

CHAPTER

28 Media Ownership and Concentration in Taiwan

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<https://doi.org/10.1093/acprof:oso/9780199987238.003.0028> Pages 847–880

Published: January 2016

Abstract

This chapter describes media ownership and concentration in Taiwan. Following an overview of the Taiwanese media landscape, the rest of the chapter focuses on print media (newspapers, book publishing, magazine publishing), audiovisual media (radio, broadcast television, multichannel TV platforms, video channels, film, music), telecommunications media (wireline and wireless telecom), and Internet media (Internet Service Providers, search engines, online news market). Major telecom firms are CHT, Taiwan Mobile, and FET. Main newspaper firms are China Times group, Liberty Times News group, and Apple Daily. The largest TV firms are Formosa TV, Chinese TV Systems, and Chian TV Corp.

Keywords: Taiwanese media market, media industry, terrestrial TV, print media, audiovisual media, telecommunications, Internet, CHT, Taiwan Mobile, China Times, Liberty Times Taiwanese media market, media industry, terrestrial TV, print media, audiovisual media, telecommunications, Internet, CHT, Taiwan Mobile, China Times, Liberty Times

Subject: Economic Sociology, Social Research and Statistics

Introduction

Ownership and control are two important factors affecting the operation and performance of the media in Taiwan.¹ The owners of media outlets influence the media industry's operations. The influence can come from personal, commercial, or political interests. It is generally believed that highly concentrated media tend to be detrimental to the diverse content and opinions of the public. However, the appropriate limit of the media's market shares and concentration in a democratic country is a hotly debated topic. In Taiwan, the newspapers are largely commercial, but most of them are inclined toward specific political parties or political figures. Neither the government nor political parties are allowed to own any electronic media except for several radio stations that have been owned and operated by the government since December 2003. Taiwan only has clear laws and regulations for cable TV's horizontal and vertical integration. The Publication Law was abolished in 1999, so there is no regulation for print media. The multiple ownership rule is vague and controversial. It is difficult to calculate the market concentration when media are not publicly listed in the stock market or if there is no legitimate system for auditing circulation. Some media outlets oppose an auditing system because they do not want to make their circulation numbers transparent to the public. It is even more difficult to calculate the market power of converged media. In this chapter, every valid method has been taken to calculate the market concentration of the different media outlets and to interpret the trend of media development and media concentration.

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There is no clear regulation of cross-media ownership in Taiwan. It is only indicated in the Enforcement Rules of the Radio and TV Act.² In 2002, *China Times* acquired a satellite channel company, CTi, which owns three channels carried by cable operators. In 2006, *China Times*' owner, Albert Yu, wanted to buy the biggest

radio station, the Broadcasting Corporation of China (BCC), and a terrestrial TV company, China Television Company (CTV). This acquisition case received a great deal of attention from the media, the political parties, and the public because BCC and CTV were both owned by the Kuomintang (KMT).³ The NCC approved Yu's application because there was no law restricting multiple ownership. However, it was criticized by the ruling Democratic Progressive Party (DPP) and several media critics and scholars. With this new acquisition, Yu owned newspapers, magazines, terrestrial TV stations, satellite channels, and radio stations. Quickly following this deal, Yu sold BCC to Jaw Shaw-kong⁴ whose wife had to reduce her shares from 34% to less than 10% in another radio station, UFO. In 2008, Yu sold *China Times*, CTV, and CTi to Want Want's owner Tsai Eng-meng,⁵ who has a large business interest in China. The NCC held hearings and finally passed the case by giving several orders to Want Want's owner. However, since Want Want could not fulfill the NCC's special orders, the case was still pending.

In December 2003, the Legislative Yuan (Congress) revised the Broadcasting Law, Cable Radio and TV Law, and Satellite Radio and TV Law to require that all the political parties, government, and military to withdraw their shares from the electronic media within two years.⁶ The Legislative Yuan wanted to prevent biased media reporting, especially during elections. Since then, the Broadcasting Corporation of China and China Television Company have sold their shares. In 2006, Chunghwa Telecom could not provide IPTV services because the government owned a 41% stake in the company at the time. It was instructed by the regulator to change its non-transparent business model to an open platform model in order to comply with the laws. Meanwhile, some companies were fined because the government held indirect ownership over them. The industry urged the government to revise three broadcasting related laws and to relax the restriction on government shares to 10% of indirect shares in order to avoid unknown investors in the stock market.⁷ Another controversial case concerned horizontal integration and vertical integration. The Cable Radio and TV Act set up a cap for horizontal integration and vertical integration. No multiple system operators (MSO) can own more than one-third of cable systems or have more than one-third of the subscribers. Within the same franchise area, the MSO cannot own more than half of the systems.

p. 849 With regard to vertical regulation, the cap is one-fourth. It means programs provided by system operators and their affiliated enterprises shall not exceed 25% of the usable channels. In 2010, Taiwan Mobile (Taiwan Fixed Network's biggest shareholder) wanted to acquire the MSO, Kbro. At that time, Taiwan Fixed Network owned six cable systems. If it acquired Kbro, it would become the biggest MSO in Taiwan, and its total subscribers would be almost one-third of the market. Taiwan Mobile also had a shopping channel and a children's channel. Therefore, the NCC held a hearing.

The owner of Taiwan Mobile, the Tsai family, knew that it would be difficult to acquire Kbro, because they owned an MSO. Therefore, they decided to use a new company, Da-Fu, to acquire 80% of Kbro, a transaction valued at US\$1.2 billion. The Fair Trade Commission approved the acquisition with several conditions, as did the NCC. Since the proposed acquisition did not violate the Cable Radio and TV Act, it was difficult for the NCC to deny the application.⁸ Both the Fair Trade Commission and the NCC granted the application but set a number of conditions. For example, after the acquisition, Kbro and Taiwan Fixed Network could not have the same board members and supervisors. Table 28.1 shows the market share of major cable MSOs in 2014. (Table 28.1).

Table 28-1. The Market Share of Major Cable TV MSOs (2014)

MSO	Major shareholder	System Operator	Subscribers	Subscribers in the cable TV market (%)
Kbro	Da Fu Media (Richard Tsai, Taiwan)	12	1,049,028	21.03
CNS	MBK	10	1,187,053	23.80
TBC	Macquarie (Australia)	4	698,624	14.00
Taiwan Fixed Network	Taiwan Mobile (Richard Tsai, Taiwan)	5	495,866	9.94
Taiwan Optical Platform	Taiwan Technology (Rocky Chien, Taiwan)	4	296,718	5.95
Independent		24	1,261,286	25.28
Total		59	4,988,575	100

Total revenue in March, 2014 (estimated on a per household basis): 1.072 billion US dollars (4,988,575 households x NT \$537 x12 month)

In Taiwan, cable MSOs, satellite channels, advertising companies, telephone companies, music companies, and film companies all have some foreign share ownership. The Telecommunications Act and the Cable Radio and TV Act both set a cap on direct and indirect ownership for Type I telephone companies and cable system operators.⁹ Foreign ownership is not allowed in terrestrial radio and TV. The three biggest cable MSOs were all acquired by international investors Carlyle Group (US), MBK (Korea), and Macquarie (Australia) between 2007 and 2008. The two biggest MSOs were acquired by large domestic groups in 2011. The public and academics seem to be more tolerant of foreign participation in telephone companies. However, they are not comfortable with foreign participation in MSOs because they view cable systems as a conduit for free speech and expression.

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Print Media

Newspapers

Taiwan's print publishing industry has a long history. In the 1950s, the government introduced a ban on establishing new newspapers because it wanted to control the media. There were about 30 newspapers at that time. The magazine industry was also affected by the ban, although to a lesser degree. In the 1970s, the *China Times* and *United Daily News* were the major newspapers. They were owned and controlled by the Yu and Wang families. In 1980, *Liberty Times* joined the market. After martial law was lifted in 1987 and the government's ban on new newspapers ended in 1988, the number of magazines grew by 50%, and the number of newspapers increased sharply.¹⁰ The Asian financial crisis in the late 1990s hit the industry, and with the rising cost of paper and the increasing importance of satellite and Internet services, the newspaper and magazine markets have been shrinking since 2000.

Newspaper readership has also declined. *China Times* and *United Daily* have suffered the greatest losses in terms of advertising revenue. Frequent changes in ownership have also led to a rapidly changing media market. In 2003, the *Apple Daily* entered the Taiwanese market. Its sensational reporting has helped it secure the number 1 market position in terms of circulation. Currently, *Apple Daily*, *Liberty Times*, *United Daily News*, and *China Times* are the four major newspapers in the market.

Total advertising volume in Taiwanese newspapers reached historically high levels in 1997. This was followed by the popularization of cable TV, the introduction of satellite TV news, falling readership among young readers, and the popularity of the Internet. All of these forces combined led to the shrinking advertising volume of the newspaper industry. By 2002, advertising had dropped to NT\$12.19 billion (US\$406 million), half of the 1997 volume.¹¹ The entrance of *Apple Daily* into the market in 2003 popularized the use of template-style pages. Although this resulted in a slight increase in advertising volume, it was not enough to offset the overall downward trend. In addition, cable TV stole market share from newspapers,

dedicated TV news channels were established, and Internet news websites began to appear. These trends contributed to the drop in newspaper readership and advertising volume.

Due to the unavailability of newspaper sales figures, the concentration ratio must be calculated based on overall advertising volume. However, such information comes from a variety of sources. *Brain Magazine* and *Advertising Yearbook Taiwan* both provide information about total newspaper advertising revenue. Unfortunately, they derive their information from a variety of sources, so the respective numbers for any given year often vary. Some numbers are calculated based on published volume, while others are based on effective advertising volume. A few of these numbers exclude commission, while others include it. This means that data sometimes differ widely. To establish an authoritative standard, this study uses the advertising volume per newspaper group as given in the *Advertising Yearbook of Taiwan* as its basic standard. However, we have excluded newspaper sales revenue from our calculations, thereby affecting the accuracy of the CR₄ and HHI values.

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In the early newspaper market, the three big newspaper groups were China Times, United Daily News, and Liberty Times. After Apple Daily entered the market, it became one of the big four. In the newspaper market, CR₄ exceeds 93%, and HHI remains above 2,326 between 2004 and 2010. Although HHI declined to 2,293 in 2012, CR₄ still exceeds 93% (Table 28.2). Therefore the newspaper market as a whole still remains highly concentrated. The following table provides these details.

Table 28-2. Market Share, Revenue, and the Degree of Concentration of Daily Newspapers¹

%	2004	2006	2008	2010	2012
China Times Group	26.0	23.1	19.9	20.3	18.0
United Daily News Group	32.3	26.9	21.1	21.2	19.3
Liberty Times News Group	22.6	29.2	28.5	30.4	31.4
Apple Daily (UK)	12.4	17.8	25.5	23.1	24.7
Others	6.7	3.1	5.1	5.1	6.6
Total Advertising Revenues (NT mil)	18,097	14,771	11,079	11,956	9,522
Total Advertising Revenues (USD mil)	603.2	492.4	369.3	398.5	317.4
Total Revenues (NT mil)	28,738	22,944	16,673	18,174	15,059
Total Revenues (USD mil)	957.9	764.8	555.8	605.8	502.0
<i>N</i> (>1%)	4	4	4	4	4
CR ₄	93.2	97.0	94.9	94.9	93.4
HHI	2,428	2,433	2,326	2,341	2,293
Noam Index	1,214	1,088	1,163	1,047	1,147

China Times Revenues: Advertisements (60%); subscriptions (34%); newsstand sales (6%) Apple Daily Revenues: Advertisements (97%); subscription and newsstand sales (3%). The revenue figures in Table 28.2 were estimated based on China Times and Apple Daily revenue percentages.

1 All figures were calculated based on advertising revenues only.

Book Publishing

Book publishing is much less concentrated than the newspaper and magazine markets. The biggest book publishing group is Cité Media Holding Group, which owns five publishing groups:

- Cité Publishing Group publishes diverse genres
- Business Weekly Media Group focuses on business and economics
- PC Home Publication Group focuses on technology, how-to, and lifestyle

- Sharp Point's focuses on leisure and popular culture
- Nong Nong Intermedia Group publishes Taiwan's leading lifestyle, fashion, and infant-care guides for women

Altogether, there are 40 publishing companies in Media Holding Group, and its market share of the industry is about 10% (textbooks not included). Eurasian Publishing Company and Crown account for about 4% each. These are followed by Yuan-Liou Publishing Company and Commonwealth. The book publishers are all local companies except for Cité, of which 49% of the shares were acquired by Tom Group Limited (a joint venture between Hutchison Whampoa, Cheung Kong [Holdings] Limited, and other strategic investors in Hong Kong).¹²

p. 852 The revenue from book publishing remained stable between 2007 and 2011. In 2007, the total revenue from book publishing was US\$1.81 billion, but in 2008 it declined to US\$1.7 billion. In 2008, 63.8% of the book publishers did not belong to any publishing group.¹³ As of March 2012, the revenues from digital publishing are still insignificant.

There are no available data on the revenues of individual publishing groups. The only available data are of the circulation of books distributed by Book.Com.Co., Ltd. Since the price of each book is different, in Table 28.3 we reveal only the books sold by Book.Com.Co., Ltd., which is one of the three major book distributors. The other two are Eslite and Kingstone.

Circulation %	2008	2009	2010	2011
Cité (HK)	6.6	12.0	8.8	7.8
Tongli	2.5	3.5	3.3	3.3
Eurasian	2.3	1.8	1.5	1.5
Crown	2.2	2.8	2.1	1.7
Yuan-Liou	2.1	2.0	2.2	1.7
China Times	2.9	2.9	2.9	2.5
CommonWealth	2.7	2.1	2.1	2.5
Locus	NA	1.1	1.4	1.2
Sun color	NA	1.9	2.4	2.1
Taiwan Kadokawa	2.1	2.2	2.3	2.0
Linking	NA	0.8	1.1	1.0
Global Group Holdings	NA	1.0	0.9	0.8
Spring	1.7	1.0	0.8	1.0
Others	74.9	65.1	68.2	71.0
Total (circulation)	7,228,893	8,890,000	11,320,000	14,000,000
Revenue (US\$ bn)	1.7	1.045	1.225	NA
<i>N</i> (>1%)	9	12	11	10
CR4	14.7	21.1	17.4	16.1
CR8	23.5	29.2	26.1	23.5
HHI	NA	192	123	99
Noam Index	NA	58	34	27

1 The revenue figures were released by the Ministry of Finance.

Magazine Publishing

p. 853 In 1945, after the end of 50 years of Japanese rule, there were about 126 magazines in Taiwan. In 1947, because of the 228 Incident (also known as the 228 Massacre, an anti-government uprising), only 51 magazines were left. In 1952, this number increased to 220. In 1970, some non-ruling party magazines appeared, such as *Formosa*. In the meantime, China Times and United Daily News both published their own magazines, *China Times Weekly* and *United Monthly*, respectively. In 1981, Commonwealth was established. In 1986, the Democratic Progressive Party created *Asia*. After martial law was lifted in 1987, many more magazines were established. In 1996, there were 5,493 magazine companies, and by 2001 this number had grown to 7,236. However, it declined drastically to 3,909 the next year because of the influence of the Internet. Thereafter, it increased steadily and reached 7,544 in 2010. Currently, Cité Media Holding Group is not only the biggest book publisher, but also the biggest magazine company. One of its magazines, *Business Weekly*, is a best-selling magazine in Taiwan.

The advertising volume in the magazine industry has seen a constant increase since the 1990s. Annual advertising volume has hovered between \$70 and \$80 billion NT (US\$2.66 billion), and the market for magazine advertising in Taiwan is now saturated. As brand competition between magazines has intensified, advertising volume has been concentrated in the more well-known magazines. This has led to a slight, insignificant increase in concentration.

Having calculated a concentration benchmark for the magazine market using CR4 and CR8, a compilation of statistics has shown the magazine industry to be a low concentration industry. CR4 hovers between 16.2 and 40.6%. With the exception of the figures for 1985, when the CR8 value was 47.6%, CR8 hovered between 22.1 and 47.6%. Table 28.4 provides more details.¹⁴ An overall view of Taiwan's magazine industry shows that for a long time there has been a large number of competing magazines and that advertising budgets have been concentrated among those with high circulation numbers. The four largest magazines were exclusively local magazines, but as multinational companies bought up local magazines, changes occurred among the top four and the top eight magazines. Now the top four and top eight are national news and fashion magazines. The fact that CR4 and CR8 point to low concentration shows that the diversity in Taiwan's magazine industry has not diminished as larger company groups have formed.

Table 28-4. Market Share, Revenue, and the Degree of Concentration of Magazines and Periodicals¹

%	1985	1988	1992	1996	2000	2004	2008
Cité (HK)	1.4	1.6	2.9	7.4	4.0	9.7	10.2
CommonWealth Magazine Group	6	5	3.5	4.6	2.6	3.3	4.3
Business Today	0	2	2.1	2.5	1.4	1.9	4.0
Commonwealth Publishing Group	0	0	0	0	1.8	1.4	1.8
Next Media (Next Magazine, HK)	0	0	0	0	0	7	10.4
China Times (China Times Weekly)	14.5	12.6	7.8	11.3	5.7	5.4	3.1
TVBS (TVBS Weekly)	0	0	0	0	3.9	2.4	1.9
Condé Nast—VOGUE (USA)	0	0	0	0	1.5	2.5	1.8
Hearst- ELLE (US)	0	0	0	2.4	1.6	2.5	1.6
Reader's Digest (US)	3.6	3.8	1.5	2.5	0	0	0
Mee-Hwa Report	3.4	2.7	1.5	0	0	0	0
TV Guide	2.2	2.0	0	0	0	0	0
Families	16.5	1.9	0	0	0	0	0
U.S. News & World Report (US)	0	3.0	0	0	0	0	0
Scoop Weekly	0	2.6	2.8	0	0	0	0
Others	52.4	62.8	77.9	72.0	81.5	62.9	58.4
Total Advertising Revenues (NT mil)	1,125	2,100	4,360	3,987	8,264	8,313	6,723
Total Advertising Revenues (USD mil)	35	66	136	125	258	260	210
Total Revenue (NT mil)					9,800	22,100	22,100
Total Revenue (USD mil)					326.7	736.7	736.7
<i>N</i> (>1%)	7	10	7	6	8	9	9
CR4	40.6	24.4	17.0	25.8	16.2	25.4	28.9
CR8	47.6	33.7	22.1	30.7	22.5	34.7	37.5
HHI	550	235	98	222	81	207	269
Noam Index	208	74	37	91	29	69	90

1 According to a survey of 157 magazine companies, on average the revenues of the magazine companies come from advertisements (44.1%), sales (54.6%), and others (1.3%). However, advertising revenue accounts for 40% and 55% of the two big magazine companies.

Radio

Taiwan's broadcasting is unique in that its radio system has a mixed ownership that includes the government, political parties, military, and private sector. In 1988, there were 192 radio stations owned by 33 companies: 28.6% of the stations were privately owned, 30.7% owned by the government, 24.4% owned by the ruling Kuomintang (KMT) party, and 16.1% owned by the military.¹⁵ General Secretary Chang Jun-hsiung of the Democratic Progressive Party (DPP), the then-opposition party, launched an unauthorized Underground Democratic Radio in 1992, which directly challenged the rule of limited participation in the media industry set by the KMT-led government. The broadcast market was opened in 1993 when the Legislative Yuan (Congress) passed the amendments to the Broadcasting TV Act at the end of the KMT ruling era. Since then, 143 new radio stations (66 medium-power and 77 low-power¹⁶) and 29 existing stations were licensed. A total of 171 licensed radio stations were in operation by the end of 2010.¹⁷ However, the actual number of radio stations is far higher, because numerous underground radio stations broadcast in central and southern parts of Taiwan without licenses.

Regrettably, the liberalization approach did not deter the growth of underground radio. At the end of 1994, nearly half of the radio stations in Taipei were still broadcast underground. They were all divided by political allegiance. These underground radio stations mostly broadcast through low-power stations over the white space set between medium-power and low-power stations that prevent interference. The low-power radio equipment is cheap, making the cost of illegal broadcasting low. These stations earn profits by advertising and selling uncertified medications and nutrition products. Government efforts at cracking down on the underground radio stations have not been very effective, since they can be easily re-installed.

As shown in Table 28.5, the total annual revenue of the radio broadcasting industry amounted to about \$119.6 million US dollars in 2012, down from \$126.8 million US dollars in 2011. Compared with other media outlets, the radio industry is much smaller in terms of its annual revenue. It generates only one-third of the annual revenue of terrestrial TV and one-tenth of that of cable TV.

Table 28-5. Market Share and Concentration in the Radio Broadcasting Industry, 2001–2007¹

%	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
BCC	26.9	26.8	25.4	23.6	21.2	19.3	18.8	19.8	22.0	21.8	20.9	20.9
Chengsheng						9.5	8.9	8.9	9.4	8.5	8.2	8.5
UFO	8.9	9.2	9.6	9.4	9.7	4.7	4.1	4.0	3.2	3.3	3.6	2.8
News 98						3.7	3.7	3.8	3.2	3.4	2.9	2.5
Voice of Taipei	8.0	5.9	5.2	4.8	5.0	2.8	2.6	2.0	2.3	2.1	2.7	2.8
Kiss						3.6	3.5	3.3	2.7	2.2	1.6	1.8
Others	51.8	53.9	56.1	58.4	60.4	56.4	58.4	58.2	57.2	58.7	60.1	60.7
Total Revenue (USD mil)	111.0	108.0	110.0	114.0	110.0	121.1	121.8	119.2	108.6	123.6	126.8	119.6
N (>1%)	4	4	4	4	4	8	9	9	9	9	9	9
C4	48.2	46.1	44.0	41.6	39.6	37.2	35.4	36.4	37.8	37.0	35.6	36.1
HHI	888	855	778	683	582	533	499	533	621	594	550	548
Noam Index	397	383	348	342	260	188	166	176	207	198	183	183

Source: NCC website, Ministry of Finance.

1 The revenues of seven state-owned stations and Radio Taiwan International are not recorded, because their budgets come from the government.

The top radio broadcaster in the industry, the Broadcasting Corporation of China (BCC), dominates the market with a 20% share. BCC holds five nationwide networks and three regional channels. Two of its nationwide networks, Pop Network (i like radio) and Music Network (i radio), are dedicated to twenty-four-hour live music broadcasting, so it appeals to a very large audience. Other state-owned nationwide broadcast networks, such as Police Commercial Radio (PCR), Education Radio (ER), and Fushing Radio (FSR), in comparison command a less loyal audience. UFO and the Voice of Taipei are commercial stations that are ranked as the third largest ones according to their annual market revenues. ICRT is the only nationwide network broadcast in a foreign language (English). The remaining radio networks are either medium-power or low-power ones, and they consequently cannot reach a wide range of audience beyond their communities. Table 28.5 records the market share of the radio broadcasting industry.

In 2012, the top five radio stations collectively comprised about 37.5% of the market. The HHI index in radio industry was consistently below 1,000 (499–621). These two indices combined show that radio broadcasting is less concentrated than other media in Taiwan.

Broadcast Television

There are five terrestrial television stations in Taiwan. Before 1997, three TV stations (TTV, CTV, and CTS) were in operation. The fourth commercial station, FTV, was established in 1997. The fifth station, established in 1998, is a public TV channel. TTV was established in 1962. It was owned by three major groups: 48.95% by the Taiwan Provincial Government (through six Taiwan province-owned banks), 40% by a Japanese consortium (Fuji, Hitachi, NEC, and Toshiba), and 11.05% by domestic private investors. CTV was established in 1968 and ended TTV's six-year monopoly. The Broadcasting Corporation of China (BCC), the largest radio station and owned by the KMT party, acquired 50% of CTV; 28% of the remaining shares went to private radio stations and 22% to other private investors.¹⁸

CTS was established in 1971. The Ministry of National Defense owned 51% and the Ministry of Education owned 49%. However, in the 1980s the shareholder structure of CTS was changed to make CTS look more diversified. In reality, the Ministry of National Defense still had great influence. Therefore, although the three TV stations claimed that they were all private enterprises that rely on profits from advertising, the operation of the stations was private in name only.¹⁹

FTV, the fourth-ranked network, was owned by two companies. Most of the shareholders were considered pro-DPP. In 2003, the Legislature revised three broadcasting-related laws and required the government, military, and political parties to withdraw their shares from broadcast, cable TV, and satellite TV within two years. TTV, CTV, and CTS changed their shareholders' profiles significantly.

The ratings and advertising revenues of the four commercial TV stations have declined drastically. Starting in 2001, the total advertising revenues of cable channels were greater than those of terrestrial TV. While TTV used to lead the TV news market, its market share dropped by almost 10% from 1998 to 2008. CTV's strength used to be its drama series. It became number two in 2008 because its competitor, FTV, produced a lot of local content that appealed to the public. In 2006, the Legislature passed a law requesting that CTS change its role from that of a commercial station to a semi-public TV station. This change established some limitations on its operations, such as restrictions on commercials for children's programs and airing election commercials.²⁰ Before CTS became a semi-public TV station, there were a number of debates around this topic and a good deal of speculation about its future.²¹ As a result, its advertising revenues and total revenues declined and became the lowest among the terrestrial stations in 2009 and 2012.

FTV has a solid positioning strategy and focuses on locally produced programs. It has been number one in the market in terms of its revenue since 2006. Public Television Service's budget mainly comes from government appropriation, which amounts to 900 million NT per year. It also has other income such as audience donations, sales, and the production of programs for Hakka TV and Taiwan Indigenous TV. The HHI of the broadcast TV has been above 2,158. It is obvious that the broadcast TV market is like an oligopoly (Table 28.6).

Table 28-6. Market Share, Revenues, and Concentration of Broadcast TV¹

%	1998	2000	2002	2004	2006	2007	2008	2009	2010	2011	2012
Taiwan TV Enterprise (public)	29.2	23.3	17.4	24.2	17.1	17.0	19.3	16.8	18.4	17.0	17.7
Chinese Television System	27.3	24.0	21.4	19.0	16.6	17.2	17.2	14.9	16.4	15.8	15.8
China Television Corp (China Times)	30.8	26.5	25.0	20.1	17.7	19.0	19.2	16.2	16.4	16.3	17.0
Formosa TV (DPP-affiliated)	9.8	18.4	24.3	23.7	31.9	31.1	32.4	30.1	35.4	36.9	33.0
Public Television Service (public)	2.8	7.9	11.9	13.0	16.7	15.7	11.8*	22.1	13.4	13.9	16.6
Total revenue (NT million)	21,205	14,597	11,024	10,820	8,969	8,778	9,074	9,528	9,517	9,405	8,556
Total revenue (USD million)	707	487	367	361	299	293	303	318	318	314	285
<i>N</i> (>1%)	5	5	5	5	5	5	5	5	5	5	5
CR4	97.2	92.1	88.1	87.0	83.3	84.3	88.2	85.2	86.6	86.1	84.2
HHI	2,654	2,219	2,118	2,082	2,177	2,158	2,230	2,158	2,308	2,364	2,214
Noam Index	1,327	993	947	931	974	965	997	965	1,032	1,057	990

Source: Rainmaker. XKM International Corp. from Adm Magazine; Annual report of PTS; NCC website.

* In 2008, the Legislative Yuan (Congress) froze the execution of 50% of PTS' budget. It was unfrozen in 2009. Therefore, PTS' budget in 2009 looked high.

1 Only total revenues for terrestrial TV were available. PTS revenues are publicly available online. The four commercial TV revenues were calculated individually based on the advertising revenues estimated by multiple sources. They were given weights based on the total revenues.

Multichannel TV Platforms

Before the Cable TV Act was passed in 1993, cable TV was considered illegal and was nicknamed the “fourth channel” because there were only three terrestrial TV stations at that time.²² After quite a few turbulent years battling the unlicensed “fourth channel,” Taiwan entered the cable TV era. However, cable TV operators were criticized as being associated with local gangs and offering low picture quality due to poor network installation. Furthermore, the operators were busy driving one another out of service zones to monopolize the market, which was usually done at the cost of consumer viewing rights, such as blocking unaffiliated channels even if they were very popular.²³

By the year 2000, MSOs such as ETTV (now Kbro) and Hoshin (now CNS) emerged after a series of hostile takeovers. The Cable TV Act allows for a maximum of five system operators providing service in each service zone, while in practice only one operator evolved in each zone through the MSO consolidation. There are 47 effective service zones at present, 33 of which are monopolies and the remaining 14 duopolies. At the local level, the industry has become monopolized and consumers lack choice in subscribing to pay-TV services.²⁴

The regulated tariff structure makes the cable TV business in Taiwan highly profitable. Its EBITDA (earnings before interest, taxes, depreciation, and amortization) was once said to be about 40%, which lured foreign capital into the business. The Carlyle Group thus acquired local independence in the north-middle parts of Taiwan in 2000 to constitute Taiwan Broadband Communications (TBC) that later became the third largest MSO.²⁵ Since then, foreign private equity funds have been targeted at the two major MSOs due to the high expected profit returns from a US\$20 flat charge per month set by the government. Subsequently, the top three MSOs, Kbro (formerly ETTV), China Network Systems (CNS, formerly Hoshin), and TBC, have been

held by the Carlyle Group, MBK Partners LP²⁶, and Macquarie International Infrastructure Fund of Australia, respectively, even though there is a 60% cap on indirect foreign investment in cable TV systems.

p. 858 The statistics of the National Communication Commission (NCC) show that 4.98 million households subscribed to cable TV service in 2014, which accounts for a 60.1% penetration rate. However, the actual penetration rate is higher since numerous families just bypass their local cable operators and connect wires to the nearby cable TV households without paying the operators.²⁷ It is estimated that 81.2% households in Taiwan have access to cable TV programming.²⁸ Only 15.9% of households receive TV via broadcast signals. Cable TV is the predominant platform of video entertainment in Taiwan.

Table 28.7 shows the total revenue of cable TV from 2002 to 2012. The value of the total revenue has grown from US\$632 million to US\$1,281.2 million over a period of eleven years, equivalent to a growth of 100%. The compound annual growth rate (CAGR) in 2002–2009 was 4.6%. Unlike radio broadcasting and terrestrial TV, cable TV exhibits a trend of increasing revenue streams. This is the main reason that foreign private equity funds that focus on controlled investment are interested in investing in the cable TV industry.

Table 28-7. Total Revenue of the Cable TV Industry in Taiwan, 2002–2010

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Revenue (USD million)	632.0	711.0	739.0	773.0	813.0	842.0	896.0	917.0	947.0

Source: MSOs' annual financial reports.

Table 28.8 shows the market shares of Taiwan's cable TV operators. As the top five are MSOs, they comprise a total of nearly 70% of the market. Although the independents in total account for over a 25% market share, they are smaller on an individual basis and some of them serve in franchise areas with less than 20,000 households. This results in fewer economies of scale.

Table 28-8. Market Share and Concentration in the Cable TV Industry, 2001–2012

%	2001	2002	2004	2006	2008	2010	2012
Kbro	25.6	24.2	24.1	24.0	23.5	22.5	20.8
CNS (Korea)	20.6	22.1	23.0	23.3	23.1	21.1	21.6
TBC (Australia)	13.9	14.5	13.6	14.6	14.6	13.5	14.9
TFN	10.7	10.0	10.2	9.8	11.0	10.9	10.2
TOP	5.2	5.1	6.9	6.7	6.6	5.9	6.5
Others (independents)	24.0	24.0	22.3	21.7	21.3	26.2	25.9
Total Revenue (USD Mil)		632.0	739.0	813.0	896.0	947.0	1,281.2
N (>1%)	5	5	5	5	5	5	5
CR4	71.0	71.0	71.0	72.0	72.0	68.0	67.5
HHI	1,416	1,413	1,444	1,471	1,462	1,284	1,268
Noam Index	578	577	646	600	654	574	161

Source: NCC website.

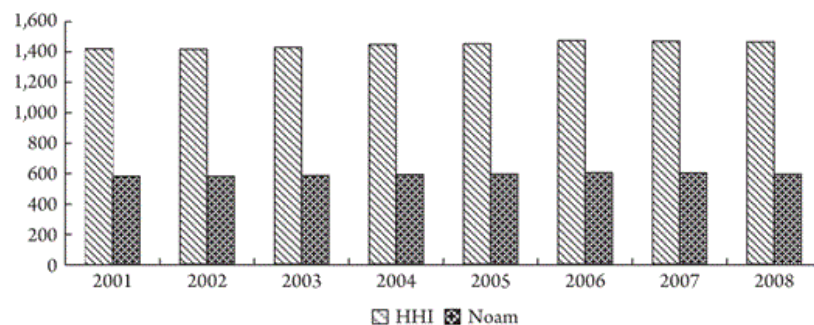
The largest MSO in Taiwan, Kbro, owns 12 cable TV systems. The second largest MSO, CNS, owns 10. The third largest MSO, TBC, owns 4. The fourth largest MSO, TFN, owns 5. Finally, the fifth largest, Taiwan Optical Platform (TOP), has 4 systems.²⁹ The major stakeholder of TFN, Taiwan Mobile, sought to merge with Kbro in 2009. In order to avoid the one-third market cap limit, Mr. Tsai, the chairman of Taiwan

Mobile, established Da-Fu Media Technology Co. to merge with Kbro. The merger case was finally approved by the Fair Trade Commission in October 2010 and NCC in November 2010, albeit with several conditions.³⁰ This merger makes the second largest mobile service provider in Taiwan the largest MSO as well. Its market share after the merger rose to 33.19%, reaching the threshold (one-third) for horizontal integration.

It is imperative to notice that the market shares of each of the top five MSOs do not fluctuate dramatically through time. Due to the horizontal integration restriction (a MSO cannot own the systems whose household subscription in total exceeds a one-third market share), the MSOs cannot raise their penetration rate indefinitely. All MSOs are reluctant to fiercely compete with the existing companies and avoid overbuilding in a given service zone. Therefore, competition is limited.

p. 859 With respect to industry concentration, Table 28.8 shows that the top four MSOs together make up more than 68–70% of the market. Figure 28.1 also illustrates the scores for the HHI and Noam indices. Compared with CR4, the medium-score for the HHI index reflects a moderately concentrated market. The reason for this lies in the fact that a high number of independents deflate the value of the HHI index. In this sense, the high score of the Noam index undoubtedly measures the concentrated reality of the cable TV industry more appropriately. We can conclude that the cable TV industry in Taiwan is unevenly concentrated in the case of the big four, while being scarcely diverse in the case of the independents.

Figure 28.1



The HHI and Noam Indices of Taiwan's Cable TV Industry

Video Channels

Taiwanese audiences have watched the cable- and satellite-delivered TV channels since the end of the 1980s. Many of those programs were the Hong Kong and USA dramas or movies which infringed upon international copyright laws and were retransmitted by VHS cassettes in most local cable systems. In 1997, the first legal channel license was issued, and after that various types of programming were booming in the satellite TV business. By the end of 2013, there were more than 240 satellite TV channels licensed in Taiwan, and around 150 domestic and 90 overseas channels. There were over eight 24-hour domestic news channels, fifteen movie channels, thirteen shopping channels, and many Japanese or Korean drama channels. Due to the limited capacity of the analog cable TV system, the average number of available channels is less than 100.³¹ The Taiwan government hoped to increase the percentage of digital cable system household penetration to 100% by the end of 2014. At that time, The capacity will increase to over 1,000 channels. The penetration of digital cable in 2014 year was over 70%.

For most satellite channels, there are two major sources of revenue. One is the programming fees paid by the cable system based on their ratings, and the other is advertising revenue. Cable systems usually expend US\$8 monthly per household to pay for the programming fees that are shared by the carried channels. The total annual programming fees from the cable systems are around US\$480 million (5 million subscribers × \$8/month × 12 months). Data on the revenues of the individual satellite TV companies are not available at this time but might be calculated from the audience share. Some satellite TV companies receive more revenues from advertisements, while some receive more from programming fees. For companies like CTI and SET, advertising revenues amount to about three-fourths of the total revenue. However, some companies rely more on programming fees or airtime rental fees. The average percentage of programming fees for satellite TV companies was 34% in 2003, but declined to 27% in 2005. The average percentage of advertising revenue was 37% in 2003, and increased to 40% in 2005.

Because we could not obtain data on the revenue for each satellite TV company, this study collected the advertising market shares in order to analyze the concentration and market power of satellite TV companies (Table 28.9). The yearly advertising data for each channel from 1996 to 2004 were collected from the Adm magazines provided by Rainmaker XKM International Corp. This study compiled each channel into the conglomerate ownerships. However, Rainmaker Corp after 2004 stopped releasing the advertising information for individual channels to the Adm magazines. From 2005 to 2008, this study compiled a similar data set from Brain magazine. The 2010 and 2012 data were transformed from the rating share of AGB Nielsen but the total advertising revenues are significantly lower than for the previous years.

Table 28-9. Market Shares of Taiwan Satellite TV Channels (%): 1996–2012¹

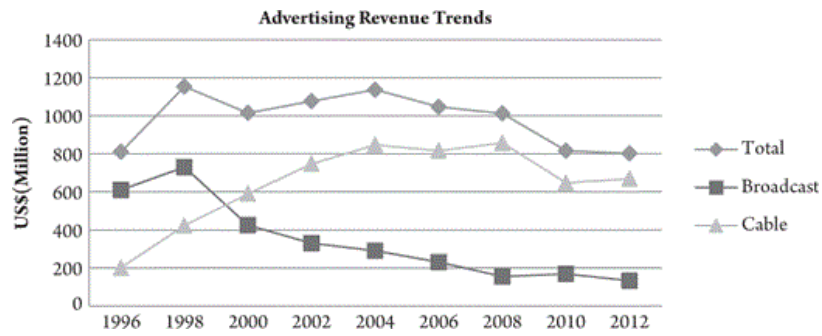
	1996	1998	2000	2002	2004	2006	2008	2010	2012
TVBS (TVB, HK)	30.8	17.2	15.4	17.9	15.2	12.6	11.5	9.6	9.1
ERA						5.3	9.3	6.5	7.1
Star TV (News Corp, UK)	12.0	4.9	7.2	8.6	10.3	11.9	11.0	9.9	10.2
SET	9.7	10.4	11.0	13.4	12.3	16.5	16.6	19.3	19.4
VL	9.4	8.5	6.4	8.5	12.9	11.3	11.5	8.0	8.9
GTV		4.4	7.8	8.5	6.8	10.9	10.0	10.5	8.6
ET	3.6	12.9	15.9	16.7	19.6	19.3	16.3	17.8	19.2
CTI (China Times)	3.8	4.8	3.6	4.5	6.2	9.6	10.9	7.3	7.1
Unique	0.9	1.2	1.8	2.9	2.4	2.7	2.9	3.2	2.9
Other Individuals	29.8	35.7	30.9	19.0	14.3	0.0	0.0	7.8	7.5
Revenues(\$ mil)	200	423	590	747	847	817	857	647	669
<i>N</i> (>1%)	6	8	8	8	8	9	9	9	9
CR4	61.9	49.0	50.0	56.7	59.9	60.3	55.9	57.6	57.9
HHI	1,302	710	780	1,030	1,127	1,319	1,241	1,161	1,193
Noam Index	460	251	276	364	398	467	414	387	398

Source: Data of the 1996 to 2008 years from the Rainmaker XKM International Corp. published in Adm and Brain Magazine and 2010 & 2012 from the Nielsen database.

1 TVBS and ERA were part of the same conglomerate before 2005. The percentages for 2005–2008 did not include the other individual channels.

Figure 28.2 shows that from 1996 to 2012, the advertising revenues of the satellite TV channels increased from US\$201 million to US\$857 million. Most of the increased revenues came from the decreases in the broadcasting TV advertising revenues. The total advertising revenues of broadcast and satellite TV did not change very much after 1998. For the last 10 years, with the slowdown in economic growth in Taiwan, the advertising revenues of the satellite TV channels have remained fixed at US\$750–850 million.

Figure 28.2



Advertising Revenue Trends of Broadcasting and Cable TV

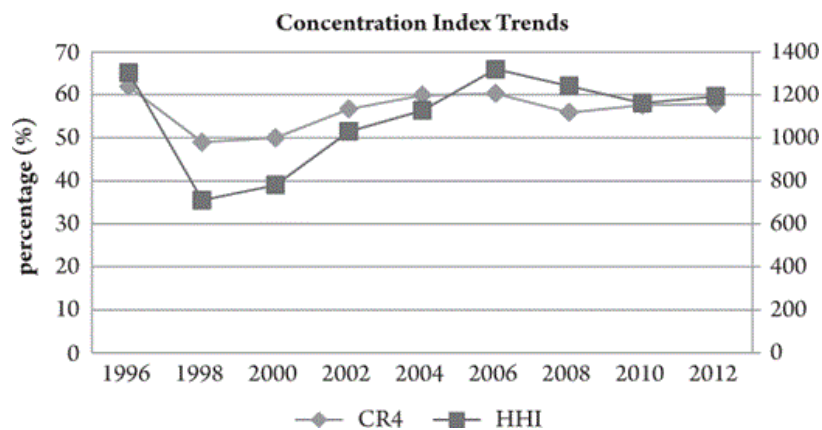
Source: Rainmaker XKM International Corp. from Adm Magazine and Brain Magazine.

TVBS is owned by TVB (Television Broadcast Limited of Hong Kong) and Star TV is owned by News Corp. Except for these two conglomerates, others are owned and operated by the local media conglomerates. Among them, ET and VL import many overseas movies channels, and VL dominates sports programming. SET and GTV have produced many dramas and recently they sold those programs to China and other Asian countries. CTI was owned by the Want Want China Times Group, which also owns the *China Times* (newspaper) and China Broadcasting Company.

In 1996, the top firm TVBS/ERA had the largest market share with 30.8% and CR4 held 61.9%. However, in 1997 the Taiwanese government began to issue many new licenses to the satellite TV channels, and the number of channels by the other conglomerates quickly increased. CR4's market share dropped to less than 50% in 1998 and then increased to 57.9% in 2012. In 2005, although the ownership of ERA and TVBS had separated, CR4's share did not significantly decrease. However, this is explained by examining the data closely. The data set covering the period from 2005 to 2008 did not include other individual channels and the percentages were a little inflated. In 2008, CR4's share was approximately 55.9% and satellite TV remained a highly concentrated market.

In Figure 28.3, most of the CR4s were over 50% and represented a concentrated market. However, the HHI between 1998 and 2000 was below 1,000 (indicating a competitive market) because the market shares of the top four firms were even.

Figure 28.3



The CR4 and HHI Indices

Taiwan’s film production had been monopolized by the Central Motion Picture Company, owned by the ruling KMT party since the 1950s. Starting in the 1980s, Taiwan opened its film market to the outside world, mainly to Hollywood. This led to the closing of domestic film studios. Domestic production has dropped to 20–30 films a year for the past 30 years. Film distribution chains are tightly controlled by Hollywood branch companies, such as Buena Vista (Disney), Warner Bros. (Time Warner), and Fox (News Corp.). They signed long-term contracts with theaters to secure exhibition rights. In 1998, the international theater chain, the Warner Village Roadshow, built a 17-screen Cineplex in Taipei. It drove many traditional theaters out of business.

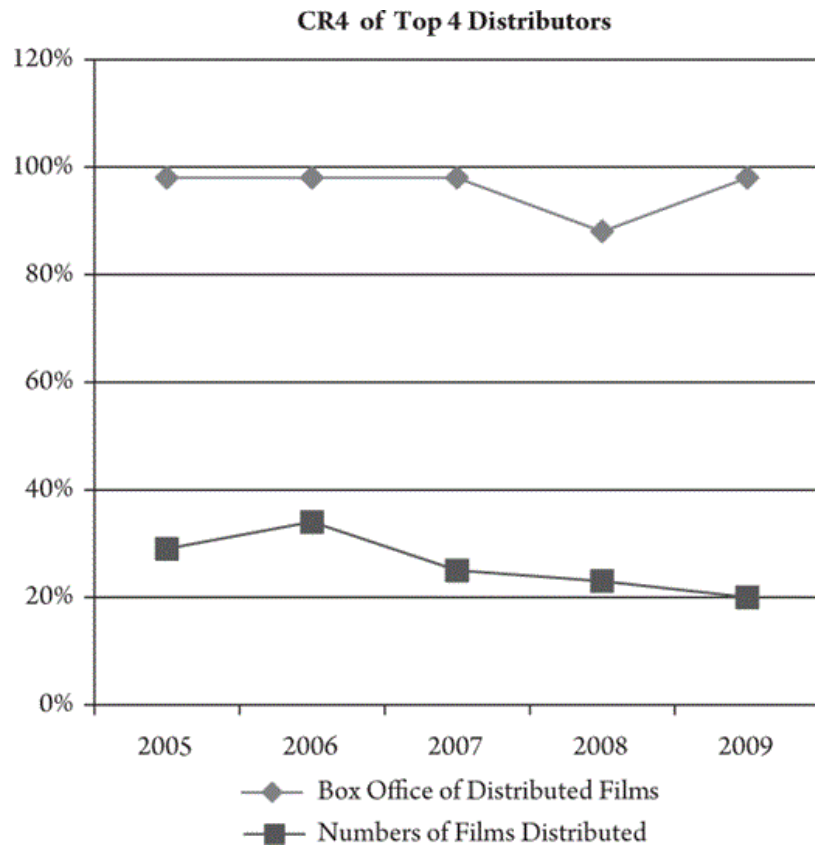
Before 2007, Taiwanese films were in no position to fight Hollywood movies in terms of box office earnings. Hollywood films usually took away more than 90% of the yearly gross, while Taiwanese films usually had less than 2%. However, Taiwanese cinema has rebounded since 2007. Films like *Lust, Caution*, and *Secret* brought local audiences back to the theater. In 2008, *Cape No. 7* succeeded in becoming the highest box office earner, \$530 million NT (US\$16 million), in the history of Taiwanese cinema. Box office earnings for Taiwanese films have begun to pile up since then. Films such as *Seedy Bale*, *Mon-Ga*, *You Are the Apple of My Eye*, and *Black and White* all earned \$200 million NT box office records or higher.

However, distribution is still controlled by foreign companies. Table 28.10 illustrates the film distribution from 1998–2011. Figure 28.4, and Figure 28.5 illustrate the top four distributors’ concentration ratios in terms of box office revenue and the numbers of films distributed. All of the top four distributors are Hollywood agents. Taiwan’s market is dominated by Hollywood productions. As the high concentration ratios reveal, CR4 reached its peak from 2005 to 2007 and took over almost the entire market. Between 70% and 80% of distributors operate and function each year; however, the top four monopolize the market. It should also be noted that three of the top four also distribute domestic films, including *Cape No. 7*.

Table 28-10. Film Distribution

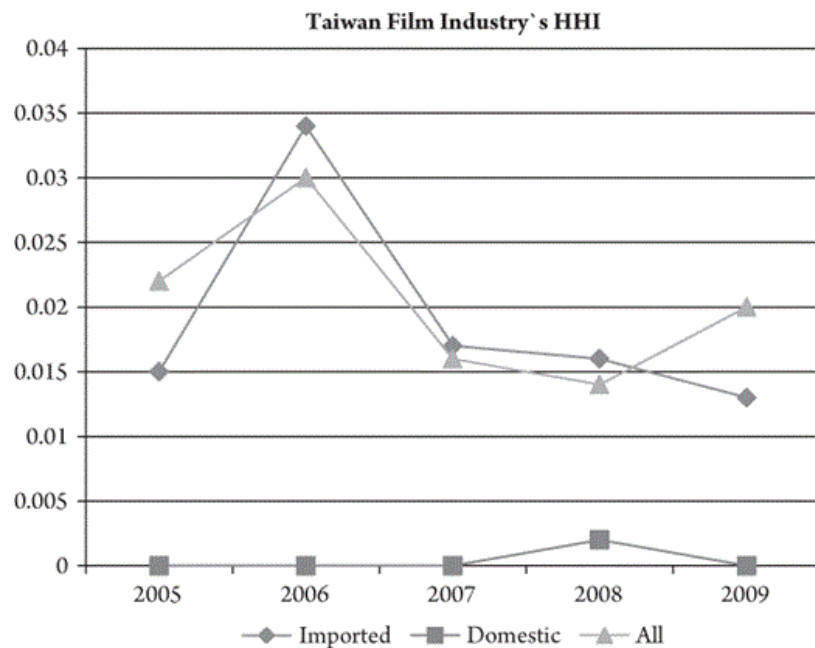
%	1998	2000	2004	2007	2008	2009	2010	2011
Buena Vista (Disney, US)	15.0	33.1	28.5	35.57	29.05	25.62	19.46	17.04
UIP (Paramount-Viacom & Universal-Comcast/GE, US)	24.5	18.9	18.5	16.41	22.73	18.15	12.28	26.19
Warner (Time Warner, US)	13.2	11.2	17.5	23.3	10.17	10.05	20.07	12.06
FOX (News Corp, US)	17.8	10.5	15.9	8.0	8.08	14.31	17.23	14.24
Others	29.6	26.3	19.6	16.72	29.97	31.87	30.96	30.47
Total Revenues (NT mil)	2,987	2,559	2,585	2,992	2,340	2,268	2,538	2,831
Total Revenues (USD mil)	93	80	81	100	78	76	85	94
<i>N</i> (>1%)	4	4	4	4	4	4	4	4
CR4	70.5	73.7	80.4	83.3	70.0	68.1	69.0	69.5
HHI	1,316	1,689	1,714	2,141	1,529	1,292	1,229	1,325
Noam Index	658	845	857	1,071	765	646	614	663

Figure 28.4



Distributors' Concentration Ratio: 2005–2009

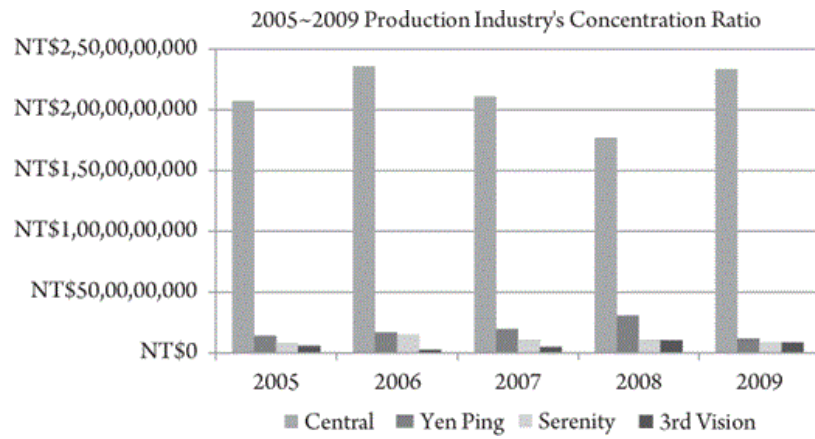
Figure 28.5



Taiwan Film Industry's HHI Index

In Figure 28.6, we can see that the film production industry's concentration ratio is extraordinarily high. From 2005 to 2009, the accumulated box office income of Yen Ping, Serenity, and 3rd Vision could not even compete with that of Central Motion Picture Company, a KMT-owned company operated continuously for more than half a century.

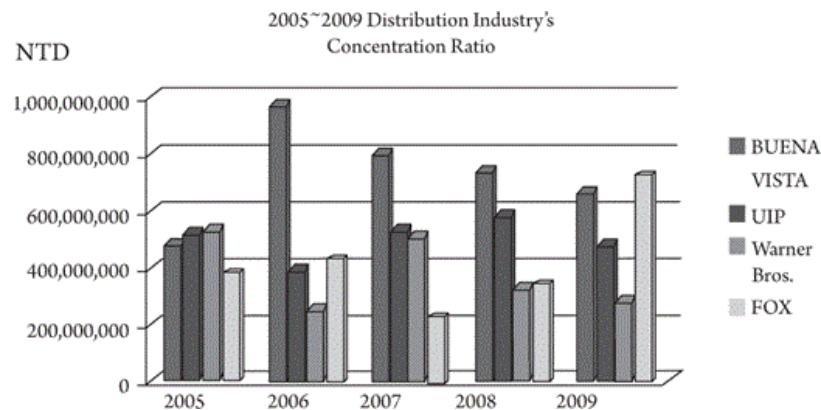
Figure 28.6



Film Production Industry's Concentration Ratio (2005-2009)

In 2005, four major distributors equally divided the market. However, the share of Buena Vista rose after 2006 to have a higher market share (Figure 28.7). This increase in market share may have been caused by the decision to distribute Taiwanese films. Fox followed suit and, with the aid of the box office success of *Avatar*, became the biggest distributor in 2009.

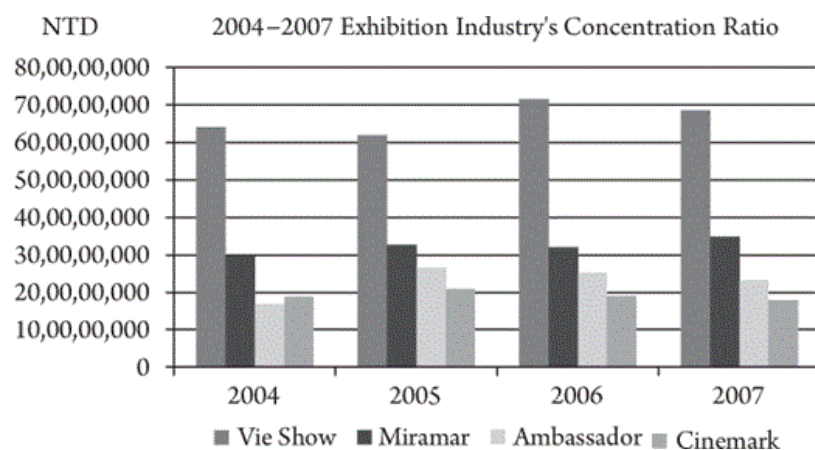
Figure 28.7



Film Distribution Industry's Concentration Ratio (2005-2009)

Since Warner Village Roadshow opened its first multiplex in 1998, independent theaters in Taiwan have been forced to either close down or merge with theater chains. Fewer than 100 out of 319 administrative districts have movie theaters today and most of the theaters are in metropolitan areas. A handful of companies own major theater chains. From the exhibition industry's box office allocation, we see that Vie Show has the largest market share (Figure 28.8).

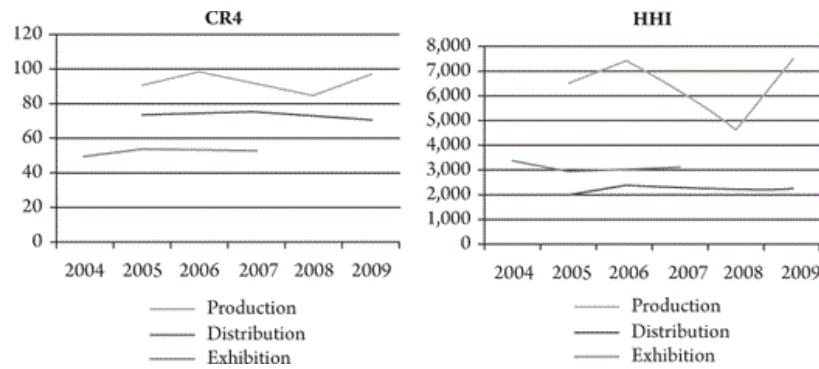
Figure 28.8



Exhibition Industry's Concentration Ratio (2004-2007)

p. 863 The CR4 and HHI charts (Figure 28.9) show that both production and distribution are highly concentrated. The HHI numbers are all higher than 1,800, which indicates a high concentration.

Figure 28.9



Film Industry's Concentration Ratio Graph 10 Film Industry's HHI

p. 864 The huge popularity of *Cape No. 7*, *Mon Ga*, *Seedy Bale*, and *Black and White* prove that local audiences still love domestic products. Although both distribution and exhibition are highly concentrated and tightly controlled by foreign

p. 865 companies, it remains to be seen whether the recent success of Taiwanese films can reverse this trend.

Music Industry

Over the past few years, the revenue of Taiwan's music market dropped from over US\$400 million in 1997 to around US\$43 million in 2012. This is mainly caused by the free P2P downloading of MP3.³² In order to survive in the continuously shrinking music market, many local music firms merged into transnational music corporations such as Warner, Universal, or Sony to take advantage of lower production costs or more marketing channels. On the other hand, following the introduction of cultural diversity and freedom in the creative music industry, more than 70% of popular Chinese music CDs have been produced in Taiwan. They were then sold in China, Hong Kong, Singapore, or Malaysia. Therefore, the purpose of the mergers between transnational music corporations and Taiwanese local music companies was not simply to focus on the local market, but also on the other Pan-Chinese cultural markets.

p. 866 Although the online music market has continuously grown in recent years, its 2013 market share is around 1/3 of the CD market, but no official sales data have been released. Therefore, we have focused on the traditional CD market. The data were collected from two online websites, GMusicBillboard and CDtop. The two websites provide the weekly market shares of the top 20 music production companies. The data for GMusicBillboard were collected from the major consumer chain stores and the two top music stores that comprised 65% of the total market. The data for CDtop were obtained from the other large music chain stores accounting for 15% of the overall market. The individual stores accounted for the remaining 20% share, but there are no specific revenue data for each music company. Therefore, this study only includes the market shares for GMusicBillboard and CDtop. These two websites provide weekly CD market shares, this study compiled and weighted to calculate annual market shares.

p. 867 From 2005 to 2012, CR4 amounted to over 50% and the music industry and can be considered a highly concentrated market (Table 28.11). In addition, most of the top companies are transnational music corporations, such as Avex, Gold Typhoon (EMI), Sony, Universal, and Warner Music. While their individual market shares might change every year, together they account for nearly 70% of the market. The music market share is heavily dependent on celebrities. If the contract of a major music celebrity in Taiwan is transferred to another transnational music corporation, the rankings in terms of market share will change, too. Although there are still many local music companies, most of their market shares are very small.

Table 28-11. National Market Shares of Taiwan Music Production and Distribution (%): 2005–2008¹

%	2005	2006	2007	2008	2010	2012
ALFA Music	2.7	2.9	0.6	–	0.1	0.1
Avex (Japan)	11.8	13.1	15.8	20.2	13.7	9.0
B`in Music	–	1.5	3.1	4.5	5.0	10.8
Forward Music	2.5	3.5	2.4	3.2	1.3	0.6
Gold Typhoon (EMI)	16.8	10.8	14.2	8.8	17.7	16.2
Jingo	0.6	1.4	0.8	2.3	0.0	0.0
HiGH NoTE	1.8	0.5	1.5	1.9	0.0	0.6
HIM	2.8	3.3	4.9	2.4	6.0	7.0
LINFAIR Records	1.8	1.6	2.7	3.0	0.7	2.5
Rock Records	3.1	5.7	3.8	1.7	1.0	5.3
SEED		0.0	1.5	1.9	7.8	3.0
Sony Music (Japan)	19.3	14.8	12.2	12.5	13.8	9.3
Universal Music Taiwan (Vivendi, France)	18.9	15.4	15.1	15.0	7.8	9.2
Warner Music Taiwan (US)	9.5	11.3	9.2	11.7	16.0	19.5
Other	8.4	14.2	12.2	10.9	9.1	7.1
Total Revenues (\$ mil)	150	78	71	58	59	43
<i>N</i> (>1%)	11	12	12	13	11	10
CR4	66.8	54.6	57.2	59.5	61.2	55.8
HHI	1,278.4	943.9	976.5	1,065.6	1,216.1	1,154.9
Noam Index	369.1	252.3	261.0	295.5	366.6	365.2

Source: compiled from online data by the authors.

- 1 GMusicBillboard website: <<http://www.g-music.com.tw/GMusicBillBoard0.aspx>>. CDtop website: <<http://www.5music.com.tw/cdtop.asp>>

Since the market shares of the top four companies are fairly even, the HHI index is only slightly above 1,000 from 2005 to 2012. This can be considered moderately concentrated. In 2006 and 2007, the HHI index was below 1,000 and the market can be considered competitive. The Noam Index, which is calculated by dividing the HHI index by the square root of the number of music companies, significantly increased in 2010 and 2012.

Telecommunications Media

Wireline Telecom

There are four fixed-line networks in Taiwan. Chunghwa Telecom (CHT), the oldest carrier, used to be owned by the Ministry of Transportation and Communication (MOTC). Before 1996, it was a business unit of the Directorate General of Telecommunications (DGT) under the MOTC. Even though CHT was separated from the DGT in 1996, its chairman is still nominated by the government. The telecommunication liberalization started in 1994. CHT became a privatized company in 2005. However, the MOTC still owns 35% of CHT.

In 2000, the government granted three new fixed-line licenses to Taiwan Fixed Network (TFN), New Century Infocomm Tech Co (NCIT), and Asia Pacific Broadband Telecom (APBT). CHT has remained the largest carrier in terms of market share. Because CHT controls the last mile, the other three new fixed-line networks cannot compete with it in the local phone market. They prefer to promote wireline services to small and medium businesses and commercial buildings. In the local phone market, the market share of the three new carriers dropped from 15% in 2006 to 13.8% in 2008, then rose to 15.6% in 2010, and even rose to 19.3% in 2012. From 2006–2008, the HHI was between 7,291 and 7,502, showing a high concentration, but then declining from 2008 to 2012 to 6,654 (Table 28.12).

Table 28-12. Market Shares of Taiwan Telecom Companies (Wireline), 2006–2008

%	2006	2007	2008	2010	2012
CHT (35% public)	84.9	85.7	86.2	84.4	80.71
APBT	5.3	3.9	2.2	3.42	4.22
TFN	5.1	5.2	6.3	5.97	5.46
NCIT	4.6	5.1	5.3	6.22	9.62
Total Revenues (NT mil)	104,440	102,032	99,566	95,487	103,504
Total Revenues (USD mil)	3,264	3,189	3,111	2,984	3,235
C4	100.0	100.0	100.0	100.0	100.0
<i>N</i> (>1%)	4	4	4	4	4
HHI	7,291	7,419	7,502	7,209	6,654
Noam Index	3,646	3,709	3,751	3,605	3,327

Wireless Telecom

p. 868 The mobile phone industry is composed of six 2G operators belonging to three telecom groups—Chunghwa Telecom, Taiwan Mobile,³³ and FarEasTone Telecommunications Co³⁴—, five 3G services, and six 4G operators (four 4G players and two new entrants). Vibo did not bid for 4G spectrum and was acquired by Taiwan Star Cellular Co., a new entrant of 4G. Asia Pacific Telecom was acquired by Ambit Microsystems Corp (backed by Hon Hai Group), another new entrant in 4G. Until August 2014, the two new entrants have not started to provide 4G services; therefore they are not listed in Table 28.13. The first 3G service started in July 2003, while the other four operators started two years later.³⁵ Since the three big 3G operators also provide 2G services, they have actively worked to migrate their subscribers from 2G to 3G or 4G.

Table 28-13. Market Shares of Telecom Companies (Wireless), 1998–2012

%	1998	2000	2002	2004	2006	2008	2010	2012
CHT (35% public)	53.7	30.7	34.8	35.4	34.4	34.8	34.59	32.53
Taiwan Mobile	22.4	29.8	31.3	30.7	28.4	26.2	27.76	29.12
TransAsia	3.2	5.1	TM					
MobiTai	3.9	3.4	2.7	TM				
FarEasTone	11.1	21.1	19.3	34.0	32.1	31.2	24.82	26.57
KG	5.7	9.9	11.9	FarEasTone				
Asia Pacific Telecom					3.4	5.6	9.19	8.64
Vibo					1.8	2.2	3.64	3.14
Total Revenues (NT mil)	54,804	151,559	179,418	198,171	212,240	207,552	210,941	222,443
Total Revenues (USD mil)	1,713	4,736	5,607	6,193	6,633	6,486	6,687	7,496
<i>N</i> (>1%)	6	6	5	3	5	5	5	5
CR4	93	92	92	92	89	92	96	97
HHI	3,566	2,413	2,437	2,404	2,273	2,583	2,681	2,697
Noam Index	1,456	985	995	1,388	804	1,155	1,199	1,206

At the end of 1997, when the private mobile operators joined the market, the penetration was only 6.88%. In 2003 the penetration was 111.33%.³⁶ There were three regional and three national 2G operators. KG Telecom was established in 1997. It served the northern part of Taiwan. It was acquired by FarEasTone in 2004, and was completely merged into FarEasTone in 2010. In the central part of Taiwan, MobiTai Communications Co., Ltd, the 2G operator, was also established in 1997. It was acquired completely by Taiwan Mobile in 2006. In the southern part of Taiwan, TransAsia provided mobile phone service. It was established in 1988 and acquired by Taiwan Mobile in 2002. Both MobiTai and TransAsia's brand names were changed to Taiwan Mobile in 2008.

p. 869 Asia Pacific Telecom launched its 3G service in 2003. In order to be the first 3G operator, it adopted CDMA2000 which was different from the W-CDMA adopted by the other four operators. In 1998, CHT had a 53.7% market share. However, its market share began to decline in 1999. In 2000, its market share was less than one third of the mobile phone market. In 2002, Taiwan mobile acquired TransAsia. In 2004, the added market share of FarEasTone and KG Telecom was 34%, which was only 1.4% behind CHT's market share. From 1998 to 2004, the revenue of Taiwan Mobile made it number two in the market. Because of the merger effect from 2004 to 2008, FarEasTone became number two in the market if the revenues of its acquired company, KG Telecom, are added to the total. In order to compete with CHT and FarEasTone, Taiwan Mobile acquired 67% of MobiTai in 2004 and the rest of the shares in 2006. Since the three regional mobile phone companies were all acquired by the three big players, there were three big and two small mobile phone operators before the government opened up 4G. Between 2002 and 2010, CHT continues to account for at least one third of the market, with Taiwan Mobile and FarEasTone right behind it. Between 2006–2008, FarEastone held the second highest market share and Taiwan Mobile came in third. However, this changed after 2010. Taiwan Mobile took second place while FarEasTone fell to third. Meanwhile, the combined market share of Asia Pacific Telecom and Vibo held less than 8% between 2006–2008, but exceeded 10% between 2010–2012. (Table 28.13).

Internet Service Providers (ISP)

Broadband services rely on the last mile of lines. Since CHT controls the last mile, the other three fixed-line networks, TFN, NCIT, and APBT, cannot compete with it in the broadband market. CHT's subsidiary company, HiNet, has dominated the broadband market.³⁷ This also explains why TFN, NCIT, and APBT only focus on commercial buildings and metropolitan areas for their broadband services. Since 2008, cable operators have also become active in providing cable modem services.

In Taiwan, there are more DSL/FTTx subscribers than cable modem (CM) subscribers. From 2003 to 2008, HiNet accounted for about 80% of the broadband market. No fixed network could compete with it. HiNet tried to urge its subscribers to change to fiber-optic service since 2009. In December 2012, the market share for CHT's HiNet was 67.9% for the wireline broadband. Meanwhile, other fixed-line networks and other DSL service providers occupy 12.7% of the market share. As for the cable operators, they occupy 19.3% of the market share. Therefore, the ISP market is highly concentrated.

It seems that the telecommunications liberalization policy was not effective. HiNet has been dominant in the DSL and FTTx markets since 2000. The HHI was 5,467 in 2007 but declined to 4,737.1 in 2012. CR4 was 91.41 in 2007 but fell to 83.6 in 2012. Therefore, the ISP market is highly concentrated even though HiNet's market share slightly declined from 2010 to 2012 (Table 28.14).

Table 28-14. Wireline Broadband Subscribers, 2007–2010¹

%	2007	2008	2009	2010	2011	2012
HiNet (CHT, 35% public)	72.7	70.7	71.4	66.2	67.6	67.9
Sparq (NCIT)	1.0	0.8	5.6	5.5	5.2	4.4
TFN	3.4	4.1	3.6	2.9	2.6	2.0
APBT	0.7	0.6	0.6	0.5	0.4	0.3
Other DSL	12.1	10.8	6.8	7.8	5.6	6.0
CNS (cable MSO)	1.4	2.4	4.4	4.5	4.4	4.4
Kbro (cable MSO)	3.3	3.6	4.2	4.6	4.9	5.3
Taiwan Mobile	1.3	1.8	2.3	2.6	2.8	3.1
TBC (cable MSO)	2.3	2.6	2.8	2.9	3.0	3.1
Taiwan Optical Platform (cable MSO)	1.3	1.4	1.6	1.6	1.2	1.1
Other Cable Operators	1.1	1.4	1.1	1.4	2.2	2.3
Total Subscriber	4,741,231	4,968,120	4,943,665	5,265,026	5,464,082	5,561,711
Total Revenues (NT mil)	20,591.47	24,975.97	24,285.51	27,486.4		
Total Revenues (USD mil)	686.38	832.53	809.52	916.21		
<i>N</i> (>1%)	10	10	10	10	10	10
CR4	91.4	89.2	88.1	84.0	83.3	83.6
HHI	5,467	5,171	5,239	4,538	4,695	4,737
Noam Index	1,933	1,829	1,852	1,605	1,660	1,675

1 Calculated based on subscriber accounts.

Search Engines

Between 2007 and 2010, the top four search engine companies were Yahoo-Kimo, Google, Baidu, and Microsoft. Yahoo-Kimo Search and Google Search always occupied the top two positions from 2005 to 2010. Furthermore, Microsoft's Bing (MSN) maintained its third place until 2009, and in 2010 Baidu Search in Taiwan surpassed Bing to become number three. Baidu, the biggest search engine in China, which controls 63% of China's market share, set up a local search service especially for Taiwanese Internet users.³⁸

Another three search engines in the top ten were from China, including Soso, Gougou, and Sogou. Soso is mainly produced in a simplified form of Chinese, and is owned by Tencent, which also owns QQ, the most popular instant messenger service in China. Xunlei's Gougou is a search engine that focused on movies, music, games, and software search because its parent company's two other related businesses operate in the areas of video players and download managers. Gougou is a resource index tool, providing search and download links for films, software, songs, books, and other contents. Sogou is a search engine of Sohu, the second largest Chinese portal site.

In terms of total unique visitors, the second biggest search engine, Google Search, has had significant growth in the last six years. The number one search engine, Yahoo-Kimo, remains the same. MSN Search, the third biggest search engine, gained a significant increase from 16.9% to 26.8% mainly between 2007 and 2008.³⁹ Nevertheless, when the number of unique visitors of several portal websites such as Yam Search or PChome Online Search began to decline, Q&A search engines (e.g., Sina's iASK) and specialized search engines (e.g., FindPrice) became more popular.

From 2005 to 2010, this industry's HHI was between 2,274 and 2,814. The values indicate that Taiwan's search engine market was deemed to be moderately concentrated (see Table 28.15 for details). According to IAMA, total revenue in the Taiwan Search Ads market reached \$2.664 billion NT in 2010, up 432.8% compared to \$0.5 billion NT in 2005. The market share of paid search by revenue continued to increase from 16.4% to 31.16% of total online advertising.⁴⁰

Table 28-15. Search Engines, 2005–2010

Market Shares (% of Top 10 Ranked Sites' Visitors)	2005	2006	2007	2008	2009	2010
tw.search.yahoo.com (US)	38.4	45.0	42.2	40.0	38.7	39.7
google.com (tw & hk.cn) (US)	21.8	23.9	29.7	29.9	30.8	34.4
baidu.com (China)	3.4	4.1	7.0	8.6	8.6	11.5
bing.com / MSN (Microsoft, US) ¹	15.2	9.6	8.3	12.4	11.5	5.5
soso.com (China)						2.6
gougou.com (China)				2.1	1.8	1.8
sogou.com (China)	5.9					1.7
findprice.com.tw						1.4
google.pchome.com.tw				2.3	5.3	1.3
search.yam.com	3.9	4.2	3.3	2.2	1.6	
iask.com (China)					1.0	
ask.com (US)					0.8	
information.com (US)	2.2	2.0	2.2	1.4		
seekmo.com (US)				1.2		
uk.search.yahoo.com (US)		2.7	2.5			
adbaaz.com (US)			2.2			
megaclck.com (US)			1.3			
openfind.com.tw	3.4	3.9	1.2			
hisearch.hinet.net	2.8	2.6				
t2t2.com (China)		2.0				
infoseek.co.jp (Japan)	3.1					
<i>N</i> (>1%)	10	10	10	10	10	10
C4	81.3	82.7	87.3	89.3	87.7	88.4
HHI	2,274	2,763	2,814	2,631	2,494	2,646
Noam Index ²	804	874	890	832	882	837

Source: Estimates by authors based on original data from InsightXplorer's Access Rating Online (ARO).

<http://www.insightxplorer.com/en/product_aro.html>.

1 MSN data is aggregated from search.msn.com.tw, search.msn.com, search.live.com.

2 Number of voices for Noam index defined as 10.

p. 871 Online News

The online news sector's penetration in Taiwan is about 60% of Taiwan's general Internet market.⁴¹ Five major online news websites are from traditional newspaper groups: the United Daily News (udn.com), Apple Daily (nextmedia.com), China Times, and Liberty Times.⁴² Furthermore, NOWnews, previously known as the Eastern Broadcasting Group's ETToday, was sold to Chung Hwa United Group in 2008, and is now operated by its telecom company. In addition, there are a number of news websites with lower reach rates, such as Epoch Times and CNA (Central News Agency).

p. 872 As of December 2010, the Epoch Times, which is available in eighteen languages on the Internet, has reached 8.92% of total Internet users in Taiwan.⁴³ CNA, Taiwan's national press agency, has been in operation longer than any other media outlet in the country. However, it is not the major online news platform in Taiwan, and its low reach rate barely made the top ten in 2006, 2007, 2009, and 2010. All other news providers such as Chinese media companies [People.com.cn](http://www.people.com.cn), [China.com.cn](http://www.china.com.cn), and [Xinhuanet.com](http://www.xinhuanet.com) have reach rates lower than 3%.

According to ARO, NOWnews was ranked as the second most popular online news content provider from 2008 to 2010. This has contributed to the increase in the HHI from 1,689 in 2008 to 1,834 in 2009. The HHI value has been stable ever since. (See Table 28.16 for details.) Newtalk.tw, a new entrant in the top ten online news outlets in 2010, was founded by independent journalists and media professionals. It has positioned itself in social business, and it reached 2.35% of Taiwanese Internet users in December 2010.

Table 28-16. Online News, 2005–2010

Market Shares (% Top 10 Ranked Sites' Visitors)	2005	2006	2007	2008	2009	2010
udn.com (United Daily News)	27.5	23.7	28.8	30.4	31.3	29.1
nownews.com				14.3	19.8	20.4
nextmedia.com.tw (Apple Daily) ¹	8.3	9.3	13.0	13.4	12.1	16.6
chinatimes.com	15.6	13.6	14.8	13.0	13.2	12.4
libertytimes.com.tw	6.0	6.9	10.6	11.6	9.7	8.0
epochtimes.com	7.3	9.6	8.1	7.3	5.1	5.5
people.com.cn	2.6		2.3		1.5	3.4
cna.com.tw (The Central News Agency)		3.7	1.9		2.9	1.9
newtalk.tw						1.5
china.com.cn						1.3
xinhuanet.com	3.4	7.2	3.4	3.5	3.1	
nextmedia.com.hk					1.3	
epochtimes.com.tw	4.7	2.6	2.7	2.6		
ettoday.com	20.4	21.4	14.3	2.3		
cri.cn (China Radio International)				1.8		
huaxia.com		2.1				
cdn.com.tw (Central Daily News)	4.2					
<i>N</i> (>1%)	10	10	10	10	10	10
C4	71.8	68.4	71.0	71.0	76.4	78.5
HHI	1,632	1,508	1,630	1,689	1,834	1,803
Noam Index ²	516	477	515	534	580	570

Source: Estimates by authors based on original data from InsightXplorer's Access Rating Online (ARO).
http://www.insightxplorer.com/en/product_aro.html.

- 1 Apple Daily changed its domain name from [appledaily.com.tw](http://www.appledaily.com.tw) to [1-apple.com.tw](http://www.1-apple.com.tw), and then to [nextmedia.com.tw](http://www.nextmedia.com.tw).
- 2 Number of voices for Noam index defined as 10.

In Taiwan, newspapers, terrestrial TV, film production, and distribution, wireline, wireless, ISP, and search engine companies are highly concentrated. Satellite TV, music, and online news companies are moderately concentrated. Cable system operators used to be moderately concentrated. After Da-Fu Media merged with Kbro MSO in 2010, the cable TV market has become highly concentrated. Even though magazine, book, and radio companies are not concentrated, there are still big players in each market. International players have important roles in the cable and film industries. Taiwan is very open to international satellite channels. Even though terrestrial TV has to broadcast 70% domestic content, Japanese drama and Korean drama can be shown on prime time.

Before 2003, people in Taiwan were more concerned with the media's political affiliation than with media concentration. It was believed that most of the news media outlets were biased. There were many campaigns to urge the government and political parties to withdraw their influence from the media. The Legislative Yuan revised three broadcasting-related laws and asked the government and political parties to withdraw their shares from the electronic media.

In 2006, people became concerned about the media concentration issue and the foreign ownership issue. In the fixed network and broadband market, CHT is the dominant player. In the mobile phone market, there are three major players: Chunghwa Telecom, Taiwan Mobile, and FarEasTone Telecommunications Co. CHT is still leading but does not significantly surpass its competitors. In the telecommunications industry, the important competition issues include the last mile, local loop unbundling, and the wholesale price. It seems that people do not worry too much about the degree of concentration within the telecommunications industry as much as the issue of media concentration itself.

p. 874 There are horizontal and vertical integration caps for cable operators. However, the major MSOs can still control the channel line-up and the programming prices. The subscribers are forced to pay for the channels they do not watch because the system is not tiered. In recent years, there have been more mergers. However, the regulators have been facing a dilemma because there are no clear legal restrictions on cross-media and multimedia ownership. In order to compete with CHT's IPTV service, cable operators lobbied the government to lift the one-third ban in relation to the horizontal integration. CHT also lobbied the government to lift government ownership restrictions.

How should market power be measured, especially in the age of convergence? Should the regulator set a cap for each individual medium or its aggregated market power? How should the magic formula for media concentration be determined?

When the government faces ownership and control issues, it is important to obtain all the data regarding media concentration. However, in Taiwan, if a media company is not listed publicly it usually protects its revenue data and that causes difficulties for the researchers collecting data. If there is no data available for revenues, collected information on advertising dollars, subscription numbers, circulation numbers, or ratings is used as a proxy. Therefore, the authors urge the Taiwan government to collect relevant data and to open up information such as revenues, advertising dollars, subscription numbers, or circulation numbers to the public. This will help anyone interested or concerned to monitor concentration of telecom and media industries in Taiwan (Table 28.17).

Table 28-17. Degree of Concentration in Telecommunications and Media Industries

Industry	Concentration degree	Note
Newspaper	Highly concentrated	
Magazine	Unconcentrated	
Book	Unconcentrated	
Terrestrial TV	Highly concentrated	
Radio	Unconcentrated	
Cable operators	Moderately concentrated	Since November 2010, highly concentrated
Satellite TV companies	Moderately concentrated	
Film production and distribution	Highly concentrated	
Music	Moderately concentrated	
Wireline	Highly concentrated	
Wireless (mobile)	Highly concentrated	
ISP	Highly concentrated	
Online news	Moderately concentrated	
Search engine	Highly concentrated	

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Taiwan—Data Summaries

TAIWAN'S AVERAGE HHI STOOD at 3, 375 after 2008. Taiwan's national power index of 3,408 in 2008 is also moderately high (Table 28.18). There has been a major increase in the number of licensed print and audiovisual outlets since the rescinding of martial law decrees in 1987. But content media are still concentrated due to delayed market entry and frequent changes in ownership among media properties (Table 28.19). Platform media are still more concentrated, given the predominance of Chunghwa Telecom in the wireline, wireless, and ISP markets: the operator holds 34.8% of wireless, 86.2% of wireline, and 70.7% of ISPs, ahead of its primary competitors FarEastOne and Taiwan Mobile, who do not have shares in the non-mobile telecom services (Table 28.20).

Table 28-18. National Media Industries Concentration in Taiwan

	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 (%)
Government of Taiwan	2,647	41.0	2,343	38.3	-1.9	-0.4
<i>Chunghwa Telecom (CHT) (35.3% public)</i>	2,479.8	38.8	2,190.0	36.4	-2.0	-0.4
<i>Formosa TV</i>	14.4	0.6	29.1	0.8	17.0	0.03
<i>Taiwan TV</i>	15.0	0.6	6.2	0.4	-9.8	-0.04
<i>BCC</i>	7.8	0.5	7.7	0.5	-0.3	-0.005
FarEasTone (FET)	508.5	15.0	312.7	11.8	-6.4	-0.5
Taiwan Mobile	427.7	15.5	390.7	15.3	-1.4	-0.04
China Times News Group	62.2	2.9	25.3	1.8	-9.7	-0.19
Kbro	31.0	1.4	39.5	2.1	4.6	0.1
CNS (South Korea)	27.8	1.3	41.9	2.2	8.4	0.15
Liberty Times News Group	34.9	1.6	34.0	1.1	-0.42	-0.07
Next Media (Hong Kong)	12.1	1.0	24.7	1.1	17.3	0.01
United Daily News Group	72.4	2.2	16.4	0.8	-12.9	-0.24
ET	23.1	1.2	16.0	1.0	-5.5	-0.04
TBC (Australia)	10.0	0.8	20.0	1.5	16.5	0.1
Yahoo! (US)	0.9	0.03	9.1	0.2	144.7	0.03
TVBS (TVB, HK)	13.9	0.9	7.7	0.7	-7.4	-0.04
Murdoch Group (21st Century Fox, US)	6.9	0.7	8.2	0.7	3.2	0.01
Google (US)	0.3	0.01	7.4	0.21	389.8	0.03
Cité Media Holding Group (Hong Kong)	4.6	0.49	4.7	0.48	0.14	-0.004

Time Warner (US)	1.8	0.10	0.8	0.07	-8.6	-0.005
Disney (US)	4.7	0.2	1.7	0.1	-10.7	-0.01
Microsoft (Bing, US)	0.1	0.01	0.2	0.03	3.2	0.004
Comcast (US)	0.5	0.05	1.0	0.08	0.2	0.00

Media Concentration Index	2004/5	2011 or Most Recent	% Change Annual Average
Total Revenue: Nat'l Media Industry (mil US\$)	14,079	14,677	0.7%
Total Voices (<i>n</i>)	54	60	1.9%
Net Voices (<i>n</i>)	43	49	2.3%
Public Ownership (%)	41.0	38.4	-0.4%
Foreign Ownership (%)	6.7	6.4	-0.05%
C4 Average—Weighted	86.3	84.9	-0.23%
HHI Average—Weighted	3,537	3,375	-0.76%
C1 Average—Weighted	46	49	0.4%
Noam Index Average—Weighted	1,060	980	-1.3%
Pooled Overall Sector C4	74.4	71.6	-0.5%
Pooled Overall Sector HHI	2,217	1,904	-2.1%
Pooled Overall Sector Noam Index	63	41	-6.0%
Market Share of Top Ten Companies: Nat'l. Media Industry (%) (Pooled C10)	83.3	81.4	-0.3%
National Power Index	3,929	3,408	-2.2%

Table 28-19. Top Content Media Companies in Taiwan

	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 (%)
Government of Taiwan	684	9.1	706	9.0	0.5	-0.003
China Times News Group	246.5	12.0	116.8	8.4	-8.8	-0.6
Next Media (Hong Kong)	49.6	4.2	113.8	5.1	21.6	0.15
Liberty Times News Group	142.7	6.3	156.9	5.1	1.65	-0.21
United Daily News Group	296	9.2	75.5	3.6	-12.4	-0.9
ET	94.6	4.8	71.6	4.4	-4.1	-0.07
TVBS(TVB, Hong Kong)	56.9	3.7	35.6	3.1	-6.2	-0.1
Murdoch Group (21st Century Fox, US)	28	2.8	38	3.3	0.06	0.1
Cite Media Holding Group(HK)	19.0	2.0	21.6	2.2	2.3	0.03
Best	2.2	0.3	3.9	0.5	18.2	0.05
UFO	3.0	0.3	0.3	0.1	-0.15	-0.03
Voice of Taipei	0.8	0.16	0.3	0.1	-0.1	-0.01
Baidu (China)	0.03	0.01	3.5	0.3	19.3	0.05
Media Concentration Index						
	2004/5	2011 or Most Recent	% Change Annual Average			
Public Ownership (%)	3.20	3.19	0.0%			
Foreign Ownership (%)	19.6	22.2	0.5%			
C4 Average—Weighted	64	60	-0.7			
HHI Average—Weighted	1,930	1,830	-0.9			
C1 Average—Weighted	27.6	25.6	-0.3%			
National Power Index	1,864	1,789	-0.7			

Table 28-20. Top Platform Media Companies in Taiwan

Article II.	2004/2005		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 (%)
STATE	3,282	51.3	2,796	46.5	-2.5	-0.8
FarEasTone	673.0	19.8	399.0	15.0	-6.8	-0.8
Taiwan Mobile	563.6	20.3	495.0	19.1	-2.0	-0.2

Media Concentration Index	2004/5	2011 or Most Recent	% Change Annual Average
Public Ownership (%)	18.1	16.4	-0.25%
Foreign Ownership (%)	2.5	2.0	-0.1%
C4 Average—Weighted	93.4	91.8	-0.3%
HHI Average—Weighted	4056	3,802	-1%
C1 Average—Weighted	52.5	48.1	-0.7%
National Power Index	4,597	3,856	-2.7%

Foreign ownership overall is relatively low due to strict limits on overseas investment in Taiwan's national media industries. It is most pronounced in the multichannel platform market, where the Carlyle Group (US), MBK (South Korea), and Macquarie (Australia) are the leading companies.

Among content companies, the China Times News Group is the largest and most diverse, holding 8.4% of the content media (the state holds 9%). It is active in TV broadcasting, video channels, multichannel platforms, daily newspapers, magazines, book publishing, and online news media. Liberty Times News Group, and United Daily News Group both have formidable shares in daily newspapers and online news, but they are about half the size of China Times by shares in their content media (Table 28.19): 5.1% and 3.6%, respectively. US (21st Century Fox, as Star TV) and Hong Kong (TVBS and Next Media) have similar shares of the content market as well, where investment is somewhat more liberalized than in telecommunications. ↴

p. 876

p. 877 ↴

p. 878 ↴

p. 879 ↴

p. 880 ↴

Notes

1. Liu, Yu-li. Scarcity of Spectrum, Political Access, and Broadcast Autonomy: The Open Broadcasting Channel Debate in Taiwan. Ph.D. dissertation, Indiana University. 1992.
2. Article 18 and Article 19 of the Enforcement Rules of the Radio and TV Act.
3. Kuomintang (KMT) is also called the Nationalist Party. It lost to the Communist Party the ruling of Mainland China during the Internal War. The then-KMT leader, Generalissimo Chiang Kai-shek, fled to Taiwan with his military groups and hundred thousands of Mainlanders. It has been the ruling party most of the time except 2000–2008.
4. A former politician with links to Pro-New Party. <http://en.wikipedia.org/wiki/Broadcasting_Corporation_of_China>.
5. Want Want is a food manufacturer from Taiwan. Its owner Tsai Eng-Meng is recognized for his entrepreneurial success in China's snack food industry. He is No. 1 on Forbes 2012 Taiwan Rich List. Flannery, Russel. "Taiwan Rich List's New No. 1 Tsai Eng-Meng Answers Critics: 'What's Wrong With Peace?'" May 23, 2012. <<http://www.forbes.com>>.

6. Liu, Y. L. et al. (2012). White Paper of Digital TV and New Media Platform Policy, National Chengchi University, Taipei, Taiwan.
7. In the stock market, people can buy and sell stocks every day. There is no record showing who owns the shares in a short period of time.
8. Chih-chuan Tai (2012). Regulatory Conditions for Media Mergers and Their Oversight-A Case Study of Dafu Media Acquiring Kbro Cable. MA Thesis. Taiwan University.
9. According to the Telecommunications Act, a Type I telecommunications enterprise means an enterprise that installs telecommunication line facilities and equipment in order to provide telecommunication services. The aforementioned telecommunication line facilities and equipment refer to network transmission facilities connecting the sending and receiving terminals, the switching facilities installed to be integrated with the network transmission facilities, and the auxiliary facilities of both.
10. Tien Bin Wang (2003). The History of Taiwan's Newspaper. Taipei: Asiapac Books.
11. Tsung-Heng Lee (2008). The key success factors of Apple Daily marketing strategy. MA Thesis. Ming-chuan University, Taiwan.
12. The imported books are mainly from the United States, Japan, and China. In 2009, the total revenue of the imported books accounted for US\$8,646,000 (according to the statistics provided by Taiwan's Customs).
13. See note 12.
14. All figures in Table 28.4 were calculated by advertising revenues only, because the total revenue figures were incomplete. The Ministry of Finance only released the magazine revenue figures from 1999 to 2008.
15. Peng, Shin-yi, Yuchi, Wang, and Yuntsai Chou. The auction and recall planning and management of spectrum frequencies. Taipei: NCC research report PG9601-0077, 2007.
16. Medium-power stations refer to those whose signals are transmitted within the city range, while low-power ones refer to those which transmit signals within town-based areas.
17. Peng, Shin-yi et al. The auction and recall planning and management of spectrum frequencies. Taipei: NCC research report PG9601-0077, 2007.
18. Liu (1992).
19. Liu (1992).
20. The Law asked the government to acquire all the private shares of CTS and donate them to the Public Television Service Foundation. The chairman of PTS is also chairman of CTS, which can continue to carry commercials but cannot air commercials on children's program. Also, CTS has obligations to provide programs serving the public interest.
21. Before CTS became a semi-public station, it did not know how to do the programming after its role was changed. If it wanted to have more advertising revenues, its programs needed to have high ratings. But to get high ratings it had difficulty to provide too many public TV-like programs
22. Shih, Jun-ji, Kungchung Liu, Shu Yeh, and Yuntsai Chou (2003). *The market survey of cable TV and the competition policy analysis*. Taipei: GIO research report.
23. Shih, Jun-ji, et al. (2003). The market survey of cable TV and the competition policy analysis, Taipei: GIO research report.
24. Tsai, Zhi-hong, Ying-chin Shieh, Chinghe Chen, Nian-chong Tsai, Yuntsai Chou, Shin-hong Chen, and Chun Li. *The white paper on digital convergence policy*. Taipei: III research report, 2009.
25. Shih, Jun-ji, et al. (2003). The market survey of cable TV and the competition policy analysis, Taipei: GIO research report.
26. MBK Partners LP is a Korea-registered fund established in March 2005, one of the largest independent private equity firms in the North-Asia region, with over 3.7 billion in capital under management.
27. Tsai et al., op. cit.
28. NCC, "TV digitization and convergence," Internal document delivered to the Executive Yuan, 2011.
29. Tsai et al., The white paper on digital convergence policy Taipei: III research report, 2009.
30. The conditions are (1) the company cannot rent head facilities from other MSOs; (2) the company cannot produce extra programming neither resell more channels beyond the current standing; (3) the company cannot discriminate other MSOs or competitive platform aggregators in licensing its channels; (4) the company must achieve the degree of digitization as designated by the Executive Yuan; (5) the company should devote resources in producing HD programming in order to develop the cultural creative industry.
31. Chen, Ping-Hung. "Who Owns Cable Television? Media Ownership Concentration in Taiwan." *Journal of Media Economics*, 15, 1, (2002): 44-55. Chen, Ping-Hung. "Transnational Cable Channels in the Taiwanese Market." *Gazette*, 66, 2, (2004): 167-183.
32. Alejandro, Zentner. "File Sharing and International Sales of Copyrighted Music: An Empirical Analysis with a Panel of Countries." *Topics in Economic Analysis & Policy* 5, Iss. 1, (2005): Article 21. Last accessed on July 17, 2012 at <<http://www.bepress.com/bejeap/topics/vol5/iss1/art21>>; Survey of Taiwan Music Market (2010). Last accessed on July 17, 2012 at <<http://info.gio.gov.tw/public/Attachment/05209533371.doc>>.
33. Taiwan Mobile is owned by Mr. Richard Tsai who also owns Taiwan Fixed Network, a cable MSO Kbro, and Fubon Financial Holding company.
34. FarEasTone is owned by Mr. Douglas Hsu who also owns a fixed network New Century Infocomm Tech Co (NCIT) and Far Eastern Group.
35. The first 3G service was provided by Asia Pacific Telecom. The other four 3G operators including the three existing mobile operators and one new player Vibo. Liu and Wang (2010).
36. Kao (2004).
37. Liu, Y. L. (2008). "Broadband Policy, Market Competition, and User Adoption in Taiwan," in Dwivedi, Y. K., et al. eds. 47-59. *Handbook of Research on Global Diffusion of Broadband Data Transmission*, New York: IGI Global.

38. Barboza, David. "Baidu's Gain from Departure Could Be China's Loss." January 13, 2010. The New York Times. Last accessed on July 17, 2012 at <<http://www.nytimes.com/2010/01/14/technology/companies/14baidu.html>>.
39. InsightXplorer (2010). *Access Rating Online, ARO* [Database]. Retrieved from <<http://aro.insightxplorer.com/index.jsp>>.
40. Internet Advertising and Media Association in Taipei (IAMA). Search Ads included paid search and content match, which is charged based on online users' clicks.
41. InsightXplorer (2010). "ARO Watch: Overview of Taiwan Online News Usage Overview," accessed December 15, 2011, <<http://news.ixresearch.com/?p=1847>>.
42. The ranking here excludes news aggregators and television news channel websites, such as tw.news.yahoo.com, news.google.com and news.ftv.com.tw.
43. InsightXplorer (2010). *Access Rating Online, ARO* [Database]. Retrieved from <<http://aro.insightxplorer.com/index.jsp>>.