaciones (owner of Radio Cooperativa, one of the four main radio news networks) and the Spanish consortium Iberoamericana (owner of ADN radio, another radio news network). The table includes the state-owned La Nacion that disappeared in 2012.

Table 21-19. Unique Visitors of Online News Sites, 000s, 2011–2012¹

Company	2011 (December)		2012(May)	
	Unique Visitors (000s)	Market Share %	Unique Visitors (000s)	Market Share %
El Mercurio (Chile)	7,204.1	57.8	6,030.5	54.2
Copesa (Chile)	3,333.1	26.8	3,293.1	29.6
Cía. Chilena Comunicaciones (Chile)	1,021.9	8.2	891.5	8
La Nacion (Public)	557.3	4.5	630.9	5.7
Iberoamericana (Spain)	311.5	2.5	279.9	2.5
Total	12,427.9	100	11,125.8	100
C4		74.0		72.1
HHI		1,656		1,651
Noam Index		740		738
Number of Firms with Market Share >1% (<i>n</i>)		5		5

Source: IAB/Comscore.

1 Only IAB affiliates are considered.

Search Engines

There are no significant local search engines to consider. Most Chilean portals refer to sites such as Google and Yahoo—which have local versions with the suffix “cl”—for these purposes. Table 21.20 shows the 10 most popular sites in Chile in terms of unique visitors measured by ComScore. In 2010, the different Google sites attracted 17.2% of visits compared to 8.6% on Yahoo.

Table 21-20. Top 10 Most Popular Websites in Chile, 2010

	Total Unique Visitors, 000s	%
1. Google Sites (includes YouTube)	6,797	17.21
2. Facebook.Com	6,219	15.75
3. Microsoft Sites (includes MSN)	6,069	15.37
4. Terra—Telefonica	4,12	10.43
5. Yahoo Sites	3,397	8.60
6. Wikimedia Foundation Sites	3,215	8.14
7. Empresa El Mercurio S.A.P.	2,888	7.31
8. Taringa.net	2,495	6.32
9. Grupo La Tercera	2,175	5.51
10. Hi-Media Group (includes Fotolog)	2,114	5.35
Total	39,489	100.00
C4		58,8
HHI		1,182
Number of Firms with Market Share >1% (<i>n</i>)		10
Noam Index		374

Source: ComScore Media Metrix.

Conclusion

Qualitative Considerations: Concentration and Political Diversity

p. 662 How has consolidation of ownership affected the pluralism of media and the diversity of voices? Opinions in this respect are widely divided in Chile. There is a segment of activists, academics, politicians, NGOs, and professionals who are convinced that media concentration is on the rise and that media diversity and pluralism are jeopardized as a result. Many of them belong to the political left, but not all. They are generally deeply suspicious of the supposedly conservative ideology of Chilean media owners—especially of the newspaper duopoly of COPESA and El Mercurio, owned by Alvaro Saieh and the Edwards family, ⁴⁷ respectively. Both conglomerates thrived during the Pinochet years (1973–1990) when all other newspapers were shut down. The market was left to these two active supporters of the regime and promoters of its open-market economic policies within a politically repressive environment. ⁴⁸ Although Saieh bought COPESA from the Picó Cañas family in 2000 and did not previously participate in the group's newspapers (*La Tercera* and *La Cuarta*), he held important posts during the military regime and became very wealthy. ⁴⁹

After the influence of General Pinochet faded away (he died in 2006), preoccupation about media ownership shifted from the old pro-dictatorship versus pro-democracy divide to the more subtle debate between commercial and non-commercial media. Those sharing this latter view highlight an apparently irresistible expansion of private, for-profit, and occasionally multinational media holdings combined with the decline of university television, the increase of commercialization of the public broadcaster TVN, and the difficulties faced by community media, notably radio. Commercially oriented media, say some of these critics, are not interested in genuine information and news, but in entertainment and advertising. ⁵⁰

Most media owners and executives have a completely different view of media concentration and ownership. They are grouped in associations such as ARCHI (radio), ANATEL (terrestrial television, including the public broadcaster TVN), ANP (newspapers), and ANDA (advertisers), as well as industry consultants and some

government officials from the technical branches of government such as SUBTEL or the Ministry of Economic Development (the one in charge of promoting the Internet for economic growth.) This group, more influential and wealthy than the one described previously, has a market-focused view of the situation and stresses the fiercely competitive nature of the Chilean media landscape. They are proud of the relative technical quality, content diversity, and pluralism available to the Chilean public, especially when contrasted to other Latin American countries, where the political and economic power of conglomerates such as Brazil's Globo, Mexico's Televisa, or Argentina's Clarin is considerably higher than that of the newspaper duopoly of El Mercurio and COPESA (which are irreconcilable market rivals).⁵¹

p. 663 In addition, terrestrial television, the most powerful medium in terms of news impact, is fragmented among public, university, private, national, and multinational operators, none of which has (at least until now) monopoly power of its own. The new entrants, Time Warner and the Luksic family, who bought CHV and Canal 13 UCTV, respectively, in 2010, are not politically conservative either.⁵² In radio, despite the recent ownership concentration described earlier, there are literally more than 1,500 radio stations available nationwide. The medium is consistently ranked among the most credible institutions in the country, together with the Fire Brigade and the *Carabineros*, the uniformed police force.⁵³

Pay-television is highly concentrated, and customer satisfaction with the service is weak due to mediocre customer service. But there are no reports about this industry restricting freedom of expression and/or the availability of news. On the contrary, cable distributors facilitated the creation in 2009 of the news-only channels CNN Chile and TVN 24 Horas (broadcast television operators were forbidden by law to operate more than one channel).⁵⁴

What about media ownership being transparent? According to Chilean corporate law, as in most countries, only companies that trade shares on the stock exchange need to regularly inform the public about their ownership composition, financial situation, and similar information. Media companies do not have such a structure and therefore are not obligated to provide information. The exception is terrestrial television: franchisees must be organizations based in Chile led by Chilean executives, even if the investment capital comes from other countries as with CHV, La Red, and Channel 2 Telecanal. Furthermore, the industry's regulator, CNTV, is entitled to request from the franchisees "all the information necessary to accomplish its (regulatory) functions; those requested are obliged to present the requested information."⁵⁵

Nevertheless, there are no big mysteries concerning who owns the main telecommunication companies, terrestrial channels, pay-television operators, newspapers, and radio stations: Chilean media outlets are relatively small companies that are far less structurally complex than their peers in larger industrialized countries.⁵⁶ It is much more difficult to know the ownership composition of the many hundreds of smaller media outlets—especially radio stations. But they are not a concern in these matters.

Qualitative Considerations: International Ownership and Alternative Media

Chile's communication and media markets are a very open to the world. Telecommunications are mostly owned by foreigners. Being a small country, there are no examples of exports like Mexican and Brazilian *telenovelas* or Hollywood films. Chilean-only media companies are relatively small, and despite their cultural affinity with local audiences, they face tough international competition. A significant example is the Spanish radio holding Iberoamericana Radio Chile, who concentrates the largest audience shares and revenues with its menu of attractive and complementary music networks (including the only station fully dedicated to Chilean music). More recently, Time Warner bought Chilevision, one of the most successful broadcast television networks, from the current President Sebastian Piñera after he took office in 2010.

Within the pro-market, liberal vision that prevails in Chile—in contrast to Argentina, Venezuela, Ecuador, and Bolivia—the only serious legal effort to prevent foreign operators was the reciprocity clause introduced in 2003, by which foreign investors seeking a radio license must demonstrate that a Chilean can get one in their own countries, too.⁵⁷ Yet this clause applies only to radio, and it came too late to prevent the entrenchment of companies such as Iberoamericana Radio Chile.⁵⁸

p. 664 Although largely ignored by mainstream media, there are also concerns about the excessive centralization of the media and the funding sources in Santiago, notably advertising and its related audience measurement methods. This has harmed regional and local outlets, most of which have been absorbed by companies of national reach based in the capital. Many others have simply disappeared.

Finally, there are also concerns among grassroots and community organizations about the limited audience impact and resources of community citizen media as alternatives to market-driven, professional mainstream media outlets. In Chile there are no special safeguards or incentives for these types of media. In fact, legislation severely restricts the conditions of community radio to operate: they only can apply to a single channel at the high end of the FM band; licenses last three years; operators can neither sell advertising, make political propaganda, nor form networks; and their transmitting power is limited to 1 watt, which is even lower than a light bulb or a cell phone. A proposal to end these discriminatory conditions is being discussed in Congress at the time of this writing; among other things it proposes increasing transmission power up to 25 watts in urban areas; however, the outcome is not yet clear.⁵⁹

Quantifying Ownership Concentration in Chile

In summary, after most restrictions from the Pinochet years have gradually disappeared, many experts, NGOs, and citizen organizations consider ownership concentration as one of the top threats to freedom of expression in this deeply market-oriented, capitalistic nation, in contrast to countries where the main concern is terrorism, organized crime, or government intervention in the media.

Yet it has been a rather imprecise debate. There are almost no examples of quantification, such as those performed for this study, aside from rough shares of audience, revenue, or broadcasting licenses.⁶⁰ Besides, numbers are incomplete and inconsistent. Their quality is varied, ranging from good (as in terrestrial television and telecommunications) to dubious (newspapers and radio) to even nonexistent (radio again, as well income figures, or audience measurements outside the largest cities). Furthermore, data are isolated between different media types and markets—an important defect in times of growing convergence.

Anyway, an effort to quantify the phenomenon by using the Noam Index largely confirms the qualitative picture previously described. And despite the inaccuracies of the existing information, there are many valuable findings.

The first finding is the lopsided availability of audience and revenue share figures needed to quantify concentration. While audience measurements are in fair supply, only broadcast television and telecommunications show reliable income figures, as they are regulated sectors. For the rest of the communications markets there are only broad estimates available (Table 21.21).

Table 21-21. Noam Indexes of Concentration in Different Chilean Media and Communication Industries: Share of Revenues

	Latest Noam Index	Rank	Previous Noam Index	Growth	Rank
Telecommunications	2,757	1	2,705	51	1
Broadcast TV	2,430	2	2,620	-190	3
Newspapers	1,893	3	1,960	-68	2
Magazines					
Radio					
Pay-television operators					
Pay-television channels					
Cinema					
Landlines					
Mobile phones					
Fixed Internet					
Mobile Internet					
Online news sites					
Websites					

Source: Own calculations based on previous tables. Blank spaces show no reliable data available.

When analyzing the concentration of income shares alone in two moments selected for this chapter (see Table 21.20), it is interesting to note that telecommunications (excluding pay-television) show the highest Noam Index value (2,757), followed by broadcast television (2,430) and newspapers (1,893). Yet concentration (i.e., the index) dropped in broadcast television and newspapers compared to the previous values calculated for both sectors (Table 21.22).

Table 21-22. Noam Indexes of Concentration in Different Chilean Media and Communication Industries: Audience Share

Audience Share	Latest Noam Index	Rank	Previous Noam Index	Growth	Rank
Mobile Internet	2,242	1	2,482	-240	7
Mobile phones	1,998	2	2,154	-156	5
Pay-television operators	1,657	3	2,097	-440	9
Landlines	1,448	4	1,616	-169	6
Magazines	1,408	5	2,102	-694	11
Newspapers	1,405	6	1,969	-564	10
Fixed Internet	1,385	7	1,727	-342	8
Radio	842	8	858	-16	3
Online news sites	738	9	740		2
Broadcast TV	430	10	544	-114	4
Websites	374	11			
Pay-television channels	191	12	59	133	1
Cinema					
Telecommunications					

Source: Own calculations based on previous tables. Blank spaces show no reliable data available.

Audience share concentration (Table 21.21) also shows some unusual aspects within many predictable traits. Perhaps the most important are the comparatively higher levels of Noam concentration indexes in the growing sectors of mobile Internet and telephony (2,242 and 1,998, ^{p. 665}

respectively) and pay-television operators (not the channels per se). Landlines, magazines (an increasingly weak actor though), newspapers, and fixed Internet come next, ranging between 1,448 and 1,385. The rest of the communication sectors fall below 1,000 points. Radio (842) appears even more concentrated than broadcast television (430), which is usually a highly consolidated market in the rest of Latin America. Again, when comparing the latest concentration values with those from one or two years before, concentration falls in all sectors except the already non-concentrated sector of pay-television channels (in which great diversity is available through the handful of available distributors). ^{p. 666}

In summary, and noting the fact that figures in Chile are problematic and inconsistent, there is evidence of higher concentration in telecommunications (and for pay-television distributors, who are the same companies) than among the traditional media (where newspapers are confirmed as the less diverse). Also, concentration is higher in terms of revenue than in terms of audience share. This is relevant because income cannot be shared in the way that media contents are shared by audiences: unlike money, contents are non-excludable and non-rival in consumption, the classic attributes of public goods. So analyzing audience and income concentration separately is misleading in terms of real market power—a combination of both would be better, as recognized in the literature long ago.⁶¹ The same occurs when different media platforms are analyzed in isolation. Technological convergence and corporate mergers are making this distinction gradually risky and even dangerous, because they may give a false impression of diversity (or concentration) depending on how the discussion is framed.

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Chile—Data Summaries

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CHILE HAS THE HIGHEST percentage of foreign media ownership internationally, at 62.4% (Table 21.23). Telefónica (Spain), one of the top ICT providers in Latin America, is the largest platform media company in Chile, and it also has a 2.6% share in content media through its multichannel video platforms (Table 21.24). DirecTV (US) is the second largest of Chile’s C4 companies, dominating the multichannel platform market. In content, in addition to Telefonica and America Movil, traditional content producers such as El Mercurio and COPESA are larger (Table 21.24), as well as the incumbent multichannel provider DirecTV.

Table 21-23. National Media Industries Concentration in Chile

	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 (%)
Telefónica (Spain)	1,894	31.0	1,134	26.3	-6.7	-0.78
DirecTV (US)	811	11.8	641.2	14.3	-3.5	0.42
Entel PCS	322	10.2	369	11.1	2.4	0.14
El Mercurio	548	10.0	374	7.1	-5.3	-0.49
America Movil, (Telmex) (Mexico)	78	5.5	208	10.7	27.4	0.88
COPESA	142	5.5	99	4.0	-5	-0.25
Universidad Catolica/Luksic Group	64	2.2	58	2.1	-1.6	-0.01
TVN (public)	67	2.0	56	1.9	-2.6	-0.03
Iberoamericana (Spain)	34	0.8	33	0.76	-0.78	-0.01
Albavision (Mexico)	8	0.68	20	1.1	28.8	0.08
Bethia Group	22	1.2	18	1.1	-3.1	-0.02
Bio Bio Comunicaciones	0	0.02	0.1	0.03	82.6	0.004
Media Concentration Index			2004/5	2011 or Most Recent	% Change Annual Average	
Total Revenue: Nat'l Media Industry (US\$ mil)			4,102	5,657	6.3	
Total Voices (<i>n</i>)			43	45	0.78	
Net Voices (<i>n</i>)			31	32	0.54	
Public Ownership (%)			2.0	1.9	-0.03	
Foreign Ownership (%)			59.4	62.4	0.5	
C4 Average—Weighted			95.6	93.2	-0.41	
HHI Average—Weighted			4,277	3,607	-2.6	
C1 Average—Weighted			56	46	-2	
Noam Index Average—Weighted			1,531	1,641	1.2	
Pooled Overall Sector C4			53.1	52	-21.5	
Pooled Overall Sector HHI				1,230	-2.0	
Pooled Overall Sector Noam Index			171	124	-4.6	
Market Share of Top 10 Companies: Nat'l Media Industry (%) (Pooled C10)			83.2	82.1	-0.2	
National Power Index			4,216	3,319	-3.6	

Table 21-24. Top Content Media Companies in Chile

	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 Share of the National Content Media Market (%)	Company Power Index in Country
El Mercurio	1,307	23.9	993	18.8	-4	-0.85
DirectTV	584	6.6	448	8.0	-3.9	0.24
COPESA	338	13.1	263	10.6	-3.7	-0.42
Telmex/Claro (Mexico)	1	0.3	57	2.9	4,167.4	1.2
Universidad Catolica/ Luksic Group	152	5.2	153	5.6	0.13	0.08
TVN (public)	160	4.8	150	5	-1.0	0.03
Albavision(Mexico)	18	1.6	54	3.0	34.0	0.23
Bethia Group	53	2.8	48	2.8	-1.5	0.01
Telefonica (Spain)	1	0.3	46	2.6	637.6	0.38
Bio Bio Comunicaciones	0	0.04	0.2	0.09	95.7	0.01

Media Concentration Index	2004/5	2011 or Most Recent	% Change Annual Average
Public Ownership (%)	4.8	5.0	0.2%
Foreign Ownership (%)	32.7	41.6	1.5
C4 Average—Weighted	94	92.8	-0.20
HHI Average—Weighted	3,369	3,318	-0.25
C1 Average—Weighted	46	45	0
National Power Index	3,228	3,113	-0.59

America Móvil (Carlos Slim's Telmex/Grupo Carso) moved into the Chilean telecom market in 2004 when it bought the Latin American division of AT&T. Between 2004 and 2010, its market share of platforms, under the brand name Claro Chile, nearly doubled from 9.2% to 15.4%.

El Mercurio is the largest content company in the country. The company operates a daily newspaper by that name. El Mercurio, together with COPESA, form a duopoly in the newspaper market. COPESA, however, has also expanded into the radio, broadcast TV, and cable industries. In contrast, Bethia Group started as a holding corporation involved in other industries before it moved into the media industry in 2012 with its purchase of Radio Candela and the TV networks MEGA and ETC TV (Table 21.25)

Table 21-25. Top Platform Media Companies in Chile

	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 Share of the National Platform Media Market (%)	Company Power Index in Country
Telefónica (Spain)	3,261	53.2	1,791	40.7	-7.5	-2.1
DirecTV (US)	974	15.5	758	18.1	-3.7	0.43
Entel PCS	554	17.6	592	17.8	1.1	0.02
Telmex/Claro (Mexico)	134	9.2	299	15.4	20.7	1.0

Media Concentration Index	2004/5	2011 or Most Recent	% Change Annual Average
Public Ownership (%)	0	0	0%
Foreign Ownership (%)	77.9	74.2	-0.6
C4 Average—Weighted	96.8	93.4	-0.57
HHI Average—Weighted	4,932	3,781	-3.9
C1 Average—Weighted	62		-3
National Power Index	4,939		-5.0

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Notes

1. The author wishes to acknowledge journalist Carla Pia Ruiz for her assistance in the preparation of this study.
2. Chile and Argentina lead the way as the countries with the highest Human Development Index (HDI) in the region, with 0.783 and 0.775 HDI scores respectively. See UNDP (2010): *Human Development Report 2010. The Real Wealth of Nations: Pathways to Human Development*, UNDP, New York, <http://www.beta.undp.org/content/dam/undp/library/corporate/HDR/HDR_2010_EN_Complete_reprint-1.pdf> (accessed on Sept. 20, 2011).[↗]
3. According to Reporters Without Borders, Costa Rica, Chile, and Uruguay lead the ranking of press freedom in the region, and ahead of Spain, France, and Italy. See Reporters Without Borders: *Press Freedom Index 2010*, <<http://en.rsf.org/press-freedom-index-2010,1034.html>> (accessed on Sept. 15, 2011).[↗]
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