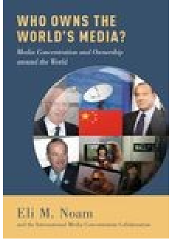

Who Owns the World's Media? Media Concentration and Ownership around the World

Eli M. Noam and The International Media Concentration Collaboration

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CHAPTER

30 Media Ownership and Concentration in Israel

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Abstract

This chapter considers media ownership and the media landscape in Israel. Following a summary of media in that country, 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), telecommunications media (wireline and wireless telecom), and Internet media (Internet Service Providers, search engines, online news market). Traditional print concentration in Israel is declining, while digital media are evolving into a vertically integrated, highly concentrated distribution system. Magazines, book publishing, pay TV, and online news portals demonstrate healthy competition, while concentration for newspapers and broadcast television has been declining for a while. The major telecom players are the incumbent Bezeq, as well as Partner Communications, and Cellcom. Cable TV is dominated by HOT, and broadcast TV by Channel 2, Channel 10, and the public IBA. The largest newspapers are Yediot Aharonot and Israel Hayom. Overall, the number of media voices in Israel, calculated on a per-capita basis, is near the top of the countries investigated.

Keywords: Israeli media market, media industry, media groups, print media, audiovisual media, telecommunications, Internet, Bezeq, Partner Communications, Cellcom, HOT, Channel 2, IBA, Yediot Aharonot Israeli media market, media industry, media groups, print media, audiovisual media, telecommunications, Internet, Bezeq, Partner Communications, Cellcom, HOT, Channel 2, IBA, Yediot Aharonot

Subject: Economic Sociology, Social Research and Statistics

Introduction

The first Hebrew-language daily in what became the State of Israel appeared in 1886, when the territory was part of the Ottoman Empire. The British Mandate of Palestine, which was formed out of these territories and became the State of Israel in 1948, already had a vibrant print sector on the eve of independence in 1948. A multilingual market existed (and still does) as a consequence of the presence of a Palestinian Arab population and of successive waves of Jewish immigration from all over the world.[1] The economy in which these outlets operated was characterized until the early 1980s by central planning.Following the downfall of the ruling coalition led by the Labor Party and the rise of the Likud Party in 1977, Israel experienced a dramatic transition from "a socialist inspired mixed, highly centralized, highly planned state-centered, protectionist economy to a much more decentralized and internationally oriented neo liberal one."[2] Nowhere has this change been more evident than in the media and telecommunications industries.

Political and state control in the media and telecommunications sectors prevailed until the mid-1960s. Newspapers owned by various political parties such as the now defunct *Davar*, *Herut*, and *Lamerhav* operated alongside commercial p. 943 newspapers (such as *Haaretz* and *Yediot Aharonot*, both of which are still published daily) since the pre-State years. Some party papers still exist as well, among them the Hebrew-language *Hamodia* (owned by the religious party Agudath Israel) and the Arabic-language *Al-Ittihad* (owned by the Israeli Communist Party), but for the most part private media groups now own and publish the leading Hebrew-, Russian-, and English-language dailies.[3] The government-controlled radio broadcasting from independence, until 1965, when the Israel Broadcasting Authority (IBA) was established as a quasi-public service broadcaster. The government also launched general broadcast television in 1968,[4] and in 1969 assigned it to be managed under the auspices of the IBA. When Likud came to power in 1977, there was only a single black and white terrestrial channel in Israel operated by the IBA, while fixed telephony was run as a state monopoly so "woefully inadequate" that in the 1980s, intercity calling meant consumers had to employ a complicated and (very often) unreliable process.[5]

The first two Likud-led government coalitions (1977–1981 and 1981–1984) established three public committees to evaluate the possibility of establishing commercial broadcasting, to auction licenses for "regional" (sub-national) cable television concessions, and to establish a national telecom provider.[6] A telecommunications law was first passed in 1982 and led to the founding of the public monopolist Bezeq in 1984 (Bezeq was subsequently fully privatized in 2005). Following this, an economic stabilization program was launched in 1985 to reign in hyperinflation.[7] The 1982 Telecommunications Law[8] was subsequently amended in 1986,[9] forming the Cable Broadcasting Council (CBC), which in 1989 began awarding concessions to cable service operators. In 1990, the Second Authority for Radio and Television was established to oversee the introduction of commercial broadcast television.[10] The first commercial terrestrial broadcasting channel, Channel 2, was launched in 1993, and commercial radio broadcasting began shortly thereafter. The second Yitzhak Rabin government (1992–1995) that pursued these measures also began the process of awarding licenses for competing mobile telephony operators to the monopoly until then held by a Bezeq subsidiary. The early 2000s saw additional changes in the media landscape, with the development and licensing of additional commercial media outlets. In 2000 direct-to-home (DTH) satellite service was introduced, and in 2002, a second commercial terrestrial channel was established (Channel 10). Dial-up Internet service, introduced in the 1990s, transitioned to broadband in the mid-2000s.

The growth in Israeli media should also be seen within the context of the rapid adoption of new media technology by Israeli consumers. In 1970, already, 53% of households had a television set (today, household penetration is universal).[11] By 1991, almost half of Israeli households owned VCRs, which was double the number of those owning other expensive consumer goods at the time such as dishwashers, microwave ovens, and PCs. Israelis rapidly adopted cable television once it became available: legal cable TV franchises that were awarded as of 1989 started operating in 1991 (in response to the popularity of pirate services), and by the p. 944 summer of 1992, more than 50% of all households were subscribed to a cable service, which rose to 70% by 1996.[12]

Similar trends were observed with regard to contemporary media platforms. In 2001, only 2.7% of all households used DSL broadband. However, in 2002 the government finally licensed cable companies to provide Internet access and by the end of 2004, household Internet access rates reached 43%, a figure matched at the time internationally only by South Korea.[13] Mobile phones were also adopted rapidly, even more so than Internet service, though not as quickly as cable TV had.[14] In 1994, mobile phone market penetration reached just 2.5% of the population. Within three years that number had risen to 29%, then to 74% by 2002 and by the end of 2009, digital mobile phones were present in 91.8% of households in Israel, three-quarters of which possessed at least two mobile lines.[15]

Media concentration and ownership concerns were significant issues in the transition that Israeli media and telecommunication providers were making from a mostly public sector to a mostly private market. In fact, such anxieties were already present in the draft legislation for the Second Authority for Radio and Television Law as it made its way through the Knesset (Israeli parliament) in the mid-1980s. The original bill focused on the effects that the new Channel 2 might have on the advertising revenue of newspapers. A compensation mechanism was proposed to offset such losses. Two High Court decisions, HCJ 757/84[16] and HCJ 3424/90,[17] limited the IBA from increasing its TV advertisement space beyond PSAs and underwriting credits. In the course of further Knesset debate over the Second Authority Law, a number of academics and senior Ministry of Justice officials protested a provision allowing newspapers-broadcast TV cross-ownership, a protest that led to a legal limitation on such practice. The final version of the Second Authority Law was passed in 1990 and limited the holdings of newspapers publishers in a commercial broadcaster to a 24% stake. No similar restriction was created with regard to cable TV, however. As a result, Israel's two leading print publishers, the Yediot Aharonot Group and the Ma'ariv Group, ended up with significant holdings in both broadcast and cable TV. Further concerns over cross-ownership raised in the early 2000s overtook the original concerns over the financial health of the newspapers industry. In the process of overhauling the Telecommunications Law and the Second Authority Law in light of the introduction of broadband Internet and DTH satellite, the formation of the new broadcast channel—Channel 10—and the pending expiration of the first round of radio and television broadcasting licenses, stricter cross-ownership rules were established. Under the new rules, cross-ownership of newspapers, cable, and broadcast television was prohibited. The amendment to the Telecommunications Law that set this policy down has few precedents or comparisons in other countries' regulatory systems.

Until liberalization increased in the 1980s, antitrust regulation in Israel for all sectors was minimal and did not exist in the audiovisual and telecommunications markets since these were state-operated. According to the requirements of the Israeli antitrust laws, monopoly status is p. 945 ↳ conferred on companies that have market shares greater than 50% in one sector of the economy. In 1995, the national public telecom operator Bezeq was declared a monopoly, though in 2001 this designation was removed from its ISP subsidiary, Bezeq International.[18] At the same time, Bezeq was declared a monopoly in the provision of broadband Internet, a decision that was ratified in 2004; in 2009, the antitrust court found that Bezeq had also abused its monopoly status.[19] The Yediot Aharonot Group was labeled a monopolist in the print daily newspaper sector during this period, first in 1995 and then again in 1999, though both declarations were rescinded in 2010 as the group's print properties were by then rapidly losing readers and revenue.[20]

The challenge of enforcing these rulings was made clear in a 1994 ruling on a cable TV cartel formed in 1989 when Israel's five cable TV providers of the time teamed up to create Israel Cable Programming Ltd. (ICP) in order to jointly purchase all programming and "package" the four cable channels (movies, sports, children, and "family") each were required to provide their subscribers. Responding to complaints that ICP's role in the video channel market amounted to cartelization, the antitrust commissioner brought a suit against the operators that resulted in ICP being declared an illegal cartel that must dissolve immediately as there was no legal basis for the existence of a national cable TV provider.[21] Before the ruling could be fully enforced, however, in 1996 the Knesset (under pressure from ICP) amended the Telecommunications Law to legalize the cartel.[22] Content and platform ownership amongmultichannel operators became one and the same, until DTH satellite was introduced.[23]

So despite several antitrust actions meant to limit cross-ownership, concentration has increased in several sectors. When cable TV companies were licensed to provide Internet access in 2001, their licenses and Bezeq's own license required them to maintain structural separation between their ISP and infrastructure segments, and in the case of Bezeq, regarding their long distance and mobile telephony service as well. In 2006, however, the Israeli conglomerate IDB Holdings purchased controlling shares in the mobile provider Cellcom adding to its involvement in two of Israel's main ISPs of the time, 013 Barak and Netvision. After 013 Barak and Netvision merged to form 013 Netvision in January 2007, IDB Holdings then merged the new enterprise with Cellcom, all with the approval of Israeli regulators. A similar process took place when the cable provider HOT (which in the early 2000s became a legal national cable infrastructure) merged with the small mobile operator MIRS (rebranded as HOT Mobile) and received a license covering both its ISP and mobile assets. While a government committee recommended in 2011 ending the structural separation of Bezeq's assets as well, that development has yet to take place, though in practice, Bezeq's holdings include already a mobile operator (Pelephone), the ISP Bezeq International, and the DTH provider Yes. The 2011 tendering of a fifth national mobile operating license ("Golan Telecom") alongside a handful of virtual mobile operators (among them "Rami Levi," "You," and "Home") and the passage of new digital terrestrial television (DTT) p. 946 ↳ legislation in 2012, were all aimed at increasing competition, and indeed prices in the mobile market dropped dramatically, but it remains to be seen if the trend toward vertical integration among distributors can be offset.

Studying concentration among the different Israeli media industries requires some methodological creativity. The available data do not conform to the traditional definitions of market shares as the "share of the actual sales (either in quantity sold or dollar volume) for a product in a given period and in a given geographical area."[24] Adhering to such a definition is impossible in the case of Israel because with only a few exceptions in radio and television broadcasting, all media outlets in Israel are commercial, but not publicly traded enterprises, which have no public obligation to disclose their market shares as measured by revenue. There is no verifiable data, therefore, with regard to all of their sales. In some cases, we were able to acquire data that allowed us to present a number we believe provides a verifiable measure of the audience shares; in other cases we use regulatory or private sources that provide estimates of market shares based on total consumers[25] (Table 30.1).

Table 30-1. Advertising Spending in Israel (Mil US$[1]), 1984–2013

	1984	1988	1992	1994	1998[2]	2000[3]	2004[4]	2008[5]	2012[6]	2013[7]
Television (Broadcast)	2.0	14.0	18.0	305.0	237.0	261.0	274.0[8]	448.0[9]	371.0[10]	434.0[11]
Daily Newspapers	99.0	228.0	354.0	452.0	447.0	603.0	391.0	440.0	260.7	260.0
Internet	0.0	0.0				3.0	23.5	134.0	146.0	182.3
Billboards/Outdoors				66.4	65.0	78.0	31.4	62.7	44.3	51.4
Radio				30.8	68.0	98.0	54.8	58.5	57.8	67.7
Film				1.3	1.0		7.8	9.9	10.2	11.9

Source: Tokatly O. (1984–1998 data); Ynet (2000 data) Knesset Research and Information Center (2004–2008 data); Israel Marketing Union (2012–2103 data).

1 Revenue figures originally reported in Israeli Shekels (ILS), except for the year 2000. Conversion to US dollars has been made based on the Bank of Israel's official currency exchange rate at the end of June of each relevant calendar year.

2 Data for 1984–1998 derived from Tokatly, O. *Communication Policy in Israel*. Tel Aviv: Open University, 2000.

3 See "Growth in Newspaper Advertising and Standstill in Television in 2000," *Ynet*, June 10, 2001 (in Hebrew), *available at* <http://www.ynet.co.il/articles/1,7340,L-808150,00.html> (relying on data released by the Advertisers Union) (accessed Jan 25, 2013).

4 Data derived from Agmon T., and Tsadik, A. *Analysis of the Economic Consequences of Concentration and Cross-Ownership in the Media*, Jerusalem: Knesset Research and Information Center, Nov 2, 2011,18 (in Hebrew), *available at* <http://www.knesset.gov.il/mmm/data/pdf/m02952.pdf> (accessed Jan 25, 2013).

5 Data derived from Goldsmith, R. and Schwartz O., *Advertising by Law in the Printed Press and on the Internet: Cost, Availability and Effectiveness*, Jerusalem: Knesset Research and Information Center, Mar 24, 2009, 13 (in Hebrew), *available at* <http://knesset.gov.il/mmm/data/pdf/m02206.pdf> (accessed Jan 25, 2013).

6 Israel Marketing Union and Ifat Advertising Monitoring. *An Increase of 4% in Advertising Expenditure in the Year 2013*, *available at* http://www.ishivuk.co.il/message/1111 (accessed Jul 14, 2014).

7 Ibid.

8 4.49 ILS per 1 US$.

9 3.35 ILS per 1 US$.

10 3.92 ILS per 1 US$.

11 3.62 ILS per 1 US$.

The second challenge in measuring concentration has to do with survey methodology. Over the twenty-nine year period under consideration (1984–2013), there was no standardized system for the regulators and firms measuring concentration. Even data acquired from the same sources do not display consistent survey methodologies: the Israeli Marketing Union (formerly the Israeli Advertisers Union) conducted industry-funded, semi-annual phone surveys among the public, questioning its media consumption preferences, but over the years different subcontractors have been used to conduct this survey so there is little methodological consistency. Since 1998 such surveys have been handled somewhat more consistently by Single Source Research Ltd. ("Single Source"), a subsidiary of the Israeli market research company Teleseker, which holds the license for the TGI brand in Israel, operated in cooperation with the UK research agency, BMRB International. While TGI changed in 2011 as it was merged into the international research firm Kantar Media, the methodology for the media consumption study remained the same. Single Source's sister company, Tele-Gal, which holds the industry contract for TV audience measurement in Israel using People Meter technology, was also folded into Kantar Media in 2011. Additionally, due to the complexity of conducting studies in more than one language and the fact that non-native Hebrew-language speakers in Israel often fall into lower income brackets, many of the studies conducted by the Israeli advertising industry reflect media consumption only among native Hebrew-language speakers.

Similar methodological challenges exist in measuring the size of the market, which we have determined by assessing the national expenditure on advertising in media markets using multiple sources; and investments in communications infrastructure (infrequently) reported by the Israeli Ministry of Communications. This proves problematic for evaluating market shares, though, as revenue alone cannot explain market shares (Table 30.2). Some of the market players, for example, are conglomerates that subsidized their properties to promote certain services at different times; others, especially in the broadcast sector, are public entities, which are not profit-oriented, and therefore revenue figures cannot reflect their audience share.

Table 30-2. Telecommunications Revenue in Israel (Mil US$[1]), 1996–2013

	1996[2]	2000[3]	2004[4]	2008[5]	2012[6]	2013[7]
Fixed Line Telephony	1,889[8]	1,627[9]	1,265[10]	1,241[11]	1,004[12]	1,032[13]
Internet Access (Infrastructure) (Dial-up (exclusively until circa 2000), ADSL and Cable)	Included in Fixed Line Telephony	Included in Fixed Line Telephony	151	341	445	527
Multichannel TV Platforms	569	443	670	1,104	1,000	1,081
International Telephony	896	623	335	482	332	317
Mobile Telephony	1,130	2,448	2,977	4,759	3,401	3,014
ISPs	Included in International Telephony	Included in International Telephony	248	510	534	489
Others	62	107	101	N/A	N/A	N/A
Total Revenue (mil US$)	4,547	5,250[14]	5,749	8,440	6,705	6,461

Source: Ministry of Communications.

1 Revenue figures originally reported in Israeli Shekels (ILS). Conversion to US dollars has been made based on the Bank of Israel's official currency exchange rate at the end of June of each relevant calendar year.

2 Data for the year 2000 obtained from The Report of the Committee for Detailed Recommendations Regarding Policy and Competition Rules in the Telecommunications Industry in Israel 2008 (Mar 9, 2008) (in Hebrew), 45 (the "Gronau Report"), *available at* <http://www.moc.gov.il/new/documents/gronau2008/gronau1.pdf>. An executive summary of the Gronau Report in English may be found at <http://www.moc.gov.il/sip_storage/FILES/5/1355.pdf>.

3 Data for the year 2000 obtained from The Gronau Report, *id.*

4 Data for the year 2004 obtained from Ministry of Communications, *Summary of Revenues of the Telecommunications Market for the Year 2006*, Oct 23, 2007 (in Hebrew), *available at* <http://www.moc.gov.il/sip_storage/FILES/5/1245.pdf>.

5 Data for the year 2008 obtained from Ministry of Communications, *Summary of Revenues of the Telecommunications Market for the Year 2011*, Nov 28, 2012 (in Hebrew), *available at* <http://www.moc.gov.il/sip_storage/FILES/6/3086.pdf>.

6 Data for the years for the year 2012 obtained from Ministry of Communications, *Summary of Revenues of the Telecommunications Market for the Year 2013*, 10 July, 2014 (in Hebrew) (on file with the authors).

7 Data for the year 2013 obtained from the 2013 Revenue Summary, *id.*

8 3.20 ILS per 1 US$.

9 4.08 ILS per 1 US$.

10 4.49 ILS per 1 US$.

11 3.35 ILS per 1 US$.

12 3.92 ILS per 1 US$.

13 3.62 ILS per 1 US$.

14 Fluctuations in the ILS-US$ exchange rate over the years may obscure the trend of growth in the Israeli telecommunications sector's revenue figures. For example, the total revenue, in ILS, for the year 2000 was nearly 50% higher than that for the year 1996 (ILS 21,420 million and ILS 14,553 million, respectively), but the growth rate seems much lower when presented in US dollars due the significant change in the ILS-US$ exchange rate from 1996 to 2000.

Print Media

Daily Newspapers

p. 947 Several media groups still in existence today predate the State of Israel's founding in 1948. Most ↳ dailies are published in Hebrew, though historically, multiple publications in a plethora of languages held significant audience shares in the first few decades of the state's existence. More recent market entrants primarily serve Jewish immigrants from the former Soviet Union, such as the Russian-language *Vesti,* and some papers run English-language editions, either online or in print as well. Now that Hebrew fluency is more widespread, a number of the older multilingual dailies have closed down, such as the pre-1948 *Uy Kelet* (Hungarian language), *Israel Nachrichten* (German language), *Letzte Nayes* (Yiddish language), and *Nasha Strana* (Russian language) newspapers.

Just as the economy moved away from its socialist foundations toward more neoliberal policies, press ownership liberalized as well and party-affiliated dailies ceased publication in favor of privately owned publishers, though weekly local newspapers—which have proliferated since the 1980s—in the Hebrew- and Arabic-language markets have generally been exempted from such changes. With the exception of the free daily *Israel HaYom* (and its English-language edition *Israel Today*), which was set up in 2007 by American investors, the other papers' circulation rankings remained nearly constant between 1984 and 2007. Some smaller circulation newspapers, however, were established during this period, and most of them have now shut down, usually as a result of their failure to establish a significant following in a more commercial market.

Until *Israel HaYom* displaced it in 2012, the Yediot Aharonot Group's flagship daily *Yediot Aharonot* was the
p. 948 national leader in terms of market shares from the 1980s to ↳ the late 2000s. Established in 1936 by the Mozes family, the Yediot Aharonot Group runs several other dailies as well and is also involved in book and magazine publishing, and online news production. In addition to *Yediot*, the group has also launched the Russian language daily *Vesti,* the financial news daily *Calcalist*, and the (defunct) free daily *24 Dakot*. Yediot is also active in the local weeklies market.

p. 949 Prior to 1984, *Ma'ariv* was Israel's bestselling daily. *Ma'ariv* was founded in 1948 by a group of former *Yediot Aharonot* staff and became part of the journalist-owned cooperative known as the Ma'ariv Group, which distributed *Ma'ariv* and several affiliated magazines and weeklies. In the early 1990s, the British media mogul Robert Maxwell acquired control of the Ma'ariv Group.[26] Until then a broadsheet, *Ma'ariv*'s declining readership by this time led to its reorganization as a tabloid. Following Maxwell's death in 1991, Ma'ariv was sold to the Nimrodi family and became the first Israeli daily to be purchased by a publicly traded conglomerate, Hakhsharat Hayeshuv. During the 1990s, Ma'ariv's owners, like Yediot's, invested in broadcast television, cable TV, local weeklies, an online news portal, and book publishing, and were the owners of Israel's largest music publisher, Hed Arzi. For a short time the group also published a Russian-language daily, *Vremya*. Ultimately though, after losing its audiovisual properties and facing declining readership, the Nimrodi family sold their stake in the Ma'ariv Group in 2011 to another Israeli conglomerate, IDB Holdings. However, after a series of financial reversals for IDB's owners (and in response to *Ma'ariv*'s further loss of audiences shares, mostly to *Israel HaYom*), Ma'ariv Group went into receivership and was run by a court-appointed trusteeship until Makor Rishon Hameuchad (HaTzofe), owned by the publisher Shlomo Ben-Zvi, purchased the paper, consolidated Ma'ariv Group's titles and laid off most of *Ma'ariv*'s staff. The laid off staff then went on to publish a new weekly, *SofHashavua,* ("the weekend") in early 2013 in partnership with the *Mirkaei Tikshoret* group, publisher of the *Jerusalem Post* (see below). In an ironic twist of events, *Mirkaei Tikshoret* took over *Ma'ariv* in 2014 when it verged liquidation again, and merged it with the new weekly to create *Ma'ariv-Hashavua* (Ma'ariv This Week), as a daily newspaper and *Ma'ariv-SofHashavua* (Ma'ariv This Weekend) as its weekend edition.

The Ha'aretz Group is Israel's oldest publisher of newspapers, having been founded in 1918. The Schocken family, which fled Germany in 1934, purchased Ha'aretz in 1937 and has owned it since, pursued a different business model from the Mozes family or *Ma'ariv*'s various owners after their own attempts to acquire broadcast television licenses in the 1990s failed. The Ha'aretz Group initially responded by setting up a tabloid, *Hadashot*, which only ran from 1984 to 1993. The Ha'aretz Group was more successful in establishing its presence on the local weeklies market segment in the 1980s, and was one of the first media groups to create online news portals.[27] The Haa'retz Group also launched in 1997 an English-language edition of its flagship daily *Ha'aretz* in partnership with the *International Herald Tribune*, the international edition of *The New York Times*, which in 2013 became the *International New York Times*. Though it has not held market shares as high as *Yediot* or *Ma'ariv* historically, *Ha'aretz* is still highly influential due to its reputation as the paper of the Israeli upper middle class. Its owners are the Schocken family (60%), the family of the German publisher-aristocrat Alfred Neven Dumont (20%), and the Israelu-Russion billionaire Leonid Nevzlin.

Other important newspapers include the financial daily *Globes*, owned by the Globes Group, and The Jerusalem Post Group, which prints *The Jerusalem Post*. The Globes Group also has interests in the cable TV market and the Yediot Aharonot Group. *The Jerusalem Post*, which is published in English, only entered the Hebrew-language market in 2007, with the free daily *Israel Post*.[28] Originally owned by the national labor union (the "Histadrut"), the p. 950 ↳ Post Group was acquired by the Hollinger Group (Canada) in 1989 and then sold to the Mirkaei Tikshoret Group in 2004, whose other holdings include several radio networks, national pay-TV channels, as of 2013, the weekly *SofHashavua* ("weekend"), and as of 2014 *Ma'ariv*.[29]

Israeli newspapers face a new challenge in the twenty-first century due to the market entry of the free daily *Israel HaYom*. It is owned by the US billionaire and casino owner Sheldon Adelson, a prominent donor to conservative political causes in America. In the data for 2008, it was already the second most read daily in the country (Table 30.3). Statistics published in 2012 have now rated its market share as higher than that of *Yediot Aharonot*'s. In 2008, the Yediot Aharonot Group tried to compete in this market with *24 Dakot*, but were unable to absorb the losses of distributing it for free and so discontinued its publication in 2009. In 2011, Yediot started instead to distribute a condensed version of its news and sports pages free to riders of the Israeli railway system and on university campuses.

Table 30-3. Daily Newspapers (Market Shares by Audience Reported Exposure), 1984–2013[1]

	1984[2]	1988[3]	1992[4]	1996[5]	2000	2004	2008	2012	2013[6]
Yediot Aharonot Group (Mozes Family)	55.4	50.0	56.0	58.3	53.2	52.6	43.4[7]	36.4	39.0
Ma'ariv Group (various owners)	21.6	19.9	15.8	23.7	28.4	28.9	14.2	9.0	4.2
Haaretz Group (Schocken Family)[8]	9.4	17.9	15.5	7.3	10.0	8.9	12.6	10.1	9.5
The Jerusalem Post Group (various owners)	2.7	2.9	2.3	1.0	1.1	0.5	4.1	7.3	7.6
Globes Group	0.0	1.9	2.7	2.6	3.5	3.7	3.2	2.9	3.5
Telegraph	—	—	—	0.5	0.0	0.0	0.0	0.0	0.0
Makor Rishon Hameuchad (HaTzofe) (various owners)[9]	No Data	No Data	0.9	0.9	1.4	1.0	1.5	1.3	1.5
Al Hamishmar (Hashomer Hatzair)	No Data	No Data	0.5	0.0	0.0	0.0	0.0	0.0	0.0
Davar (Histadrut)	4.0	4.2	2.3	1.1	0.0	0.0	0.0	0.0	0.0
Israel HaYom (Sheldon Adelson)	—	—	—	—	—	—	21.0	32.9	34.7
Hamodi'a (Agudat Yisrael World Federation)	No Data	No Data	No Data	No Data	2.3	2.1	No Data	No Data	No Data
Yated Neeman (Yetedot Publishing)	No Data	No Data	No Data	No Data	No Data	2.1	No Data	No Data	No Data
Others[10]	6.7	3.2	3.9	4.6	No Data	No Data	No Data	No Data	No Data
Total Advertising Revenue (mil US$)[11]	99.0	228.0	354.0	452.0[12]	603.0	392.0	410.0	260.7	260.0
C4	90.4	92.0	90.0	91.9	95.1	94.1	91.2	88.4	90.8
HHI	3,647	3,230	3,660	4,023	3,757	3,704	2,714	2,654	2,905
N (>1%)	4	5	5	5	6	6	4	7	7
Noam Index	1,102	936	1,158	1,273	1,332	1,313	904	1,005	1,100

Source: Israeli Marketing Union (1984–1996); Single Source/TGI/Kantar Media (2000–2013).

1 Data relate to audience consumption of daily newspapers on a regular weekday (as opposed to weekends and holidays). Since some people may be exposed to more than one newspaper, the numbers usually add up to more than 100%. Figures have therefore been normalized to add up to 100%, while maintaining the relative share of each entity.

2 Data for the year 1984 obtained from Ya'acov Solan, "How Do the Israeli Dailies Market Themselves (I)", 69 *Otot 85*, 1985, pp. 30–31, relying on data of the Israeli Advertisers Union (now the Israeli Marketing Union). Notably, the research methodology employed in the 1984 survey allowed respondents to indicate only one newspaper, which they considered as their primary print news source. This limitation was revoked in subsequent surveys. *Id.*

3 Data for the year 1988 obtained from Israeli Advertisers Union, *Exposure to the Media—Telephonic Survey Conducted by the Teleseker Institute*, 1988 (on file with authors).

4 Data for the year 1992 obtained from Israeli Advertisers Union, *Exposure to the Media—Survey Conducted by Gallup Israel*, 1992 (on file with authors).

5 Data for the year 1996 obtained from Israeli Advertisers Union, *Exposure to the Media—Survey Conducted by the Geocartography*, 1996 (on file with authors).

6 Data for the years 2000–2013 obtained from Single Source/TGI/Kantar Media (on file with authors).

7 Includes *24 Dakot*, which ceased publication in 2009, and *Calcalist*, which began publishing in 2008. All other years are for *Yediot Aharonot*'s audience exposure only.

8 From 1984 to 1992, *the tabloid Hadashot* is included with *Haaretz*. For 1996, only *Haaretz* is included. From 2000 to 2008, *The International Herald Tribune* and *Haaretz* are included. From 2008, *The International Herald Tribune*, *Haaretz*, and *TheMarker* are all included.

9 *Hatzofe* ("the Observer") was established in 1937 as the newspaper of the Zionist-religious movement (*Hamizrachi*) and later functioned as the mouthpiece of the Israeli National-Religious Party (*Mafdal*), until it was transferred to private hands in 2003. In 2007 *Hatzofe* was merged into the struggling weekly *Makor Rishon* (established a decade earlier). *Makor Rishon*

("First Source") has since been circulated as a daily (from 2009 to subscribers only), with *HaTzofe* as a weekly supplement. Data for 1992–2004 refer to *HaTzofe*; Data for 2008 refer to *Makor Rishon- HaTzofe.*

10 The category of "Others" includes newspapers for which there were only accumulated data. The category is considered to be one daily for the purpose of HHI calculation.

11 Assuming the expenditure on advertising, as specified in Table 30.1 above, equals newspapers' revenue from advertising.

12 Amount of spending on advertising in 1994.

Until the appearance of *Israel HaYom*, the period from 1988 to 2010 reflected a stable picture in which *Yediot Aharonot*, *Ma'ariv*, and *Haaretz* were read by more than 80% of Israeli newspaper consumers, with *Yediot*'s lead and *Haaretz*'s share staying constant (though the 1988 and 1992 data for the Haaretz Group include *Hadashot*, and from 2008 it includes the print edition of *TheMarker*).

There are no Arabic-language editions of the major dailies currently in circulation for the Palestinian Israeli minority, who account for approximately 20% of the population. Phone surveys conducted in 2008 and 2009 of Palestinian Israeli citizens, and obtained by the authors, show significant differences between the two years, differences that raise doubts over the validity of the reported market shares. The Israeli Arabic-language papers with the highest circulation rates are all privately owned weeklies. *Panorama* was read by 25.6% of the sample in 2008 and 34% in 2009; *Kul el Arab*, 22.9% in 2008 and 30.8% in 2009; and *Al-Sinara* 17.4% and 24.8%, respectively. The Israeli Communist Party's Arabic-language daily *Al-Ittihad* was read in 2009 by 9.2% of those surveyed.[30]

Book Publishing

Data for the book publishing industry were received on condition that the names of the publishing houses not be revealed, so they are ranked numerically. The data are also not based on actual sales by the publishers since the publishing houses choose not to release that data in the public domain. Concentration indices for the sector were calculated using comparative data from the Israeli Book Publishers Association regarding the amount of space rented by each publisher for the display and sale of books during the country's annual Hebrew Book Week. According to the Association, this serves as a reliable indicator of market shares and trends.

We can say that the major players in the newspapers and magazine industry—the Yediot Aharonot and Ma'ariv groups—are also significant players in the book publishing industry. In addition, the book publishing industry's national book fair numbers obscure the fact that most sales are made through retail purchases. The retail distribution segment is in fact a duopoly consisting of the booksellers Steimatzky and Tzomet Sfarim, both of which also own stakes in publishing houses (Table 30.4). The Israeli Book Publishers Association filed complaints with the antitrust authorities against both chains for alleged anticompetitive behavior.[31] In response, the Knesset passed in 2013 a provisional order, to be intact for 3–4 years, which limits price reductions by booksellers due to the negative effect their price war was having on authors' royalty payments.[32] ↳

p. 951

p. 952 ↳

p. 953 ↳

p. 954 ↳

p. 955 ↳

Table 30-4. Book Publishing (Market Shares by Space Rented In Hebrew Book Week), 1997–2008[1]

	1997[2]	2000	2004	2008		1997[2]	2000	2004	2008
1	0.1	0.5			36	0.9	0.4	1.0	0.9
2	0.8	1.9	0.9	1.2	37	0.9	0.8	0.5	0.9
3	4.7	4.1	4.0	0.0	38	1.5	1.4	1.2	0.2
4	1.5	1.5	0.9	0.0	39	0.2	0.3	0.8	0.6
5	0.1	0.1	0.1	0.0	40	0.5	0.4	0.6	0.2
6	0.1	0.0	0.0	0.0	41	0.6	0.6	0.6	0.9
7	2.9	0.0	0.0	0.0	42	0.1	0.1	0.2	0.2
8	0.1	0.0	0.0	0.0	43	4.6	4.0	5.5	4.6
9	0.5	0.1	0.0	0.0	44	2.1	2.1	1.1	1.1
10	9.2	7.7	3.0	1.0	45	1.5	1.0	0.6	0.0
11	0.3	0.3	0.4	0.5	46	1.0	1.2	0.0	0.0
12	4.6	4.8	7.1	4.3	47	0.6	0.0	0.0	0.0
13	2.1	1.2	1.2	0.9	48	0.1	0.1	0.0	0.0
14	3.8	6.4	8.7	10.1	49	0.4	0.3	0.0	0.0
15	0.5	0.5	0.5	0.6	50	0.1	0.1		0.1
16	2.3	2.0	1.7	0.0	51	4.3	4.3	5.6	3.7
17	0.1	0.2	0.0	0.0	52	0.7	0.5	0.0	0.0
18	0.9	0.8	1.1	1.3	53	0.8	0.6	0.8	0.5
19	7.0	8.4	8.9	12.2	54	—	0.5	1.2	0.6
20	0.5	0.1	0.0	0.0	55	—	1.2	1.5	0.0

21	4.8	5.1	8.7	10.1	56	—	0.1	0.1	0.0
22	1.3	1.0	1.3	1.1	57	—	0.4	0.3	0.3
23	0.2	0.4	0.4	1.2	58	—	0.6	0.0	0.0
24	7.2	5.8	6.3	9.8	59	—	2.0	0.9	2.6
25	1.5	1.4	0.5	0.0	60	—	—	0.9	0.0
26	1.4	1.1	0.0	0.0	61	—	1.0	0.4	1.5
27	0.5	0.5	0.9	1.1	62	—	0.3	0.0	0.0
28	12.4	12.1	8.5	10.7	63	—	0.8	0.6	0.0
29	1.1	0.7	1.9	1.5	64	—	—	2.5	2.3
30	1.8	1.1	1.2	1.0	65	—	—	—	1.4
31	0.3	0.5	0.0	0.0	66	—	—	—	0.9
32	2.5	2.5	2.8	6.1	C4	35.9	34.6	34.8	43.1
33	0.5	0.3	0.4	0.4	HHI	516	492	537	674
34	0.7	0.7	0.0	0.0	*N* (>1%)	24	25	23	21
35	0.9	1.0	1.6	1.7	Noam Index	105	98	111	147

Source: Israeli Book Publishers Association (on file with authors).

1 Data originally provided in units of meters of space rented. Figures have been converted to percentage and normalized to add up to 100%, while maintaining the relative share of each entity.

2 No data available for 1996.

p. 956

Magazine Publications

The two largest magazine publishers in Israel are the Yediot Aharonot and the TimeOut Israel groups; the latter after purchasing the magazines associated with the Ma'ariv, SBC and Moto Media groups in previous years. Since these acquisitions took place late in 2013 and in mid 2014, they are not reflected in the data.[33] All other publishers, including the Ha'aretz Group, have much smaller market shares. The magazine industry appears to be highly competitive, but most magazines have niche audience shares, so competitiveness within this market is not among equal producers with overlapping national markets (Table 30.5). Had we conducted the study with regards to more specific interests, in particular magazines targeting women, the magnitude of both Yediot Aharonot and Ma'ariv's (prior to its sale to TimeOut) market shares would have been even more apparent. Still, the diversity in interest areas and audiences addressed by this industry is a demonstration of a robust consumer market.

Table 30-5. Magazine Publishing (Market Shares by Audience Reported Exposure), 1986–2012[1]

	1984(6)[2]	1988[3]	1992[4]	1996[5]	2000	2004	2008	2012[6]
Yediot Aharonot Group (Mozes Family)	32.0	26.4	38.3	55.4	33.5	31.0	29.4	33.5
Olam Ha'Isha	9.0	7.0						
Ma'ariv Group (various owners)	16.0	14.2	14.7	16.0	18.6	21.7	21.6	14.3
Bamahane (government)[7]	12.0	13.8	11.7	No Data	2.2	2.5	3.1	4[8]
Koteret Rashit	3.0	3.5	0.0	0.0	0.0	0.0	0.0	0.0
Lahiton	2.0	1.5	0.0	0.0	0.0	0.0	0.0	0.0
Globes-Monitin (Globes Group)	7.0	8.6	1.0	0.0	0.0	0.0	1.6	2.2
TURBO Magazine	4.0	3.9	0.0	0.0	0.0	0.0	0.0	0.0
HaOlam HaZeh	3.0	2.8	2.7	0.0	0.0	0.0	0.0	0.0
Moto Media Group	–	No Data	1.9	2.3	No Data	No Data	2.4	23.1[9]
SBC	–	–	6.7	8.7	17.0	19.6	19.0	
Hadashot Sport & Toto[10]	No Data	No Data	2.8	6.4	0.0	0.0	0.0	0.0
Auto (Auto Group)	–	4.0	3.8	3.8	3.6	3.2	2.9	3.3
Anashim uMachshevim	–	2.1	2.3	3.2	1.0	0.9	0.8	0.5
Eretz VeTeva	–	–	1.9	2.5	4.7	2.1	1.7	2.3
Mada Populari (Popular Science Israel)	–	–	–	1.7	1.8	1.0	0.6	0.4
TIME (Time Warner, US)	–	4.1	4.3	0.0	0.0	0.0	0.0	0.0
Newsweek(Tina Brown, US)	–	3.1	0.0	0.0	0.0	0.0	0.0	0.0
Histadrut	No Data	No Data	2.9	No Data	No Data	No Data	No Data	No Data
Mashehu	No Data	No Data	0.8	0.0	0.0	0.0	0.0	0.0
Anashim	–	–	–	–	5.3	3.2	0.4	0.5
Teva Hadvarim	–	–	–	–	3.5	2.6	1.8	1.7
Binyan Vediur	–	–	–	–	8.8	5.5	2.9	2.3
Atmosphere (El Al)					No Data	0.7	0.5	0.5
Bayit veNoy	–	–	No Data	No Data	No Data	2.1	1.5	1.4
Haaretz Group (Schocken Family)				No Data	No Data	2.4	5.6	3.4
Time Out Israel	–	–	–	–	–	1.1	0.9	1.0
Cigar	–	–	–	–	–	0.2	0.3	0.3
Lilac	–	–	–	–	–	0.1	0.1	No Data

Yerushalmi	–	–	–	–	–	–	0.2	No Data
Eretz Acheret	–	–	–	–	–	No Data	0.5	0.8
Yayin veGourmet	–	–	–	–	No Data	No Data	1.0	1.0
Al Hashulchan	–	–	No Data	No Data	No Data	No Data	1.2	1.8
Makor Rishon Group	–	–	–	–	–	–	No Data	3.0
Others[11]	12.0	5.8	4.2	No Data	No Data	No Data	No Data	3.8
C4	69.0	63.0	73.3	88.8	77.9	81.1	75.6	74.3
HHI	1,736	1,330	1,952	3,481	1,907	1,898	1,771	1,949
N (>1%)	9	13	13	9	11	13	14	13
Noam Index	550	356	522	1,160	576	461	370	415

Source: Israeli Marketing Union (1986–1996); Single Source/TGI/Kantar Media (2000–2012).

1 Figures have been normalized to add up to 100%, while maintaining the relative share of each entity.

2 No data available for 1984. Data for 1986 obtained from Israeli Advertisers Union, *Exposure to the Media Survey 1986*, 1986 (on file with authors).

3 Data for 1988 obtained from Israeli Advertisers Union, *Exposure to the Media—Telephonic Survey Conducted by the Teleseker Institute*, 1988 (on file with the authors).

4 Data for 1992 obtained from Israeli Advertisers Union, *Exposure to the Media—Survey Conducted by Gallup Israel*, 1992 (on file with the authors).

5 Data for 1996 obtained from Israeli Advertisers Union, *Exposure to the Media—Survey Conducted by the Geocartography*, 1996 (on file with authors).

6 Data for 2000–2012 obtained from Single Source/TGI/Kantar Media (on file with authors).

7 Published by the Israeli Defense Forces (IDF).

8 Includes data for the Air Force Magazine.

9 Following the acquisition of SBC by Moto Media Group.

10 The magazine was published for 18 years (1980–1998), the last 8 of which under a contract and in cooperation with the Israeli Council for the Arrangement of Sports Betting. *See* C.A. (Tel-Aviv District Court) 1749/99 *Shvakim Hadashim Publishing Ltd. v. The Council for the Arrangement of Sports Betting* (published in *Nevo,* Mar 15, 2009). A sports newspaper by a similar name, *Hadashot Hasport* (the Sports News) operated for 31 years (1954–1985), 26 of which (from 1959) as a daily. *See* http://he.wikipedia.org/wiki/%D7%97%D7%93%D7%A9%D7%95%D7%AA_%D7%94%D7%A1%D7%A4%D7%95%D7%A8%D7%98 (in Hebrew).

11 The category of “Others” is considered to be one magazine for the purpose of HHI calculation.

According to the Israeli Central Bureau of Statistics (ICBS) data, there were 285 magazine titles circulating in 1985, 284 in 1990, and 368 in 1997.[34] 1997 is the last year for which official data exist on the total number of magazine titles in circulation, so for the Noam Index we used the number of magazines for which the Israeli Marketing Union (and Subsequently Single Source/TGI/Kantar Media) tracked market shares, based on readership surveys.

Audiovisual Media

Radio

The Israel Broadcasting Authority (IBA), a public service broadcaster (PSB) that purportedly adheres to the European PSB model, was founded in 1965, continuing seamlessly the state's radio service, which in itself was inherited from the British colonial government. From a single radio station, IBA's radio network grew over the years, until by the 1990s it consisted of eight thematic stations and one short wave service targeting audiences in the region and throughout the Jewish world. Its "competition" in the years leading to the launch of commercial stations in the 1990s was a state-owned operator, the Israeli Defense Forces' (IDF) Radio, which broadcast news and entertainment programming. Only IBA's radio, however, officially sold advertising. Even so, two major unlicensed stations operated nationally and sold their own advertising: The Voice of Peace, which broadcast from the sea and ceased broadcasting in 1993, and *Arutz Sheva* ("Channel Seven"), which broadcast from a Jewish settlement in the occupied territories until shut down by the courts in 2003. In the mid-1990s, a network of commercially based regional radio stations was established. In order to regulate the commercial radio and television industry, the Knesset enacted the Second Authority Law.

As the commercial stations do not broadcast nationally, while the IBA and IDF Radio do, the audience shares for each of the commercial stations, even after more than a decade of being on air, are relatively small. Their cumulative share, however, is significant, and when combined is equivalent to the total shares for IBA's eight domestic stations—Reshet Aleph (culture and talk radio), Reshet Bet (news and current affairs), Reshet Gimel (Israeli music), Reshet Dalet (Arabic), REQA (Russian and Amhari service to new immigrants), 88FM (traffic), Kol Ha Musica (classical music), and Reshet Moreshet (religious)—and IDF Radio's two
p. 957 (Galei Tzahal and Galgalatz).[35] While IDF Radio had become as popular as IBA's radio by ↳

p. 958 ↳

p. 959 ↳
the 2000s, the shares of the regional commercial stations have not changed significantly since they were launched and reflect a steady standing in the market.

Broadcast Television

Until 1992, Channel 1 of the Israel Broadcasting Authority was the only licensed national terrestrial station in Israel. In 1986, the state began experimenting with a new channel, Channel 2, in part due to concerns that neighboring countries would take control of available broadcast frequencies not in use.[36] These tentative broadcasts proved to be quite popular, as can be seen in the 1988 numbers in Table 30.6, which suggest that Israeli audiences wanted a choice of broadcasters. As the data for 1998 illustrate, when Channel 2 was formally launched in 1993, the shift in consumption was dramatic, with the new broadcaster winning a 62.5% audience share by 1998. Although the IBA's monopoly over news programming and educational content was already being offset in the late 1980s by the market entry of cable TV providers, it was not until Channel 2 was launched in 1993 that the IBA's monopoly truly began to crumble.[37]

Table 30-6. Radio Group (Market Shares by Audience Reported Exposure), 1984–2013[1]

	1984	1988	1992	1996	2000	2004	2008	2012	2013
IBA (public)	No Data	60.1	56.9	59.4	42.8	36.8	35.4	33.4	31.9
IDF Radio (government)[2]	No Data	36.5	34.9	31.2	26.7	30.9	33.1	32.2	32.2
Arutz Sheva[3]	–	No Data	5.8	5.5	2.9	1.0	0.0	0.0	0.0
The Voice of Peace	No Data	4.7	2.8	0.0	0.0	0.0	0.0	0.0	0.0
Lelo Hafsaka Radio Group (David Weisman)[4]	–	–	–	Included in "Others"	8.1	7.6	7.7	11.1	11.5
99 FM	–	–	–	–	2.3	3.7	2.7		
Radius Group (David Ben-Basat)[5]	–	–	–	Included in "Others"	4.0	6.2	6.7	7.1	7.0
Darom Radio Group (Joseph Saban)[6]	–	–	–	–	5.4	4.8	4.1	2.4	2.6
Tel Aviv Radio	–	–	–	–	Included in "Darom Radio Group"	Included in "Darom Radio Group"	Included in "Darom Radio Group"	1.6	1.8
Haifa Radio[7]	–	–	–	Included in "Others"	2.8	2.6	1.9	2.1	2.3
Jerusalem Radio	–	–	–	Included in "Others"	1.2	1.2	1.1	1.3	1.2
Red Sea Radio	–	–	–	Included in "Others"	0.4	0.4	0.4	0.3	0.3
Kol Hai	–	–	–	–	1.0	2.0	3.7	3.0	3.0
Kol Rega	–	–	–	–	1.2	1.4	1.4	1.4	1.3
Emtza Haderech	–	–	–	–	1.2	1.2	1.6	1.1	1.1
Kol Barama	–	–	–	–	–	–	–	3.0	3.7
Others	No Data	No Data	No Data	8.6	No Data	No Data	No Data[8]	No Data	No Data
Advertising Revenue (mil US$)				30.8[9]	98	55.8	58.5	57.8	67.7
C4		100	100	N/A	83.0	81.5	82.9	83.8	82.6
HHI		4,966	4,497	4,606	2,683	2,458	2,500	2,356	2,278
N (>1%)		3	4	3	11	11	11	12	12
Noam Index		2,921	2,248	1,633	745.3	682.8	722.5	654.4	632.8

Source: Israeli Marketing Union (1988–1996), Single Source/TGI/Kantar Media (2000–2013)

1 Figures have been normalized to add up to 100%, while maintaining the relative share of each entity.

2 Broadcast by the Israeli Defense Forces (IDF).

3 Unlicensed. Though Arutz Sheva temporarily received government authorization to operate in 1999, the High Court of Justice overruled the government in 2002.

4 Until 2009 Lelo Hafsaka (non-stop) Radio Group included the Tel-Aviv based Lelo Hafsaka Radio (103FM) and Tzafon (north) Radio (104.5FM), whose franchise covers northern areas of Israel. In 2009 the Group acquired an additional radio station, 99FM, whose franchise covers highly populated areas at the center of Israel.

5 Includes Radius 100FM and Lev Hamedina (heart of the land) Radio 91FM.

6 IData for 2000–2008 includes Darom (south) Radio (97FM) only and Tel-Aviv Radio (102FM). Data for 2012–2013 includes Darom Radio and Galey Israel Radio (102.5FM), which commenced broadcasting in February 2010 and covers the areas of Judea and Samaria. As of 2009, Tel-Aviv Radio is no longer fully owned by the Darom Radio Group, with 50% of its shares being acquired by the owners of Haifa Radio. The data relating to Tel-Aviv Radio for the years 2012–2103 has therefore been separated from that of the Darom Radio Group.

7 As of 2009 Haifa Radio owns 50% of Tel-Aviv Radio as well.

8 Besides the highly-popular Voice of Peace and Channel 7, dozens of other pirate radio stations have operated in Israel over the years, alongside legal stations. *See generally* Limor, Y. and Naveh, H., *The Pirate Radio in Israel*, Haifa: Pardes Publishing, 2007.

9 Amount of spending in 1994, as specified in Table 30.1 above.

Israel's second commercial broadcaster, Channel 10, launched in 2002. Buoyed by the perception that allowing Channel 2 to employ three franchisees—Keshet, Reshet, and Telad—had been a successful experiment in limiting concentration in the television industry, Israeli officials stipulated that Channel 10 would be permitted to operate with two franchisees, realizing the limitations of the Israeli advertising market to sustain more than two more commercial television operations. However, an economic downturn caused by the collapse of the "dot-com bubble" worldwide and the violence of the Second Palestinian Uprising, or Intifada (2002–2005) within Israel itself resulted in Channel 10 consolidating its operations into one franchise, known as "Israel 10." Further changes in legislation led to Channel 2 being reduced to two franchises (Keshet and Reshet) as of 2005 and Knesset legislation passed in 2011 was aimed at allowing Keshet and Reshet to develop independent operations as sole licensees of new channels, delivered over DTT, cable, and satellite, once Channel 2's license expires in 2015.

Channel 10 was not technically a terrestrial network when it began broadcasting: due to spectrum constraints, it was first delivered over an unencrypted satellite feed (the IBA employed a similar system for its Channel 33, a satellite network serving the Palestinian-Israeli minority). Most Channel 10 viewers received the network via cable or DTH. In 2009, however, digital terrestrial television (DTT) was launched in Israel and analog broadcasting was phased out by the end of 2010. The new DTT service now covers IBA's Channel 1 and Channel 33, the commercial broadcasters Channel 2 and Channel 10, and another public network, Channel 99 which is similar to the US's C-SPAN as it broadcasts live debates from the Knesset, as well as Knesset-produced political programming.[38]

2005 saw the exit of several enterprises that had entered the broadcasting sector in the 1990s. The Yediot Aharonot Group had held a strategic share in one of Channel 2's franchises (Reshet) up until this time, as had the Ma'ariv Group (Telad). Two prominent Israeli banks, Bank Leumi and Bank Hapoalim, were also invested in these franchise holders. However, once cross ownership was banned in 2001 and banks were required to divest from non-financial holdings like television, ownership of the franchise holders transferred to a series of investment firms and other media groups. For a brief period in the mid-2000s, both the Channel 2 franchise holder Keshet and the telecom provider Bezeq were owned by Haim Saban, an Israeli-American media mogul. As noted, Channel 10, which was originally meant to be ↳ operated by two franchise holders, consolidated its operations into one due to financial difficulties. More recent partners in Israel 10 include Rupert Murdoch's News Corporation International, the Israeli-American Hollywood producer Arnon Milchan, and the US cosmetics magnate Ron Lauder. The network's single largest shareholder since its inception has been the Israeli billionaire Yossi Maiman, through the private holding company Merhav. As the transition to a new licensing system was looming toward the end of 2014 it was not clear whether channel 10 would in fact continue to broadcast. At the same time, the Knesset passed legislation in 2014 liquidating IBA, and establishing a new public broadcaster to start operations in 2015.

The reestablishment of the public broadcaster was a direct consequence of what had been perceived as the irrelevancy of its television broadcast. By 2010, the audience share for IBA's channels had fallen to just 10%, Channel 2's total audience share reached more than 60% and Channel 10 stood with 27.4%, gained primarily at the expense of Channel 1 (Table 30.7). Still, the numbers for broadcast TV should be seen in the general proportion for the consumption of audiovisual fare. According to data for 2013, the audience shares of all three over the air channels were equivalent to approximately one-third of total television viewing in Israel when cable and satellite are included.

Table 30-7. TV Broadcasting (Audience Shares by Ratings), 1984–2013[1]

	1984	1988	1992	1996(8)	2000	2004	2008	2012	2013
IBA (public)[2]	100.0	83.7	No Data	37.5	38.7	29.5	15.7	11.3	10.0
Channel 2	—	16.3	No Data	62.5	61.3	52.0	53.8	56.9	60.6
Channel 10	—	—	—	—		18.5	30.5	30.2	27.4
Channel 23	—	—	—	—	—	—	—	1.6	1.9
Advertising Revenue (mil US$)	2	14	18	305[3]	261	274	448	371	434
C4	100	100		100	100	100	100	100	100
HHI	10,000	7,271		5,312	5,255	3,916	4,071	4,280	4,527
N (>1%)	1	2		2	2	3	3	4	4
Noam Index	10,000	5,157		3,794	3,754	2,303	2,395	2,140	2,263

Source: Israeli Marketing Union (1988); Tele-Gal/Kantar Media (1998–2013).

1 Figures for 1988 have been obtained from Israeli Advertisers Union, *Exposure to the Media—Telephonic Survey Conducted by the Teleseker Institute*, 1988 (on file with authors). Figures for 1998–2013 relate to the average whole-day share of each entity during the relevant calendar year, as measured by Peoplemeter technology. Figures have been normalized to add up to 100%, while excluding rating measures of other, non-broadcast channels. Data provided by Telegal/Kantar Media on file with authors.

2 Includes both *Channel 1* and *Channel 33*.

3 Amount of spending for 1994, as specified in Table 30.1 above.

Multichannel TV Platforms

Cable TV became (legally) available in Israel in 1989 and was first envisioned as a sub-national service, though the local franchises were each a monopoly in their designated territory. As a result, we describe the market shares in 1992 and 1996 as 100% (Table 30.8). Even though the five cable providers present in Israel at the time—Tevel, Idan (ICS), Gvanim, Golden Channels, and Matav—were not operating at the national level, their programming offering was identical. Each company was providing service in a different district of Israel, so there was no direct competition among them until they eventually merged to form HOT. The legislation that authorized this was enacted concomitantly with legislation banning cross-ownership of cable and terrestrial broadcasters, which saw Yediot and Ma'ariv divest from Golden Channels and Matav,
p. 961 respectively. ↳

Table 30-8. Multichannel Video Platforms: Cable MSOS, DBS, IPTV (Audience Shares by Subscribers), 1984–2013

	1984	1988	1992	1996	2000[1]	2004[2]	2008[3]	2012[4]	2013[5]
HOT (cable)	—	—	100.0	100.0	93.0	67.0	62.0	60.7	57.3
Yes (Bezeq) (satellite)	—	—	—	—	7.0	33.0	38.0	39.3	33.4
Idan Plus (DTT)	—	—	—	—	—	—	—	No Data	9.3
Total Market Revenue (mil ILS)[6]						3,010	3,701	3,922	3,914
Total Market Revenue (mil US$)	0.0	0.0				670[7]	1,104[8]	1,000[9]	1,081[10]
C4	0.0	0.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
HHI	0.0	0.0	10,000	10,000	8,698	5,578	5,288	5,229	4,485
N (>1%)	0.0	0.0	1	1	2	2	2	2	3
Noam Index	0.0	0.0	10,000	10,000	6,168	3,956	3,750	3,708	2,592

Source: Council for Cable and Satellite Broadcasting (CSBC) (until 2012); Israel Audience Research Board (2013).

1 Data obtained from Council for Cable and Satellite Broadcasting, *2000 Annual Report*, 2001, pp. 11–12, *available at* <http://www.moc.gov.il/sip_storage/FILES/3/1033.pdf>.

2 Data obtained from Council for Cable and Satellite Broadcasting, *2004 Annual Report*, 2005, pp. 20–21, *available at* <http://www.moc.gov.il/sip_storage/FILES/9/1029.pdf>.

3 Data obtained from Council for Cable and Satellite Broadcasting, *2008 Annual Report*, 2010, pp. 13–14, *available at* <http://www.moc.gov.il/new/documents/doch2008.pdf>.

4 Data obtained from Council for Cable and Satellite Broadcasting, *2012 Annual Report*, 2013, pp. 14–15, *available at* http://www.moc.gov.il/sip_storage/FILES/5/3435.pdf.

5 Data obtained from study of the Israel Audience Research Board, on file with authors. Data presented does not take into account households whose access to multichannel television is obtained through a private satellite dish.

6 Data for 2004 derived from Ministry of Communications, *Summary of Revenues of the Telecommunications Market for the Year 2006*, Oct 23, 2007 (in Hebrew); data for 2008 derived from Ministry of Communications, *Summary of Revenues of the Telecommunications Market for the Year 2011*, Nov 28, 2012 (in Hebrew); data for the years 2102 and 2013 derived from *Summary of Revenues of the Telecommunications Market for the Year 2013*, 10 July 2014 (in Hebrew).

7 4.49 ILS per 1 US$.

8 3.35 ILS per 1 US$.

9 3.92 ILS per 1 US$.

10 3.62 ILS per 1 US$.

p. 962 Since the introduction of Yes's DTH service in 2000, cable subscribers began moving to DTH, though this trend has slowed somewhat since 2004. Since Bezeq has a controlling stake in Yes, it serves as Bezeq's primary platform and allows Bezeq to compete indirectly with HOT. The introduction of digital terrestrial broadcasting contributed to a slightly more competitive landscape, however its modest 6-channel offering does not make it a direct rival to multichannel cable and satellite, which offer hundreds of channels as well as video-on-demand services. HOT, after 2009, has been controlled by the French entrepreneur Patrick Drahi. Drahi owns Altice, which controls France's major cable company Numericable and its #2 mobile operator SFR, the major Portuguese telecom firm, and other media properties. In Israel, he also owns the #4 mobile operator MIRS.

Video Channels

A complex regulatory history[39] led to the emergence of different regulatory regimes based on the ownership structure of the channels offered over the multichannel platforms. Each of the platforms was allowed some proprietary channels as the CSBC was interested in promoting channels that included original Israeli productions. Must-carry designations were applied to the terrestrial Channels 1 and 2, to Israeli Educational Television's Channel 23, the Knesset's Channel 99, and the then-satellite based Channels 10 and 33, plus several other networks considered "designated channels." These government-licensed "designated channels" are privately owned and include the Russian-language Channel 9 (Israel Plus), the Israeli music network Channel 24, the Arabic language channel Hala-TV, and the home shopping network, owned jointly by Globus Group Productions (controlled by movie producer Yoram Globus) and by the Dahaf Group, one of Israel's first advertising firms. The rest of the extremely diverse offering consists of locally owned and packaged channels devoted to a wide range of cultural, educational, and religious programming as well as syndicated international content, some of which is translated into Hebrew (e.g., National Geographic) while the rest is retransmitted in its original format, particularly programming from networks like the BBC, CNN, France24, Fox News, and their like.

The cable operator HOT and the RGE Group (in which one of the partners, Aviv Giladi, also has, as of the date of this research, a 24% stake in Reshet) were the major players in the video channels sector until the late 2000s, when HOT's position was taken by the emerging content aggregator Dori Media Group. HOT's main assets were the cable operators' original content channels, notably Channel 3 (family programming and repacked US entertainment programming), and the movie channel, (Channel 4). In recent years however, these channels were transferred to Dori Media and re-packed as HOT 3 and HOT Family, respectively. The RGE Group's assets include the traditional sport channel group known as Sport 5, which operates about half a dozen basic and premium sport services, the traditional children's channel, known as channel 6, and the science-oriented Channel 8. By 2008, as the Dori Media Group started operating HOT 3 and HOT Movies (Channel 4), the HOT channels' audience shares had fallen by more than 50% (Table 30.9). Keshet's increased audience share among video channels reflects its ownership of the government-licensed and designated music channel known as Channel 24, which has been growing in popularity and of the comedy channel Bip (which has since been replaced by HOT Comedy Central). Telad has grown by running more repackaged foreign programming from US cable networks like E! and The History Channel.

Table 30-9. Cable and DBS TV Programming Channels (Audience Shares by Audience Reported Exposure), 2004–2013[1]

	2004	2008	2012	2013
HOT	20.1	9.8	6.6	5.9
RGE Group	23.6	22.9	22.5	16.8
Telad	5.5	4.5	2.7	2.7
Dori Media Group	5.2	16.0	17.4	20.0
Aneney Tikshoret	4.4	3.2	6.6	7.3
Keshet	2.0	2.6	6.2	4.3
Channel 24[2]	5.8	4.0		
National Geographic (US)	6.8	5.6	6.5	7.2
Yes (Bezeq)	4.0	7.6	10.3	9.0
AXN (Sony, Japan/US)	3.8	2.2	0.0	0.0
Russian-language channels excluding Channel 9 (multiple owners)	2.7	1.5	1.7	1.4
CNN (Time Warner, US)	2.5	0.9	0.6	0.5
Discovery Channel (Discovery Communications, US)	1.8	1.4	1.8	2.9
Channel 23 (government educational channel)	1.6	2.0	–[3]	–
Fashion TV	1.4	0.6	0.4	0.8
Shopping Network	1.3	0.9	0.9	1.0
BBC World (BBC, UK) (public)	1.1	1.0	0.6	0.9
TV5 Monde (TV5MONDE S.A., France)	0.7	0.6	0.7	0.7
Sky News (Murdoch Family, News Corp., US/UK/AUS)	0.5	1.0	0.6	0.6
METV (UK)	0.3	0.3	0.2	0.3
MTV Networks (US)	4.7	2.6	2.6	2.9
The Hallmark Channel (Crown Media Holdings, US)[4]		4.5	0.0	0.0
Talit Communications		1.0	1.5	1.0
Hop!		1.0	3.1	2.6
ISG Media (India)		0.5	0.5	1.0
Channel 9 (Israel Plus)		1.0	1.5	1.5
Kabala Channel			0.7	0.7
Charlton Group			3.9	3.7
Slutzky Communication Channels				4.0
C4	56.3	56.3	56.8	53.1
HHI	1,199	1,068	1,132	992
N (>1%)	18	20	15	15
Noam Index	262	210	231	198

Source: Single Source/TGI/Kantar Media (2004–2013).

1 When cable service was originally launched in 1989, it consisted of the joint channels offered by the ICP cartel plus a wide range of satellite channels from abroad. Unfortunately, no data are available for the period between 1989 and 2004 with respect to audience shares. Since the ratings of most channels delivered over the multichannel platforms are not

measured by People Meter, data are based on surveys examining viewing habits, performed by Single Source/TGI/Kantar Media. The numbers have been normalized to add up to 100%, while maintaining the relative share of each entity. Original figures provided by Single Source/TGI/Kantar Media on file with authors.

2 Keshet currently holds approximately 90% of the shares of Channel 24, half of which it purchased in September 2008 and the remaining half in 2011. After the first round of acquisition the channel was re-branded, shut down and re-launched in March 2009. *See, e.g.,* Bar-Zohar, O. "Meimad Forces Keshet to Buy the Rest of Its Shares in Channel 24," *TheMarker*, June 17, 2011, *available at* http://www.themarker.com/advertising/1.657025 (accessed Jan 25, 2013). Channel 24's figure for 2008 remains separate from those of Keshet since the latter purchased its shares in Channel 24 (which do not amount to control) only towards the end of that year, and the effects of that step took shape only in the following year.

3 Data for 2012 onwards has been included in the section relating to broadcast channels.

4 The Hallmark Channel ceased broadcasting in Israel in December 2009.

The video channel market is similar in its audience shares' breakdown to the magazines market, with two leading media groups—HOT and RGE in 2004, RGE and Dori Media since 2008—competing at a national level and a number of niche providers not in direct competition with one another constituting the rest of the market. The video channel market therefore has the lowest HHI of all Israeli media markets surveyed here.

p. 963

Film

Though the film industry emerged in the 1920s, for decades it was composed primarily of independent producers with little capital to their names. This changed when the 1999 Motion Pictures Law was passed,[40] which created a fund to support Israeli movie production by levying license funds from commercial broadcasters and cable TV operators. The quadrupling of state ↳ (p. 964) subsidies in film production led to a doubling of film production in four years' time: now approximately 10% of all films distributed in Israel are produced in the country, a number of which have gone in recent years to compete in international film festivals (Table 30.10). Close to 70% of films distributed in Israel are of US production.[41] According to the Israel Film Fund in each of the years 2008–2009, approximately 9.5 million tickets were sold in the box offices (with the number of cinemas, screens, and seats estimated at 120, 380, and 80,000, respectively).[42] These figures seem highly exaggerated, however, as according to other estimates, the total number of tickets sold between 2005 and 2009 reached 9.8 million.[43] In the following years ticket sales have increased, with sales between 2010 and mid-2012 estimated at 12.2 million, while the number of cinemas has decreased (with the market pushing toward fewer, multi-screen complexes).[44] The Film Fund further notes that 10 film distribution companies operate in Israel (as of 2009),[45] though in practice 3 groups (Globus Group, Israel Theaters Group, and United King Group) dominate, through vertical integration, both the distribution and the screening markets.[46] In recent years, the United King Group, owned by the brothers Leon and Moshe Edery, has emerged as by far the most dominant player in the production and distribution of Israeli films.[47]

Table 30-10. Film Production/Distribution, 1985–2012

	Total Film Distribution[1]	Number of Israeli Productions[2]	Government Subsidies (mil US$)[3]
1985	210	14	N/A
1990	229	12	N/A
1996	186	9	~5.0[4]
2000	180	9	5.2[5]
2004	228	27	12.2[6]
2008	240	28	17.3[7]
2012	265	39	17.1[8]

Source: ICBS & Haaretz (1985–1996); ICBS & The Knesset Research and Information Center (2000–2012).

1 For the 1985, 1990 and 1996 figures regarding film distribution in Israel *see* Central Bureau of Statistics, “Full Length Films—Production in Israel and Imports,” *in Statistical Abstract of Israel 1997*, 1998 *available at* <http://www.cbs.gov.il/archive/shnaton48/st26-05.gif>. For the 2000 and 2004 figures *see* Central Bureau of Statistics, “Full Length Films, by Continent and Country of Production,” *in Statistical Abstract of Israel 2005*, 2006 p. 380, *available at* <http://www.cbs.gov.il/reader/shnaton/templ_shnaton.html?num_tab=st09_03&CYear=2005>. For the 2008 figure *see* Central Bureau of Statistics “Full Length Films Screened in Movie Theaters in Israel, by Continent and Country of Production,” *in Statistical Abstract of Israel 2009*, 2010 p. 462, *available at* <http://www.cbs.gov.il/reader/shnaton/templ_shnaton.html?num_tab=st09_09&CYear=2009>. For the 2012 figure *see* Central Bureau of Statistics, “Full Length Films, by Continent and Country of Production,” *in Statistical Abstract of Israel 2013*, p. 497 *available at* <http://www.cbs.gov.il/shnaton64/shnaton64_all.pdf>.

2 *Id.*

3 For an estimate of government subsidies provided in 1996 *see* Anderman, N. “A Decade for the Motion Picture Law: What Have We Gained from It?” *Haaretz*, Jan 11, 2011 (in Hebrew), *available at* <http://www.haaretz.co.il/gallery/1.1156419>. For the accurate amounts of government subsidies provided in 2000, shortly before the Motion Picture Law came into effect, and in 2004–2008, following its implementation see Pensirer, U. *Governmental Support of the Israeli Film Industry*, Jerusalem: Knesset Research and Information Center, 2011, 7, *available at* <http://www.knesset.gov.il/mmm/data/pdf/m02827.pdf>. It should be noted that the figures in the table reflect the entire budget dedicated to the subsidization of the film industry, including feature films, documentaries, student films, film festivals and so on. However, under the Motion Picture Law, approximately 60% of the budget should be invested in supporting feature films. *Id.*

4 3.2 ILS per 1 US$.

5 4.08 ILS per 1 US$.

6 4.49 ILS per 1 US$.

7 3.35 ILS per 1 US$. The amount of subsidies in ILS in 2004 and 2008 was, in fact, identical (58 million).

8 3.92 ILS per 1US$. In ILS terms government subsidies have in fact increased from ILS 58 million in 2008 to ILS 67 million in 2012. This increase does not reflect in the figures presented in US$ terms due to fluctuations in the ILS-US$ exchange rate.

p. 965 Telecommunications Media

Wireline Telecom

From a national monopoly that as late as the 1980s had difficulties managing intercity calling, the Israeli telecom industry has grown substantially over the past twenty years to provide consumers with near-universal access to digital telephony and broadband Internet. Government telephony was corporatized in 1984 as Bezeq, now a publicly traded corporation, in which the public owns close to 70%, and Shaul Elovitch, who purchased it from the Israeli-American billionaire Haim Saban in 2010 owns the strategic share of 30%. Since fixed telephony service was universal by the time the sector was fully privatized, the state allowed new entrants to target specific segments of the wireline market, without making licensing contingent on providing universal service to consumers. HOT entered the wireline market in November
p. 966 2004, offering ↳ services over its own cable infrastructure. Five additional providers entered the market since 2008—Bezeq Group's Bezeq International, IDB Group's Cellcom and 013-Netvision, Partner and 012. Some (e.g., Cellcom) chose to develop their own proprietary infrastructure for that purpose, while others (e.g., 013-Netvision) preferred to transfer calls over existing infrastructures using Voice over Broadband technology.[48] At the same time, Bezeq was not required to unbundle its own network and is still the dominant player. A consolidation process that took place in the Israeli telecommunications market during 2010 and 2011 has left three potential competitors to the dominant Bezeq—HOT, the Partner Group (which acquired 012-Smile), and the IDB Group (which merged 013-Netvision into Cellcom)[49] (Table 30.11).

Table 30-11. Wireline Telecom (Market Shares by Revenue), 1984–2013

	1984	1988	1992	1996	2000	2004	2009[1]	2013
Bezeq	100.0	100.0	100.0	100.0	100.0	99.0	82.0	68.0
HOT	—	—	—	—	—	X[2]	14.0	20.0
Partner Group	—	—	—	—	—	—	3.0	
IDB	—	0.0	0.0	0.0	0.0	0.0	1.0	
Total Market Revenue (mil ILS)[3]						5,680	4,160	3,735
Total Market Revenue (mil US$)				1,889	1,627	1,265[4]	1,241[5]	1,032
C4	100.0	100.0	100.0	100.0	100.0	100.0	100.0	~99.0
HHI	10,000	10,000	10,000	10,000	10,000	10,000	6,930	5,168
N (>1%)	1	1	1	1	1	2	4	~4
Noam Index	10,000	10,000	10,000	10,000	10,000	7,092[6]	3,465	2,317

Source: Ministry of Communications (until 2009); Ministry of Communications, Ministry of Finance & Hot's Financial Reports (2013).

1 Figures obtained from the Report of the Committee for the Examination of Bezeq's Tariff Structure and for the Setting of Tariffs for Wholesale Services in the Wireline Sector, Oct 4, 2011 ("Hayak Committee Report"), p. 48, *available at* <http://www.moc.gov.il/sip_storage/FILES/2/2642.pdf>. It should be noted that while figures for 2009 are presented in the Hayak Committee Report, which was published in 2011, as if the mergers in the wireline market have already occurred, they in fact relate to a period shortly prior to those mergers. If we take 2009 as a year in which seven competitors still operated in the market, the Noam Index would be significantly lower (2,625). The HHI would not be significantly affected, however, in light of the very small market shares of all players, except for Bezeq and HOT. See also Table 30-2.

2 Insignificant market share (HOT provided wireline services for less than two months in 2004).

3 Data for 2004 derived from Ministry of Communications, *Summary of Revenues of the Telecommunications Market for the Year 2006*, Oct 23, 2007 (in Hebrew); data for 2008 derived from Ministry of Communications, *Summary of Revenues of the Telecommunications Market for the Year 2011*, 28 November, 2012 (in Hebrew),; data for the years 2012 and 2013 derived from from Ministry of Communications, *Summary of Revenues of the Telecommunications Market for the Year 2013*, 10 July, 2014 (in Hebrew).

4 4.49 ILS per 1US$.

5 3.35 ILS per 1US$.

6 HOT's market share at the end of 2004 was too small to be considered for the calculation of the HHI. We have considered HOT's market entrance for the purpose of calculating the Noam Index in order to reflect the latter's emphasis on the number of "voices," or market players, in addition to each player's market share.

Bezeq was licensed ahead of HOT to provide broadband infrastructure, though the market has since become a duopoly. As a result, DSL entered the market first, though cable access has quickly gained ground and is close to reaching parity (Table 30.12).

Table 30-12. Broadband (Market Shares by Subscribers), 2004–2013[1]

	2004	2008	2012	2013
Bezeq	66.6	59.7	60.0	63.0
HOT	33.3	40.3	40.0	37.0
Total Market Revenue (mil ILS)[2]	679	1,144	1,744	1,907
Total Market Revenue (mil US$)	151[3]	341[4]	445[5]	527[6]
C4	100	100	100	100
HHI	5,544	5,188	5,200	5,338
N (>1%)	2	2	2	2
Noam Index	3,920	3,679	3,687	3,785

Source: Ministry of Communications (2004–2008); Bezeq financial reports (2012–2013)

1 Figures for 2004 and 2008 based on number of subscribers reported in the Report of the Committee for the Examination of Bezeq's Tariff Structure and for the Setting of Tariffs for Wholesale Services in the Wireline Sector, Oct 4, 2011 (In Hebrew); figures for 2012 and 2013 derived from Bezeq the Israeli Communications Company Ltd., 2013 Financial Report, 5 March, 2014, p. 40, *available at* <http://maya.tase.co.il/bursa/report.asp?report_cd=882660-00&Type=Pdf> ("Bezeq's 2013 Financial Report").

2 Data for 2004 derived from Ministry of Communications, *Summary of Revenues of the Telecommunications Market for the Year 2006*, 23 October, 2007 (in Hebrew); data for 2008 derived from Ministry of Communications, *Summary of Revenues of the Telecommunications Market for the Year 2011*, 28 November, 2012 (in Hebrew); data for 2012 and 2013 derived from Ministry of Communications, *Summary of Revenues of the Telecommunications Market for the Year 2013*, 10 July, 2014 (in Hebrew).

3 4.49 ILS per 1 US$.

4 3.35 ILS per 1 US$.

5 3.92 ILS per 1 US$.

6 3.62 ILS per 1 US$.

p. 967

Wireless Telecom

The first public tender for a mobile license was issued in Israel in 1987. Motorola Israel, part of Motorola (US), established the country's first domestic mobile operator, Pelephone, together with the wireline monopolist Bezeq.[50] In 1993, the government issued a second tender, which was won by Cellcom, a consortium owned at the time by BellSouth (US), the Safra Group (Brazil), and the Israeli investment firm IDB. The launch of Cellcom services significantly reduced consumer costs: Cellcom charged subscribers no connection fees for the first five years, compared with the US$150 (ILS420) charged by Pelephone, and also did not charge monthly subscription fees for two years, as compared with the US$25 (ILS70) charged by Pelephone. Israel soon emerged, as a result, to be a world leader in market penetration and usage rates.[51]

In 1997, a third operator entered the market: Partner Communications, whose major shareholder at the time was Hutchison Whampoa (Hong Kong). Within three years, the penetration rate of cell phones in the Israeli market rose from 44.5% to 73.8%, with the share of households with at least two cell phones expanding from 9.2% to 37.7%.[52] In 2001, a fourth license was awarded to MIRS, then also owned by Motorola (US). While penetration rates continued to rise between 2004 and 2008, the data demonstrate that competition has stalled and the market has stabilized among three primary operators and one smaller operator (MIRS). This development did not go unnoticed by the government, which authorized the p. 968 formation of ↳ mobile virtual network operators (MVNOs) and awarded a fifth mobile license in 2011 to Golan Telecom, owned by the French entrepreneurs Xavier Niel, Patrick and Gerard Pariente and Michael Golan. MIRS itself was purchased in 2011 by HOT, which was taken over by another French investor, Patrick Drahi, and rebranded as HOT Mobile. The result of these changes is already apparent in the 2012 and 2013 figures (Table 30.13).

Table 30-13. Wireless Telecom (Market Shares by Subscribers), 1988–2013

	1988	1992	1996[1]	2000[2]	2004(3)[3]	2008[4]	2012[5]	2013[6]
Pelephone (Bezeq)	100.0	100.0	48.4%	35.6	29.4	29.0	28.2	26.8
Cellcom (IDB)	—	—	51.6%	44.5	35	35.0	32.1	31.5
Partner Communications	—	—	—	19.8	31.6	32.0	29.9	29.5
MIRS/HOT Mobile	—	—	—		4.0	5.0	7.7	7.7
Golan Telecom	—	—	—	—	—	—	1.3	3.1
MVNOs (multiple operators)	—	—	—	—	—	—	0.8	1.4
Total Market Revenue (mil ILS)[7]					13,368	15,945	13,332	10,910
Total Market Revenue (mil US$)			1,130	2,448	2,977[8]	4,759[9]	3,401	3,014
C4	100	100	100	100	100	100	13,332	10,910
HHI	10,000	10,000	5,005	3,640	3,103	3,115	3,401	3,014
N (>1%)	1	1	2	3	4	4	97.9	95.5
Noam Index	10,000	10,000	3,549	2,104	1,551	1,557	2,781	2,651

Source: Ministry of Communications (1996–2008); Bezeq Financial Reports (2102–2103).

1 Data derived from Ministry of Communications, *Connectivity Tariffs with Regard to the Completion of Calls and SMS to the Mobile Network,* Letter from Dr. Assaf Cohen, Deputy Director-General for Budget and Economic Issues to the Minister of Communications, July 28, 2004, p. 3 ("Letter Regarding Connectivity Tariffs"), *available at* <http://www.moc.gov.il/new/documents/about/asaf_10.2.05.pdf>. See also Table 30-2.

2 Data derived from Letter Regarding Connectivity Tariffs. *Id.*

3 Data presented are for the end of 2003 and derived from Letter Regarding Connectivity Tariffs. *Id.*

4 Data derived from Ministry of Communications, *MVNOs in the Israeli Mobile Market*, Presented before the Knesset Economic Committee by Dr. Assaf Cohen, Deputy Director-General for Budget and Economic Issues, June 2009 (in Hebrew), *available at* <http://www.moc.gov.il/sip_storage/FILES/4/1714.pdf>.

5 Data derived from Bezeq the Israeli Communications Company Ltd., *2013 Financial Report*, 5 March 2014, p. 71, available at http://maya.tase.co.il/bursa/report.asp?report_cd=882660-00&Type=Pdf.

6 *Id*.

7 Data for 2004 derived from Ministry of Communications, *Summary of Revenues of the Telecommunications Market for the Year 2006*, 23 October, 2007 (in Hebrew); Data for 2008 derived from Ministry of Communications, *Summary of Revenues of the Telecommunications Market for the Year 2011*, Nov 28, 2012 (in Hebrew); data for 2012 and 2013 derived from from Ministry of Communications, *Summary of Revenues of the Telecommunications Market for the Year 2013*, 10 July, 2014 (in Hebrew).

8 4.49 ILS per 1 US$.

9 3.35 ILS per 1 US$.

Internet Media

Internet Service Providers (ISPs)

Israeli Internet access infrastructure is controlled by Bezeq and HOT, so regulatory law prohibits them from providing bit stream access and as a result our data for ISPs are presented separately from those describing Israeli Internet access infrastructure (consumers are required to purchase infrastructure and Internet
p. 969 service ↳ independently). This regulatory landscape changed in 2011 when HOT was allowed to provide bit stream access as well through a subsidiary, Hot-Net. A recommendation to allow Bezeq the same is still pending regulatory approval (the Bezeq Group provides bit stream access through the subsidiary Bezeq International, but is required to maintain structural separation between the latter and the Group's other businesses).

p. 970 The original companies that acquired international communications and ISP licenses—012 Golden Lines, Internet Gold, 013 Barak, and Netvision—led the consolidation in the industry and concentration has been trending upward ever since. There were over 30 ISPs operating in Israel in 2000, and as of 2008 there were only 3: Bezeq International, 012 Smile, and 013 Netvision (Table 30.14). As noted above, the most recent round of consolidation took place after 2008: 012 Smile has been bought out by the mobile provider Partner Communications, which is a publicly traded corporation in which the strategic share has been held since January 2013 by Haim Saban, following his divestment of Bezeq, and 013 Netvision was merged into Cellcom by IDB.

Table 30-14. Internet Service Providers (Market Shares by Subscribers), 2000–2013[1]

	2000[2]	2004[3]	2008[4]	2012[5]	2013[6]
Bezeq International (Bezeq)	23.0	35.0	36.0	37.0	36.0
012 Smile	N/A	N/A	28.0	26.0	27.0
012 Golden Lines	3.2	14.0	012 Smile		
Internet Gold	28.0	17.0			
013 Netvision (IDB)	N/A	N/A	36.0	31.0	27.0
Netvision	32.0	23.0	013 Netvision (IDB)		
013 Barak	4.5	11.0			
Surfree	7.0	0.0	0.0	0.0	0.0
Nonstop	4.6	0.0	0.0	0.0	0.0
HOT Net	–	–	–	5.0	9.0
Others	7.7	0.0	0.0	1.0	1.0
Total Revenue (mil ILS)[7]		1,115	1,710	2,083	1,770
Total Revenue (mil US$)		248[8]	510[9]	534[10]	489[11]
C4	90	89	100	99	99
HHI	2,439	2,360	3,376	3,032	2,836
N (>1%)	7	5	3	4	4
Noam Index	445	1,055	1,951	1,360	1,272

Source: Globes (2000); Companies' Financial Reports (2004–2008)); Ministry of Communications & Financial Reports (2012–2013)

1 The data for 2000 reflect only dial-up, while the data from 2004 on reflects broadband Internet.

2 *See* Hirsch, S. "The TNS/Teleseker Survey: Walla-The Most Visited Site; Netvision-The Leading Provider," *Globes*, Jan 31, 2001, *available at* http://www.globes.co.il/news/article.aspx?did=467380 (accessed Feb 8, 2012).

3 *See* Bezeq the Israeli Communications Company Ltd., *2004 Financial Report*, Mar 3, 2005, p. 83, *available at* http://maya.tase.co.il/bursa/report.asp?report_cd=129531.

4 *See* Bezeq the Israeli Communications Company Ltd., *2008 Financial Report*, Mar 23, 2009, p. 95, *available at* http://maya.tase.co.il/bursa/report.asp?report_cd=432655; Netvision Ltd., *2008 Financial Report,* Mar 9, 2009, p. 15, *available at* http://maya.tase.co.il/bursa/report.asp?report_cd=430210.

5 Data for 2012 derived from Ministry of Communications, *Summary Report of Public's Complaints for the Year 2012* (2013), *available* at http://www.moc.gov.il/sip_storage/FILES/0/3170;pdf ; and Scailex Corporation Ltd., *2012 Financial Report*, *available at* http://maya.tase.co.il/bursa/report.asp?report_cd=805862-00&Type=Pdf. Scailex was, at the relevant time, a grandparent company of 012 Smile.

6 Data for 2013 derived from Ministry of Communications, *Summary Report of Public's Complaints for the Year 2013* (2014), *available* at http://www.moc.gov.il/sip_storage/FILES/2/3532.pdf; and Scailex Corporation Ltd., *2013 Financial Report*, *available at* http://maya.tase.co.il/bursa/report.asp?report_cd=888778-00&Type=Pdf. Scailex was, at the relevant time, a grandparent company of 012 Smile.

7 Data for the year 2004 derived from Ministry of Communications, *Summary of Revenues of the Telecommunications Market for the Year 2006*, Oct 23, 2007 (in Hebrew); data for the year 2008 derived from Ministry of Communications, *Summary of Revenues of the Telecommunications Market for the Year 2011*, Nov 28, 2012 (in Hebrew); data for the years 2012 and 2013 derived from Ministry of Communications, *Summary of Revenues of the Telecommunications Market for the Year 2013*, Jul 10, 2014 (in Hebrew).

8 4.49 ILS per 1 US$.

9 3.35 ILS per 1 US$.

10 3.92 ILS per 1 US$.

11 3.62 ILS per 1 US$.

Search Engines

The data for search engines are based on exposure to core search engine sites and do not take into account all properties where search activity may be observed. Most Israeli online news portals, which will be discussed in the following section, are for search metric purposes affiliated with Google.

The search engine market is not an Israeli market. Concentration is increasing due to the rise of Google's market shares, but this had no substantial internal effect on Israeli businesses, since there are no domestic search engine players (Table 30.15).

Table 30-15. Internet Search Engines (MARKET SHARES BY REPORTED AUDIENCE EAPOSURE (2000–2008[1]); BY SAMPLE OF PAGE VIEWS 2012–2013[2])

	2000[3]	2004[4]	2008[5]	2012[6]	2013[7]
Yahoo! (US)	34.7	17.5	10.8	0.5	1.1
Microsoft (MSN, US)[8]	34.0	31.5	18.5	1.4	1.5
Altavista (US)	19.2	0.0	0.0	0.0	0.0
Lycos (US)	4.2	0.0	0.0	0.0	0.0
Excite (US)	4.2	0.0	0.0	0.0	0.0
Infoseek (US)	3.6	0.0	0.0	0.0	0.0
Google (US)	0.0	51.0	70.7	97.8	96.7
Ask	No data	No data	No data	0.3	0.6
C4	77.1	100	100	100	100
HHI	2,777	3,900	5,457	9,567	9,356
N (>1%)	6	2	2	2	3
Noam Index	1,138	2,254	3,150	4,784	4,678

Source: Teleseker Internet Monitor (TIM) (2000–2008); StatCounter Global Stats (2012–2013)

1 Figures have been normalized to add up to 100%, while maintaining the relative share of each entity.

2 Figures have been normalized to add up to 100%, while maintaining the relative share of each entity.

3 Data derived from the January 2001 Telesker Internet Monitor (TIM) survey (on file with authors).

4 Data derived from the November 2004 TIM survey (on file with authors).

5 Data derived from the December 2008 TIM survey (on file with authors).

6 Data derived from StatCounter Global Stats (http://gs.statcounter.com)

7 Data derived from StatCounter Global Stats (http://gs.statcounter.com)

8 Both msn.com/co.il and hotmail.com/co.il are included in this data from 2004 on.

Online News

The major print publishing groups—Yediot Aharonot, Ma'ariv, and Haaretz—have all developed popular websites providing news. Ynet.co.il is owned and operated by the Yediot Aharonot Group, though it is managed by a separate editorial staff and generally does not share content with the print daily *Yediot Aharonot*. It currently has an English-language version (ynetnews.com) companion site, and from 2002 to 2005, it had an Arabic-language version as well (arabynet.com).[53] In addition, the Yediot Group operates calcalist.co.il, a financial news website which shares content with the print daily, *Calcalist*. *Ma'ariv*'s affiliated website nrg.co.il maintained a separate editorial staff for a few years as well, though as a result of Ma'ariv's financial difficulties and its eventual changing of hands it now shares substantial content with the print daily and since 2014, with the liquidation of *Ma'ariv* and the transfer of its paper edition to the Jerusalem Post group, nrg.co.il was purchased by *Israel Hayom*. *Haaretz* operates two sites—in Hebrew and English (haaretz.co.il and haaretz.com, respectively)—both of which originally relied on print edition materials. In 2012 and 2013 Haaretz became the first Israeli news site to launch a pay wall, first on its English language service—for which it now produces original content available only online and provided over mobile applications for smartphones and tablets—and subsequently for the Hebrew edition. For about a decade the Haaretz Group partnered with Bezeq International to manage *Walla!* (walla.co.il), Israel's most popular online news site, a partnership that ended in 2010.[54] The Haaretz Group also operates themarker.com, which was established as an online business news site, but eventually also became an economic daily and a monthly print magazine known as *The Marker*. In addition to the three traditionally leading newspapers, others such as *Globes* (globes.co.il), *Israel HaYom* (israelhayom.com) and The Jerusalem Post Group (jpost.com) also offer online content which is derived from their print editions.[55]

p. 971 Audiovisual content providers are also building an online presence. Channel 2's franchise Keshet launched mako.co.il in 2008 while Reshet, experimented with a few formats, among them a domain within the Ynet website until launching reshet.tv. The online news site nana10.co.il, which started as Netvision's content arm in 1999, when Netvision was a major dial-up ISP, became a partnership between 013 Netvision and Channel 10 in 2007. RGE's Sport 5 channel launched a popular sports website (sport5.co.il), while its online competitor One (one.co.il) has gone the opposite way, launching in 2011 its own cable sports channel. It is partially owned by the Yediot group. Earlier independent online news portals such as Netking and Start have had to close down due their inability to compete with these media groups (Table 30.16).

Table 30-16. Online News Media (Market Share by Audience Reported Exposure), 2000–2012[1]

	2000	2004	2008	2012
Walla!	18.2	20.2	19.7	19.8
nana.co.il (013 Netvision-Channel 10)	13.3	11.0	8.6	6.8
MSN (Microsoft, US)	10.9	14.1	7.0	2.9
hotmail.co.il	11.7			
Haaretz Group (Schocken Family)	13.5	10.4	7.4	7.1
mako.co.il (Keshet)	0.0	0.0	8.4	12.2
Tapuz	6.7	7.6	6.2	6.0
nrg.col.il (Ma'ariv)	5.3	9.7	7.4	5.2
Start	5.3	6.2	0.0	0.0
Yediot Aharonot Group (ynet.co.il; calcalist.co.il) (Mozes Family)	7.8	16.3	18.8	24.3[2]
Netking	4.3	0.0	0.0	0.0
globes.co.il (Globes Group)	3.0	4.4	4.6	4.0
sport5.co.il (Sport 5, RGE)			3.4	4.2
One			4.1	4.0
Reshet			4.5	3.4
C4	56.7	61.6	55.5	63.4
HHI	1,135	1,311	1,152	1,361
N (>1%)	11	12	12	11
Noam Index	342	378	333	411

Source: Teleseker Internet Monitor (TIM).

1 Data derived from TIM surveys for January 2001, November 2004, December 2008 and November 2012 (on file with authors). Figures have been normalized to add up to 100%, while maintaining the relative share of each entity.

2 Calcalist.co.il was launched in 2008 and reflected in data for 2012.

Conclusion

When describing media concentration in Israel, an additional perspective that needs to be considered is that of cross-ownership, which has been a concern of the legal system since the launch of the neoliberal economic policies first begun in the late 1970s by the Likud Party. As noted above, cross-ownership was initially characterized by the involvement of the Yediot Aharonot and Ma'ariv groups in Channel 2's franchise holders and two cable TV outlets. Yediot benefited the most from what the system allowed at the time: the group held more than 50% of the newspaper market, as well as stakes in Channel 2 and the cable franchise Golden Channels before DTH and Channel 10 came into the picture. The restructuring of the
p. 972 regulatory landscape that followed the introduction of broadband Internet service gave lawmakers ↳ an opportunity to reduce Yediot and Ma'ariv's cross-ownership. Both groups had to pull out of Channel 2's franchises and Ma'ariv left the cable business entirely, first. Although the Yediot Aharonot and the Globes Groups were left with minority shares in HOT, these shares were eventually sold to HOT's new lead investor Patrick Drahi in 2011.

However, even as the print publishers left the audiovisual market, a new cross-ownership structure emerged for Internet and pay-TV services. Yes, the DTH satellite operator, is controlled by Bezeq, which thus became a direct competitor with HOT on three fronts: broadband Internet access, wireline telephony, andmultichannel video content. In 2014, a merger was approved between Bezeq and Yes.

Bezeq has always been involved—through its subsidiaries—in mobile services (Pelephone) and ISPs (Bezeq International), though it is required to maintain structural separation from them. HOT is required to structurally separate its broadband operations from its video channels, but is allowed, like Bezeq, to provide basic telephony. And while Bezeq itself cannot offer an ISP to consumers, its subsidiary Bezeq International can. This policy may be on the verge of changing. In 2011, a committee appointed by the Minister of
p. 973 Communications (The Hayak Committee) recommended the elimination of ↳ the structural separation of the Bezeq group by allowing a merger of the Internet access and the infrastructure operations.[56] Such a move has already occurred with regard to Bezeq's competitors: Cellcom, the largest mobile operator took over 013 Netvision, the second largest Israeli ISP, and Partner Communications, the second largest mobile operator, purchased 012 Smile, which is both the third largest Israeli ISP and a growing player in the wireline market. Indeed, in the years following the latest data provided in our tables, there is a growing level of cross-ownership in the telecom distribution industries.

Further concentration of content-producing industries is a trend for Israel as well. The most notable example of this in recent years was the purchase of *Ma'ariv* by IDB, and then the merger of Cellcom and 013 Netvision. Following *Ma'ariv's* acquisition by the IDB Group, there were suggestions that a merger between 013 Netvision's nana.co.il (which had partnered with the financially troubled Channel 10) and *Ma'ariv*'s nrg.co.il online news portal was next.[57] This has not come to pass, however, and in the meantime IDB divested itself from *Ma'ariv* in 2012 because of its own unrelated financial difficulties. So even though the online content merger did not occur—Channel 10 has since accepted the terms of an Israeli government bailout to remain afloat and independent—IDB has now sold off *Ma'ariv* to Shlomo Ben-Zvi, publisher of *Makor Rishon*, who has himself since sold *Ma'ariv* to the *Mirkaei Tikshoret* group.[58] Such mergers are indicative of the concentration trend in the national media market.

The overall trend that emerges from this data is that traditional print concentration in Israel is declining, while contemporary digital media is formulating into a vertically integrated, highly concentrated distribution system. Magazines, book publishing, pay TV and online news portals demonstrate, on the face of it, healthy competition while concentration for newspapers and broadcast television concentration seems to be declining. However, assessing that this trend is a positive development for de-concentration and that these industries are truly competitive would be a superficial statement that does not take into account cross-ownership, and the lack of competition in the distribution markets (particularly broadband infrastructure and ISPs). As we have seen from the description of the news market over the Internet, that market is but a reflection of the existing players in the traditional media markets. The nature and impact of the purportedly growing competitiveness in the newspaper market is yet to be seen.Audiovisual media is Israel is a closed and highly controlled system when it comes to television news.[59] Most programming falls into the entertainment category (where there is more competition). Therefore, the following examples of the interference of powerful individuals who control major media assets of their own demonstrate the weakness of the data in describing concentration trends in Israel.

In 2005, an investigative piece about IDB was pulled off the air due to the conglomerate's pressure on Keshet.[60] Keshet's chairman justified the decision to pull the piece in a radio interview by arguing that an investigative program does not belong in his company's lineup, which should "focus on entertainment" instead.[61] Then, in 2008, all the commercial television franchises refused to air a documentary that was
p. 974 critical of the politically influential Ofer family's activities ↳ (even Yes, which co-produced the documentary, refused to broadcast it in the end).[62] Only the IBA agreed to air the controversial production. Finally, in 2011, *Israel HaYom*'s owner Sheldon Adelson reportedly used his personal connections with a major shareholder in Channel 10 to force the network to air an unprecedented apology over what he regarded as an unflattering portrayal in one of their stories. Three of the channel's top personnel resigned in protest.

Media regulation and control can be described using four parallel narratives: technological, economic, democratic, and cultural.[63] Liberal democracies and market economies that pursue liberalization without effective regulatory oversight end up allowing market players to dictate programming based on their corporate interests.[64] Based on this assessment, we can conclude that the Israeli media market is embracing a model that will less effectively serve democratic ideals. While some academics believe that "in small economies social goals should be given little or no independent weight in formulating competition policy,"[65] such an approach is not applicable in media markets, whose regulation traditionally employs a combination of social and economic considerations. Napoli identified three such fundamental differences between communications regulation and the regulation of other industries: the unique potential for social and political impact, the ambiguity of classifying decisions along economic lines and the potential overlap and interaction between economic and social concerns within individual decisions.[66] Thus, while the Israeli media market can be characterized by shortage of resources and small audience shares, it is not the smallness of the Israeli production segments that is alarming, as some comparative cases suggest,[67] but rather the threat increasingly concentrated distribution poses to the health of Israeli democracy.

It is possible that greater public investment in media production and distribution may help to redress these imbalances. As the data regarding the film industry demonstrate, Israeli policymakers have found a way to enhance local film production. Not only are there more Israeli movies produced each year, they have also become internationally recognized for their quality. In addition, the fact that broadcasters and video channels partner in the production of films provides these movies with a "second life" on the television screen. Similar (though arguably, not as quality-oriented) is the situation in the television industry, where strict production quotas for local fare apply to Channels 1, 2, and 10, and to the cable and satellite sectors, quotas that help maintain a vibrant industry relative to the size of the economy.

Developing and maintaining a competitive market in a small economy is a difficult challenge. Israel is not only small in land and population size, but unlike countries of comparable size—such as Austria, Belgium, and Switzerland—that are also part of a supranational market (the EU), Israel's media market (and its economy in general) is not very integrated with the markets of its neighbors due to their history of interstate conflict since 1948. So, on the one hand, the relative openness of the Israeli economy since the mid-1980s and its size have made it a susceptible candidate for fast diffusion of advanced
p. 975
telecommunications, an opportunity it has undoubtedly seized.[68] On the other hand, since Israel has a small ↳ economy, it is extremely difficult to create within it truly competitive markets. The threat the current structure of the Israeli market dictates is more in the cross-ownership of channels providing news than in outlets providing entertainment, and if the trend continues in distribution, this will have a negative influence on outlets' ability to freely distribute content.

The Internet does not seem to offer much promise in reducing concentration because ISPs and online news portals are so heavily concentrated in favor of established groups and further mergers. The resolution must lie in the strengthening of noncommercial sources for news and information. Indeed, low audience shares of IBA's outlets and the fact that its Internet presence is near-nonexistent attests that not much is being done in this direction as well. The overwhelming growth in the size of local production industries as a result of direct regulatory involvement is further proof that in conditions of market failure regulatory support is crucial and can be effective, but it cannot be limited simply to supporting more entertainment programming and preferential licensing agreements. The bottom line is that high levels of concentration, growing levels of vertical integration in distribution, and the weakness of the IBA all point to further increasing media concentration in Israel.

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p. 980

Israel—Data Summaries

SEVERAL THINGS STAND OUT in Israel’s media concentration scores. Foremost is the country’s high number of media voices. Even in absolute numbers, they are fairly high in international comparison. And on a per capita basis, given the small population size, the number of voices per capita is fourth highest in the world, and even higher if one considers that for the other top-ranked countries include media that spill over from across their borders. A second observation is that in 2004, Israel had the seventh-highest public ownership of media after China, India, Egypt, Russia, and Poland, and Switzerland. This was because 70% of Bezeq—with its 31.4% of the Israeli market—was publicly owned, along with the public broadcaster IBA. However, Bezeq has since then has been fully privatized, putting public ownership of Israeli media overall at just 1.9%, which is now low internationally.

Media concentration is high in Israel. Weighted Average C4 rose to 96% after 2008. This is due to heavy concentration in the telecommunications and ISP markets. The telecom provider Bezeq dominates the national media market, with a wireline dominance of 81.2%. It is also the third-largest content media company because of its multichannel and online news media holdings with 38% and 20% shares of those industries, respectively (Table 30.18). Bezeq’s share of platforms has been declining, from 51.7% to 42.3% between 2004 and 2010, because it now faces greater challenge from its near competitors listed in Table 30.19, the wireless provider Cellcom Israel (owned by the industrial group IDB, with 17.3% of the platform
p. 981 media market) and the wireless/ISP company Partner Communications (with 19.3%). ↳

p. 982 ↳

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Table 30-18. Top Content Media Companies in Israel

	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 (%)**
Channel 2	528.0	11.6	823.0	15.0	6.2	0.37
Yediot Aharonot Group	803.0	16.3	265.0	7.5	–7.5	–0.976
HOT	781.0	14.791	607.0	12.1	–2.5	–0.300
Channel 10	65.0	3.53	166	6.064	17.2	0.282
Google (US)	27.0	0.531	272.0	2.815	100.7	0.254
Bezeq	174.0	6.125	233.0	8.996	3.8	0.319
RGE	124.0	5.258	80.0	4.834	–3.9	–0.047
Israel Broadcasting Authority (public)	219.0	7.057	57.0	3.314	–8.2	–0.416
Ma'ariv Holdings	249.0	8.880	11.0	1.255	–2.4	–0.847
Haaretz (Shocken)	23.0	2.61	13.0	1.536	–4.6	–0.119
IDF (Public)	37.0	1.306	37.0	1.279	–0.27	–0.003
Israel HaYom	0.0	0.0	17.8	1.5	N/A	0.17
KinneretZemora	7.0	0.6	7.0	0.6	–0.7	0.0
Globes (Fishman)	5.0	1.250	3.0	0.845	–3.9	–0.045
Jerusalem Post	0.07	0.14	8.0	1.0	1235.9	0.1
Microsoft (US)	12.0	0.436	0.2	0.098	–10.9	–0.037

Media Concentration Index	**2004/5**	**2011 or Most Recent**	**% Change Annual Average**
Public Ownership (%)	12.7	4.6	–0.9
Foreign Ownership (%)	7.5	8.5	0.11
C4 Average—Weighted	83	76	–0.75
HHI Average—Weighted	3,147	2,842	1.1
C1 Average—Weighted	44	41	0
National Power Index	3,134	2,800	–1.18

Table 30-19. Top Platform Media Companies in Israel

	2004/5		2011 or Most Recent		% Change Annual Average	
	Company Power Index in Country	Company Share of the National Platform Media Market (%)	Company Power Index in Country	Company Share of the National Platform Media Market (%)	Company Power Index in Country	Company Share of the National Platform Media Market (%)
Bezeq	3,192	47.835	2,186	41.024	–3.5	–0.757
Partner Communications	601	19.047	547	19.355	–1	0.034
Cellcom Israel	738	21.097	547	17.362	–2.9	–0.415
HOT	418	8.757	519	15.816	2.7	0.784
013 Netvision	27	1.155	65	2.414	16.2	0.140

Media Concentration Index	2004/5	2011 or Most Recent	% Change Annual Average
Public Ownership (%)	33.5	0.0	–3.72
Foreign Ownership (%)	0.0	0.0	0%
C4 Average—Weighted	99	97	–0.22
HHI Average—Weighted	3,180	2,623	–1.95
C1 Average—Weighted	54	47	–1
National Power Index	5,011	3,889	–2.49

p. 985 Several smaller cable providers have been gradually eroding IDB/Cellcom, Partner, and Bezeq's combined market share, their growth driving the 4.9% annual decline of Israel's national power index because concentration is decreasing in the telecom sector.

Although Bezeq's large overall national market share of 32% (Table 30.17) results from its strength in telecom platforms, it also has a strong presence in multichannel platforms (the DBS provider Yes) and online news media, with 38% and 20%, respectively. The cable firm HOT (a merger of three regional firms) controls all of cable, which accounts for the remaining 68% of multichannel. It is now controlled by the French investor and owner of Altice, Patrick Drahi. Ma'ariv Holdings and Yedioth Aharonot Group (Mozes) are two other content companies that have substantial shares in daily newspapers, multichannel, and online news media. Channel 2 and Channel 10 collectively control 84% of TV broadcasting.

Table 30-17. National Media Industries Concentration in Israel

	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 (%)**
Bezeq	2,512	38.44	1,670	32.570	−3.7	−0.652
Partner Communications	466	14.756	403	14.246	−1.5	−0.057
IDB (Cellcom)	572	16.344	451	15.938	−2.4	−.0451
013 Netvision	21	0.914	IDB		N/A	N/A
HOT	500	10.116	543	14.833	0.95	0.524
Channel 2	119	2.611	217	3.939	9.2	0.148
Yediot Aharonot Group	181	23.401	70	1.981	−6.8	−0.188
Channel 10	15	0.795	44	1.601	22.0	0.090
Google (US)	6	0.120	72	0.743	120.0	0.069
RGE Group	28	1.2	21	1.276	−2.7	0.010
Israeli Broadcasting Authority (IBA) (public)	49	1.6	15	0.875	−7.7	−0.079
Ma'ariv Holdings	56	2.0	3	0.331	−2.4	−0.185
Haaretz	5	0.588	4	0.405	−3.4	−0.020
Altice	8	1.868	10	2.028	3.97	0.018
IDF (Public)	8	0.294	10	0.338	1.6	0.005
Israel HaYom	0	0.0	5	0.4	N/A	0.05
Kinneret Zemora	2	0.14	2	0.15	0.01	0.0
Globes	1	0.282	0.8	0.223	−2.6	−0.007
Time Warner (US)	2	0.181	0.7	0.079	−6.4	−0.011
Microsoft (Bing, US)	3	0.098	0.1	0.026	−10.9	−0.008
Yahoo (US)	0.7	0.041	0	0.008	−10.97	−0.004

Media Concentration Index	**2004/5**	**2011 or Most Recent**	**% Change Annual Average**
Total Revenue: Nat'l Media Industry (mil US$)	6,375	7,429	1.84
Total Voices (*n*)	64	65	0.26
Net Voices (*n*)	45	42	−0.62
Public Ownership (%)	28.8	1.2	−3.06
Foreign Ownership (%)	1.7	2.2	0.06
C4 Average—Weighted	96	92	−0.43
HHI Average—Weighted	2,100	1,691	−2.2

C1 Average—Weighted	52	46	−1
Noam Index Average—Weighted	1,478	1,554	1.3%
Pooled Overall Sector C4	79.7	74.4	−0.58
Pooled Overall Sector HHI	2,100	1,691	−2.2
Pooled Overall Sector Noam Index	138	143	1%
Market Share of Top Ten Companies: Nat'l Media Industry (%) (Pooled C10)	92.6	88.6	−0.4
National Power Index	4,688	3,601	−2.39

Foreign ownership is low (0.6%) but rising. Revenue losses for newspapers and television broadcasters led to an increase in outside investment since 2007. The entry of ideologically inspired investors from the United States such as Ron Lauder and Sheldon Adelson from the right, and from Germany (DuMont Schauberg 20%) from the left is noteworthy because Israel has had (and still does have) a very low rate of foreign ownership of its media industries. Lauder's acquisition of Channel 10 gives him the largest stake in the broadcast television market in Israel, and Adelson's establishment of the *Israel HaYom* free daily newspaper in 2007 redrew the map of the newspapers industry, severely undercutting the traditional business models of paid dailies like *Haaretz* and *Yediot Aharonot*, which are associated with family ownership and are fierce rivals themselves. In contrast, HOT's Patrick Drahi keeps a low profile.

Notes

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9. Telecommunications Law (Amendment No. 4), 1986, S.H. 1192, 224 (Aug 13, 1986).
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21. A.T. 455, *I. C. S. Israel Cable Systems, Ltd. v. The Antitrust Commissioner* Jan 10, 1994 (on file with the authors).
22. Telecommunications Law (Amendment No. 13) (1996), S.H. 1590, 302.
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27. Haaretz launched the first Israeli news portal, *IOL*, (Israel Online) as early as 1995. In 2001, IOL was merged into the highly-popular portal Walla.co.il (which the Haaretz Group managed in partnership with Bezeq until 2010). Also in 2001, Haaretz launched *Haaretz Online*, an online edition of Haaretz's print edition (which later started to offer original content a well) and shortly thereafter the financial news website themarker.com, which later went on to become both a print daily and a magazine. *See* http://www.haaretz.co.il/misc/about-haaretz.
28. *The Jerusalem Post* was known as *The Palestine Post* from 1932 to 1950.
29. However, this merger is not reflected in this study as it took place shortly before this study went to press.
30. See Single Source/TGI, *Sector Media Index: Exposure to Newspapers among the Israeli Palestinian Population, 2008–2009* (on file with authors).
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35. IBA's ninth radio service, Reshet Heh ("E" Network), originally broadcast over one dozen non-Hebrew language channels abroad, but due to cost-cutting measures now only transmits some Persian-language programming into Iran.
36. Tokatly, *supra* note 18, at —.
37. Each franchise was allotted two days of broadcasting, with a rotation of broadcasts on the Sabbath (a peculiarity of the Israeli media market, due to Friday night into Saturday being the weekly holy day of obligation in Judaism).
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41. See Israel Film Fund, *Film and Television in Israel—Facts and Figures*, 2009 *available at* <http://filmfund.org.il/userfiles%5Cfile/%D7%A7%D7%95%D7%9C%D7%A0%D7%95%D7%A2%20%D7%95%D7%98%D7%9C%D7%95%D7%95%D7%99%D7%96%D7%99%D7%94%20%D7%91%D7%99%D7%A9%D7%A8%D7%90%D7%9C.pdf>.
42. *Id*.
43. See, e.g., Pery, T. "The Film Industry is Alive and Kicking: 12.2 Million Tickets Sold in the Last Year and a Half," *Globes*, June 17, 2012, *available at* <http://www.globes.co.il/news/article.aspx?did=1000756070>.
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46. All three groups operate as major film distributors and run major chains of movie theaters. Globus Group, controlled by Yoram Globus, runs the Globus Max chain; The Israel Theaters Group, controlled by Moshe (Mooky) Geridinger, runs the Rav-Chen and Yes Planet chains (and is also the third largest cinema operator in Europe); and the United King Group, controlled by the Edery brothers, runs the Cinema City chain (not to be confused with the Cinema City International brand, under which Israel Theaters operates in Europe).
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49. *Id.*, at 47–48.

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