



CHAPTER

33 European Trends

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Abstract

This chapter compares the concentration processes in media and information-related industries in the European countries. As far as possible, five data for six years were used to envision the long-term dynamics of concentration: 1996, 2000, 2004, 2008, and 2012. The graphs presented use the Herfindahl-Hirschman Index (HHI) calculated in the preceding country chapters, taken as a quantitative indicator of concentration.

Keywords: [media market](#), [media industry](#), [media concentration](#), [Europe](#), [Herfindahl-Hirschman Index](#)
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Subject: [Economic Sociology](#), [Social Research and Statistics](#)

Introduction

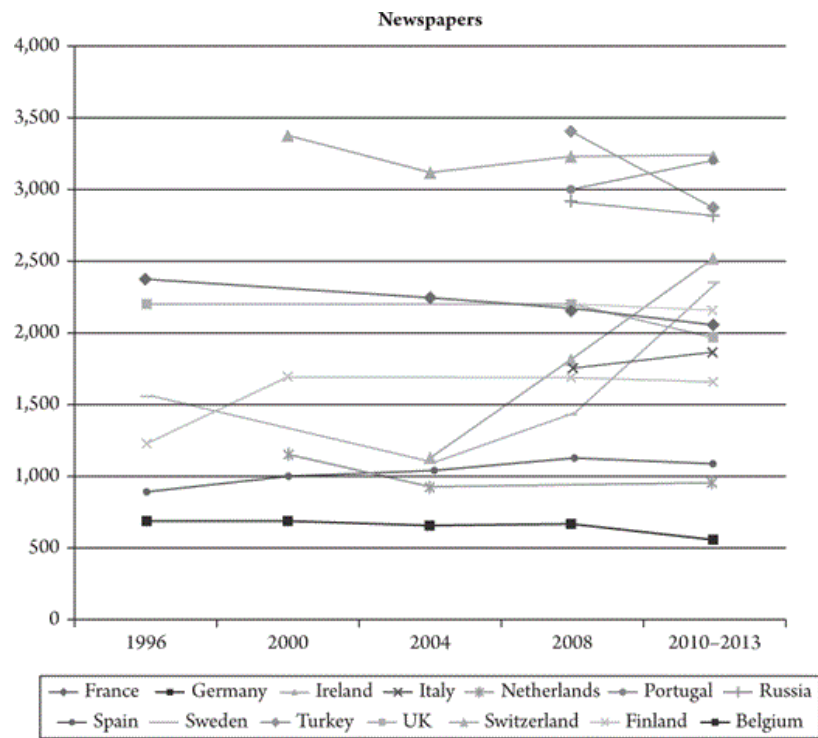
This chapter compares the concentration processes in media and information-related industries in the European countries (Russia and Turkey are included in the analysis). As far as possible, we used five data for five years to envision the long-term dynamics of concentration: 1996, 2000, 2004, 2008, and 2012.¹ The graphs that follow use the HHI calculated in the preceding country chapters, taken as a quantitative indicator of concentration. In a few cases, we estimated HHI by interpolation of actual data.

The result found for several countries, and especially for France, is that industries with a higher technological content are more concentrated than the traditional media industries, which are more labor-intensive. We will test that working hypothesis on an industry per industry basis.

The Industry of National Daily Newspapers

In many countries, such as the United Kingdom, the industry of regional newspapers is inexistent or small; in other countries, such as France or the United States, regional newspapers are more important, but highly concentrated in each region, with a monopoly or quasi-monopoly situation. For France, the HHI was calculated only for national newspapers.

In Graph 33.1, we observe two groups of countries: a small group with high concentration indices, around 3,000, and a larger group with lower concentration indices.



Daily Newspapers HHI for European Countries

p. 1043 The first group includes Portugal, Ireland, Turkey and Russia. Ireland and Portugal are comparatively smaller countries, for which a high concentration is logical from an economic point of view. Switzerland, a small country, has a lower concentration index, although it increased considerably on the considered period. Turkey and Russia are specific countries with specific media contexts.

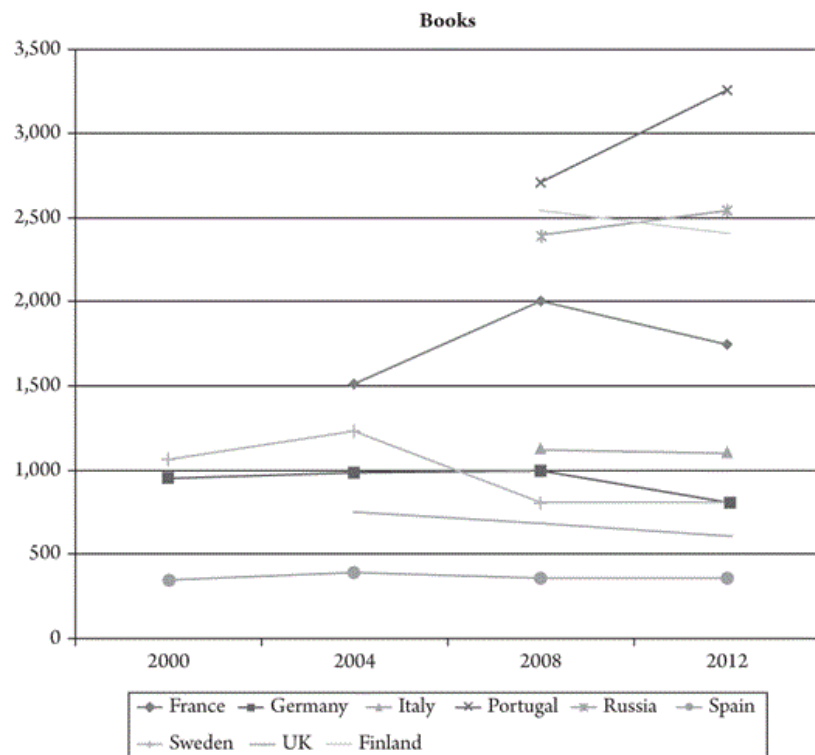
Concerning the second group, a majority of countries has an HHI under 2,000.

The main results for the European newspapers industry is a high variability of the HHI.

Book Publishing

Graph 33.2 shows that the European book industry is characterized by a majority of countries with HHI indices under 1,200. Nevertheless three countries have HHI indices around or over 2,500: Portugal, Russia and Finland. With the exception of these three countries the HHI in the book industry is stable and low.

Graph 33.2



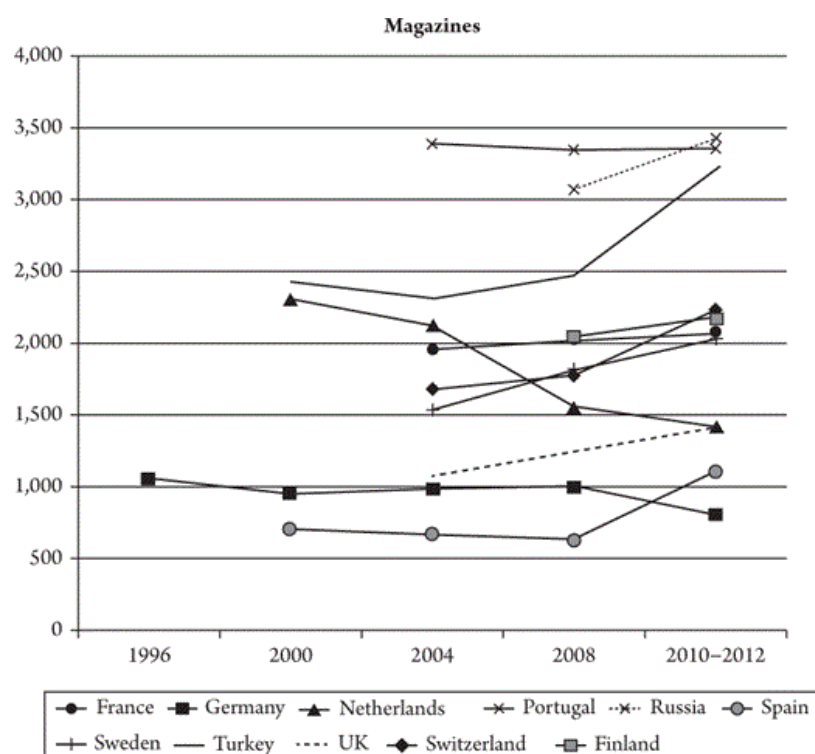
Book Publishing HHI for European Countries

Magazines

In Graph 33.3 we observe three groups of countries over the recent years:

- Countries with high levels of the HHI, above 3,000: Russia, Portugal and Turkey;
- Countries with a concentration around 2,000: Finland, France, Switzerland and Sweden;
- Countries with moderate or low concentration: Netherlands (which has had a strong decline of its HHI), United Kingdom, Spain and Germany.

Graph 33.3



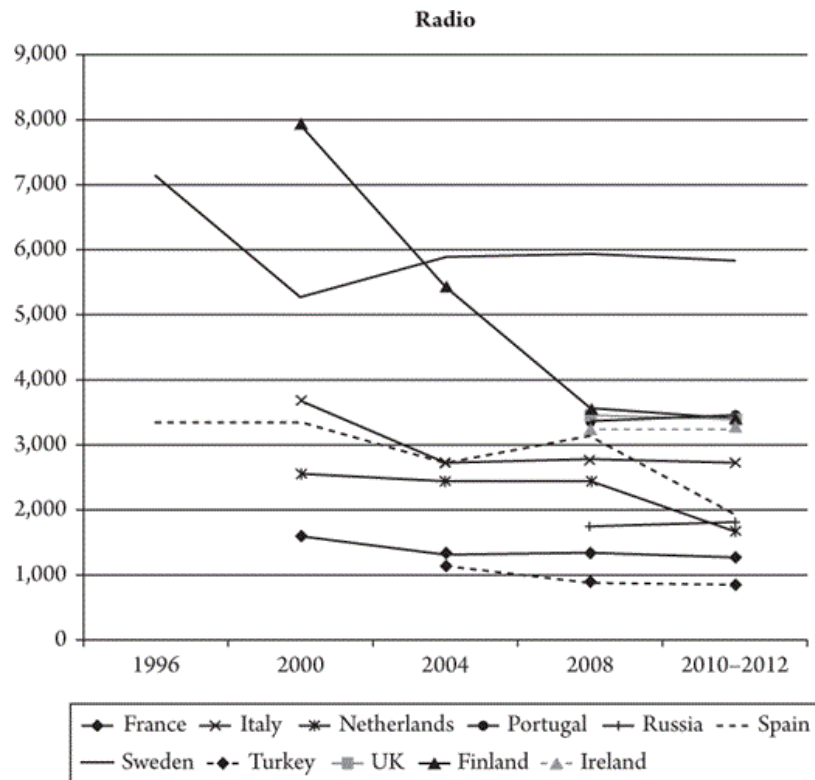
Magazine Publishing HHI for European Countries

Radio

One can classify European countries into four groups (see Graph 33.4):

- p. 1044 (1) two countries with comparatively low concentration, the HHI being under 1,500: France and Turkey;
- p. 1045 (2) some countries with the HHI under 2,000: Russia, Netherlands and Spain;
- (3) most countries with high concentration, with HHI above 2,800 in the recent years: Italy, Ireland, Finland, Portugal, Germany and United Kingdom; let us underline a strong decrease of the HHI for Finland;
- (4) for Sweden, the HHI is close to 6,000.

Graph 33.4



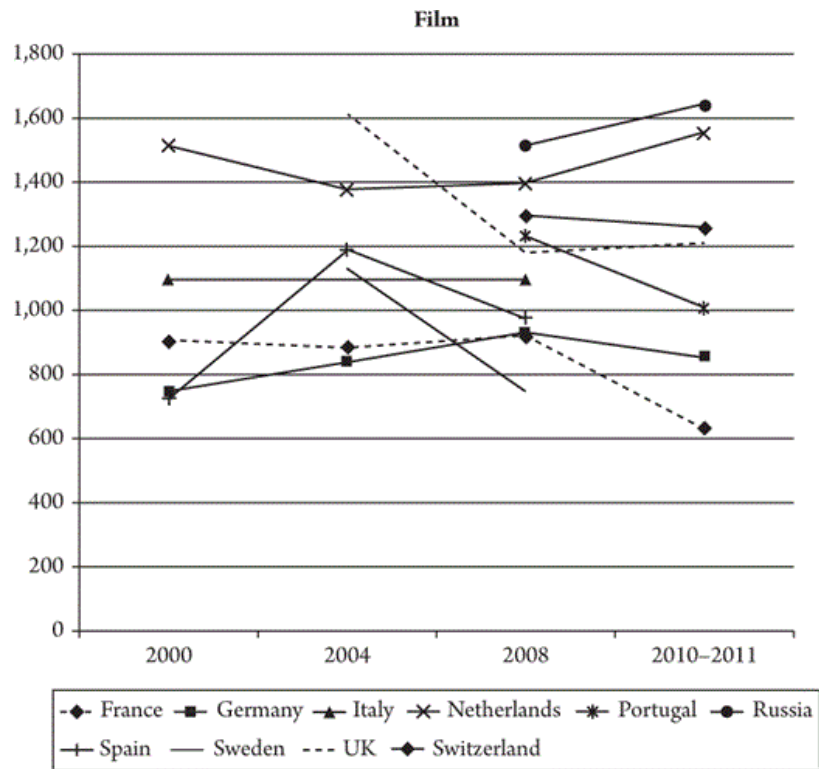
Radio HHI for European Countries

In general the radio industry has a high level of concentration in Europe, with two exceptions.

Film Industry

The European countries under study constitute a rather homogeneous group with respect to concentration in the film industry. The HHI indicator is below 1,700 over the period 2000–2011 (see Graph 33.5). The film industry is moderately or low concentrated in Europe.

Graph 33.5

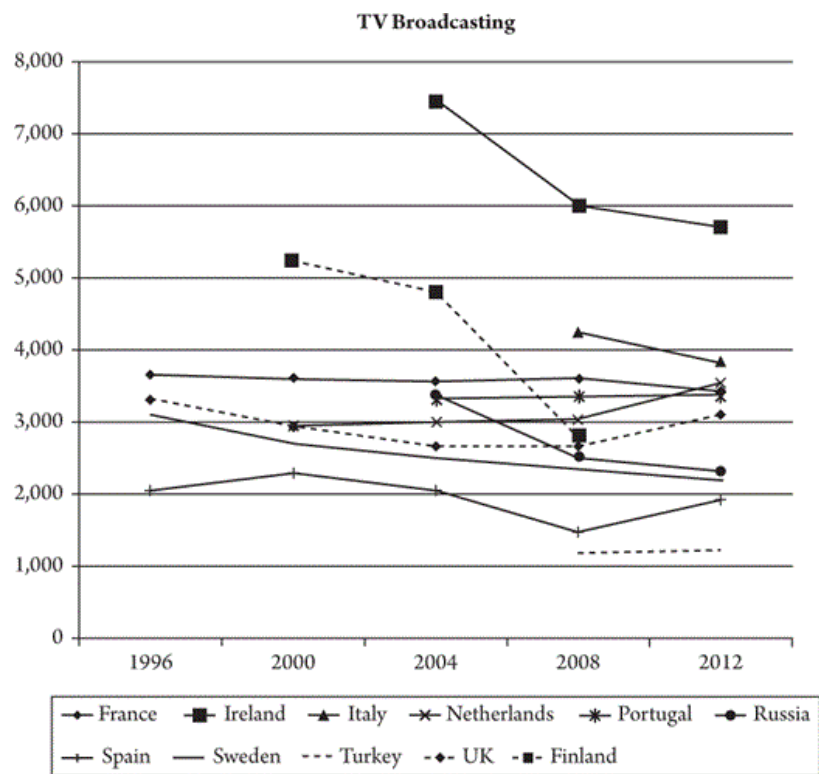


Film Production HHI for European Countries

Broadcast TV

Graph 33.6 provides the HHI indicators for broadcast television. The data are not fully comparable since the HHI can be calculated on various bases, such as turnovers or audiences.

Graph 33.6



Broadcast TV HHI for European Countries

Moreover the distinction between the terrestrial market and the “video channel” satellite market may be sometimes artificial.

The Turkey, with its low concentration level, can be considered as an exception: its HHI indicator is just above 1,000 in 2012.

Three countries are characterized by a level of concentration around 2,000: Spain, Russia and Sweden.

For most European countries the level of concentration in the broadcast TV industry is high: the HHI is above 3,000. Ireland is the country with the highest concentration, although the HHI decreased over the p. 1046 2004–2012 period. One can note also a decreasing ↵

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trend in concentration for Finland, Sweden, France and Italy for the recent years.

Although situations vary greatly across European countries, the concentration level of broadcast TV is generally high. This conclusion is, however, open to discussion for several reasons: the present situation is very different from that 40 years ago since public monopolies have disappeared, and since the number of available channels is considerably higher than it used to be; moreover, today's analyses that are pertinent for the TV industry must take into account all available distribution technologies, and not only broadcast TV.

Combined Video Network Industries (Multichannel TV)

It has not been possible to make an assessment of concentration in the combined video network industries for European countries. Little data is available on the market shares of cable and satellite TV channels and, when there is data, it is not comparable. Moreover, by taking into account all video network industries (including broadcast TV, cable and satellite channels), concentration may appear quite moderate in some countries, although they may have few companies in cable or/and satellite TV.

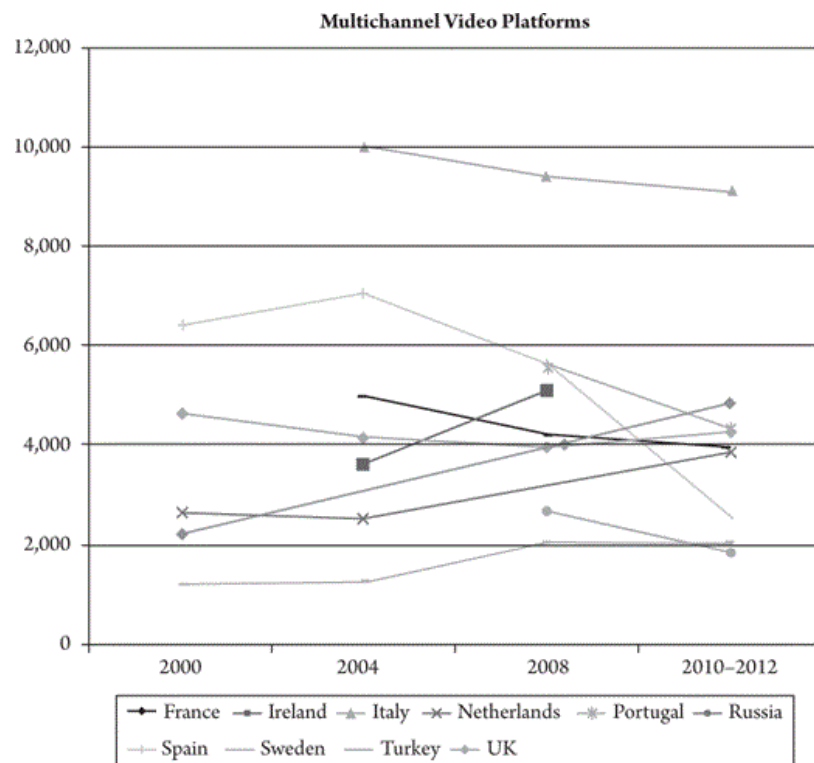
In the case of Italy, there is now a quasi-monopoly for satellite TV as the market is controlled by News Corporation (Cable TV is quite nonexistent in Italy). News Corporation has also the largest market share in the United Kingdom for satellite delivered programming. But, in the case of United Kingdom, as noted by Iosifidis²: “the audience share of individual satellite (and cable) channels remains small compared with the share of the traditional channels which have developed a digital portfolio of channels. For example, in 2011 the BBC had the largest market share in multichannel homes at 33.2%, followed by ITV at 23.1%, Channel 4 at 11.3% and Channel 5 at 5.9%. The traditional broadcasters have launched numerous digital channels . . . enabling them to get a combined total market share of 73.5% in 2011 for the multichannel market.” In the Netherlands, the cable and DBS TV programming channels market largely consists of foreign providers and is dominated by MTV networks (Viacom, US) with a market share of 34.1%. In Germany, the terrestrial transmission of TV has a low audience; when considering satellite and cable TV channels, 37.5% of the viewing time was spent on public channels in 2012 and two TV groups dominate the private market: ProSiebenSat.1 Media AG (KKR/Permira) and RTL Group (Bertelsmann). In Spain, Sogecable (PRISA) is the main company on the market of cable and DBS TV programming channels, but concentration is low because the market is fragmented.

In small countries such as Switzerland, Belgium, and Ireland, if we consider all TV networks, the market share of public channels is still important but people can access many other channels, including foreign channels. In Switzerland, although SRG SSR (public) had about 30% of the market in 2012, concentration for TV networks is indeed low at the national level, because there are many accessible TV channels in various languages. In Ireland there are also many accessible channels, but RTE (public) is dominant with 35.7% audience share and 55% share of advertising revenue in 2011. In Flanders (Belgium), VRT (public) dominates the market of combined video network industries (with an audience market share equal to 43% in 2010), followed by VMMA (with an audience market share equal to 25% in 2010). In Wallonia, the RTL group is the main group with 27.6% of the market (combined video network industries) in 2010, followed by RTBF (public), with 20.4% of the market.

In Europe, the multichannel market has changed considerably since the 1980s because of deregulation and development of cable TV, satellite TV, and digital terrestrial television (DTT). Although public companies p. 1048 remain important ↵ players in many countries, they have lost market shares to commercial companies, including foreign groups. But there are various landscapes both for distribution technologies and for concentration on the multichannel market.

Graph 33.7 shows concentration for multichannel video platforms. We are dealing with new industries (cable and satellite) that are highly concentrated.

Graph 33.7



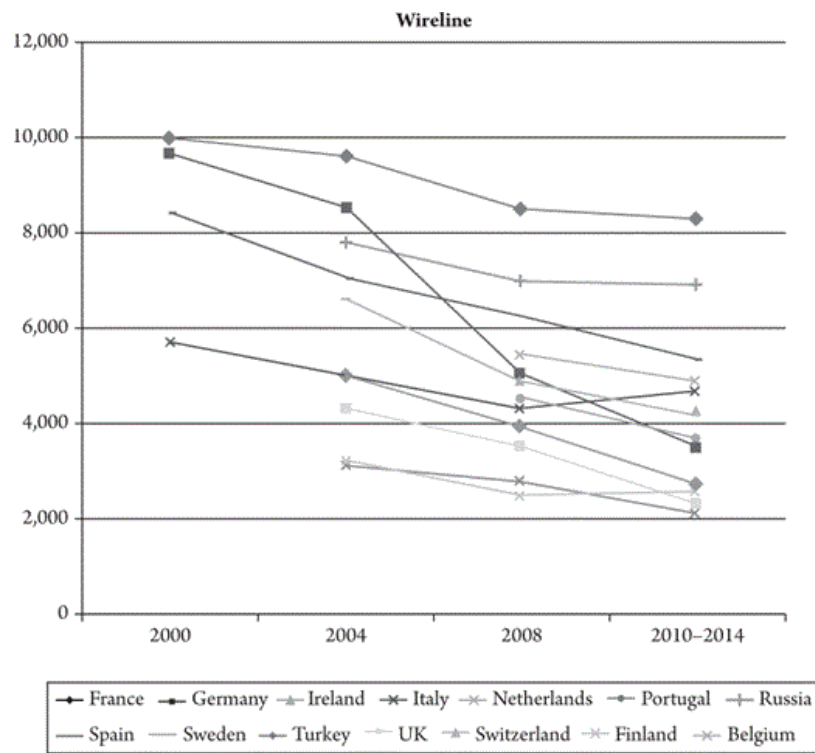
Multichannel Video Platforms HHI for European Countries

In Italy the (only) satellite operator, Sky Italia, holds 97% of the market share (Cable TV is quite nonexistent in Italy). In the other European countries, the level of concentration generally remains at a high level. France ended up with two quasi-monopolies, one for cable and one for satellite. In Ireland, similarly, the cable market is a monopoly controlled by UPC and the satellite market is controlled by BSkyB. In the United Kingdom, one observes a high concentration (for cable + satellite + DTT). The Dutch cable market is highly concentrated (The Netherlands have only cable TV providers providing regional coverage). One can note that in Portugal, the concentration level decreased between 2007 and 2010 and that concentration is less high in Sweden and Russia.

Wireline Telecommunications

The industry of fixed telecommunications has been characterized by a deregulation process since the 1980s in Europe. Graph 33.8 below shows the evolution since the year 2,000. The industry remains highly concentrated, with HHI indicators above 2,000 for all European countries; however, a general trend of decreasing concentration can be observed. Two countries still have a very high HHI in recent years: Turkey with an HHI above 8,000 and Russia with an HHI near 7,000. Spain is at the third concentration rank with an HHI above 5,000. For other European countries, the HHI indicators remain very high in 2010–2014, with HHI indicators between 2,000 and 5,000 and with decreasing trends.

Graph 33.8



Wireline HHI for European Countries

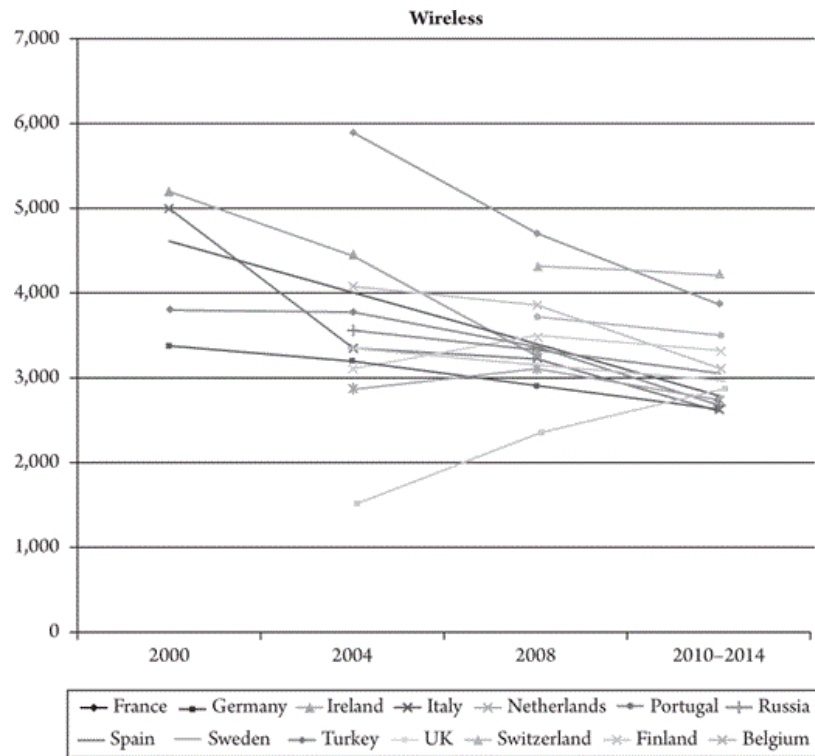
The incumbent operators still keep significant market shares; the C_4 indicators are mostly above 80%, and even equal to 100% for some countries. However, the general trend in industry concentration is downwards, with the mean HHI about 4,200 in 2010–2012, versus more than 8,000 in 2000.

Fixed telephony is declining, because of the growth of the mobile and of the Internet industries. Graph 33.8 describes only partly the evolution of the telecommunication industry.

Wireless Telecommunication

Graph 33.9 shows the evolution of concentration for the wireless telecommunication industry. It shows a decreasing trend in concentration (except for the United Kingdom between 2004 and 2010) and, moreover, a homogenization process, since the HHI for various European countries get closer and closer during the 2000–2012 period.

Graph 33.9



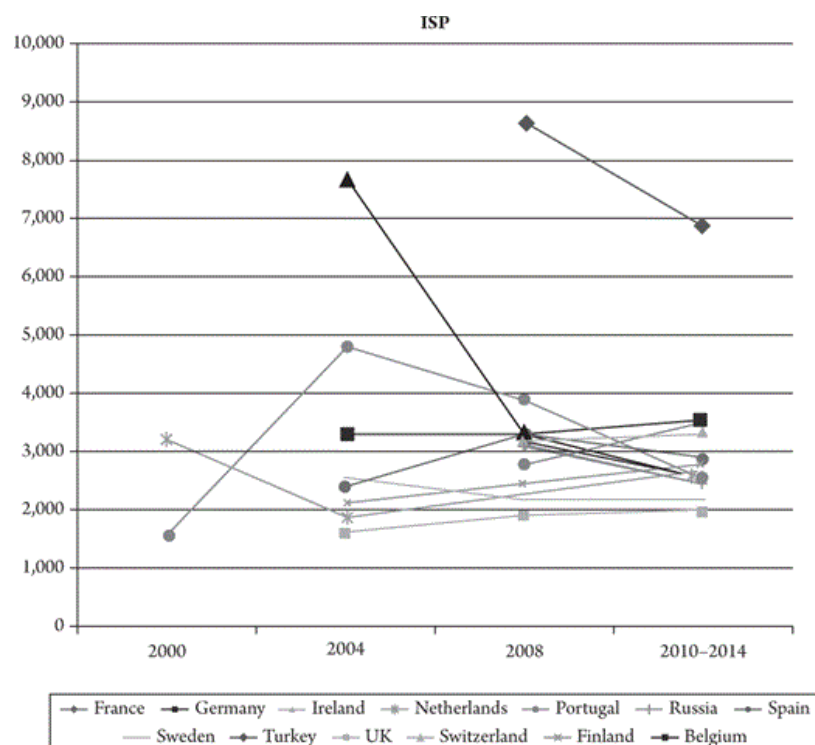
Wireless HHI for European Countries

The industry is quite concentrated but with a decreasing average trend, from about 4,400 in 2000 to 3,100 in 2010–2014. With the exceptions of Turkey and Switzerland, all the European countries have HHI indicators under 3,500 in 2010–2012.

ISP

For Internet Service Providers, graph 33.10 shows that concentration varies among European countries: the HHI indicators are situated between about 2,000 and 3,500 in 2010–2014, except for Turkey which has an HHI around 7,000.

Graph 33.10



Internet Service Providers HHI for European Countries

For certain countries one observes strong fluctuations of the HHI indicator: in the case of Spain, the HHI considerably increased between 2000 and 2004, and decreased later; in the case of Ireland, the HHI strongly decreased (from around 7,600 in 2004 to about 2,500 in 2010).

p. 1050 The European ISP industry is highly concentrated (mean value of the HHI above 3,000 ↴

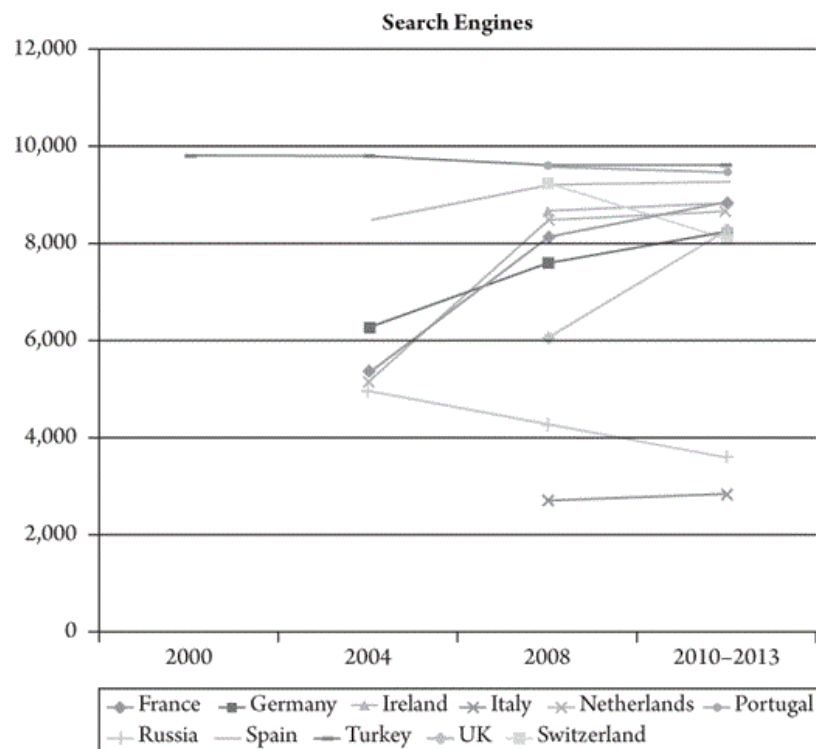
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in 2010–2014). Concentration differs among various countries; however, one can observe a trend of homogenization with HHI indicators generally being in the 2,000–3,500 interval in 2008–2014. This level of concentration is lower than that observed in the wireline telecommunication industry, and very near the level observed in the wireless telecommunication industry.

Search Engines

Generally speaking, the search engines industry has been subject to strongly increasing concentration during the 2000s. As shown by Graph 33.11, the cases of France, Germany and Netherlands are very illustrative of this trend. Moreover, in 2010–2013, for European countries, with the exception of Russia, the concentration indicators were very high. Of course, this reflects the fact that generally Google is in a near-monopoly situation, and other search engines having only small market shares today. In Russia there are Russian-owned search engines, and, in particular, the search engine Yandex.ru accounted for 65% of the market share in 2010.

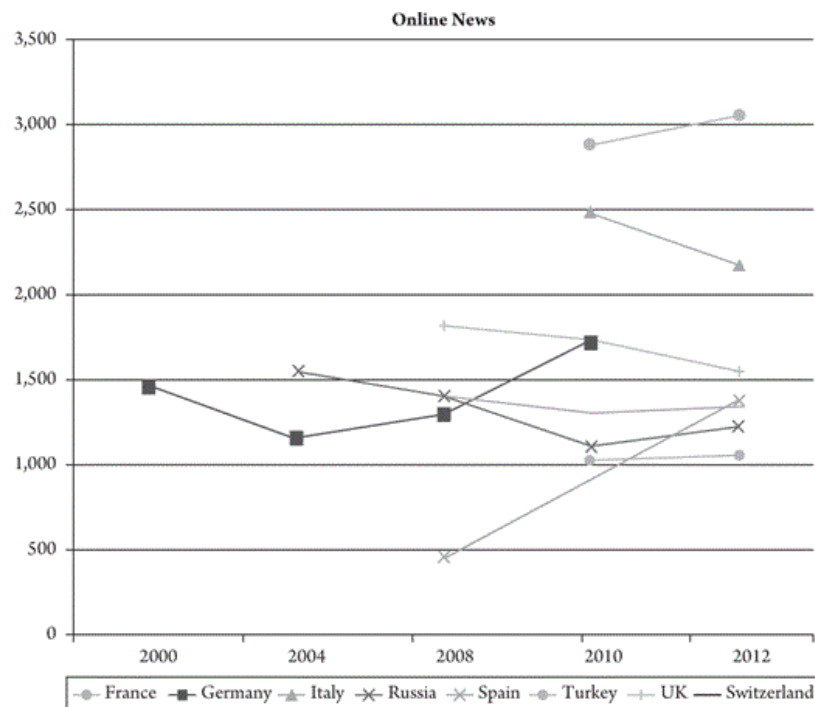
Graph 33.11



Search Engine HHI for European Countries

Online News

The industry of online information is a rather recent and emerging industry, and we do not have data for all European countries. However, on the basis of available figures, one can observe, as a rule, a limited concentration in Europe, since, for most countries, the HHI indicator was below 1,800 between 2000 and 2012. Turkey and Italy are the only countries with HHI over 2,000 in 2012. Graph 33.12 includes data for 2010 and 2012 in order to observe recent trends. In the case of Italy, the HHI decreased between 2010 and 2012. For the United Kingdom, the HHI decreased between 2008 and 2012. In the cases of other countries, we observe increasing concentration indicators between 2010 and 2012. In particular, there was a strong increase of concentration in the case of Spain between 2008 and 2012.



Online News HHI for European Countries

p. 1052 The HHI for Switzerland was under 1,400 on the period 2008–2012. However, one can consider that concentration is smaller than that for the online information industry in Switzerland: our data only concern Swiss firms and do not include the market shares of enterprises such as Google or Yahoo. For a small country such as Switzerland, concentration in the online news industry is low.

As a whole, in 2010–2012, the industry of European online information was at a low concentration level.

Conclusion

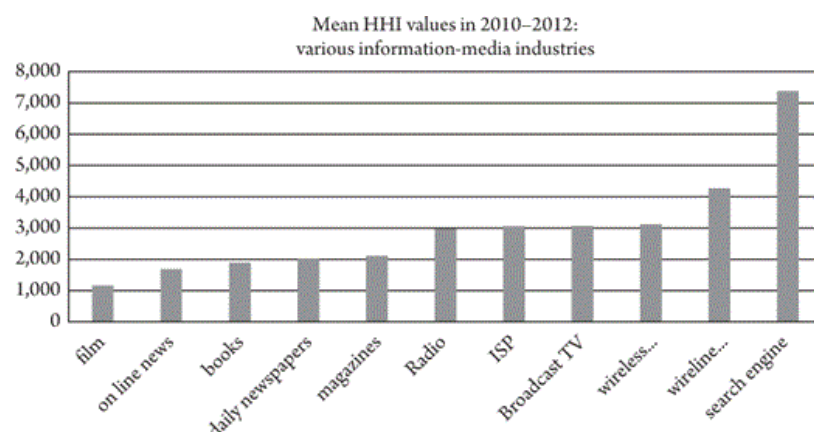
In the beginning of this chapter we considered the hypothesis whereby the industries with a higher technological content are more concentrated than the traditional, more labor-intensive, media industries. Table 33.1 aims to sum up our essential results on the basis of the 2008 and 2010–2012 figures for European countries and Graph 33.13 gives the average values of the HHI for the various industries in 2010–2012. One can see that concentration indices are comparatively small (mean values of the HHI below or around 2,000 in 2010–2012) for most content industries, that is for daily newspapers, books, magazines, cinema, online news, and that concentration indices are comparatively high (mean value of the HHI above 2,000) for the telecommunication industry (wireline and wireless), the cable and satellite providers, Internet Service Providers, and the search engines industry. However, concentration is also important for content industries such as radio and broadcast TV.

Table 33-1. Mean HHI values in 2008 and 2010–2012 for European countries

Industry	Mean HHI value in 2008	Mean HHI value in 2010–2012
Daily newspapers	2,152	2,008
Books	1,451	1,896
Magazines	1,931	2,116
Radio	3,375	2,968
Film	1,112	1,166
Broadcast TV	2,826	3,067
Wireline telecommunications	4,668	4,264
Wireless telecommunications	3,466	3,119
Multichannel video Platforms (Cable and satellite providers)	very high HHI *	very high HHI *
ISP	3,579	3,056
Search engines	7,285	7,391
On line news	1,143	1,692

* The average was not estimated because of the variety of situations and the small amount of data available for both the cable and satellite providers industries.

Graph 33.13



Mean HHI values in 2010–2012 for European countries

Thus, the above hypothesis must be slightly reformulated: while it is true that high technology industries are, as a rule, strongly concentrated in Europe, concentration also seems high in some content industries: this is, more precisely, true of the radio and TV industries. Finally, the traditional industries that produce written contents such as daily newspapers, books, magazines, just as the new industry of online information, are comparatively less concentrated in Europe. The same is true of the film industry, which comparatively can be considered as a labor-intensive industry.

Finally, one must mention that quite large variation of concentration indices can be observed across European countries for some industries, while a homogenization process with decreasing concentration has characterized the telecommunication industry (wireline and wireless) since the 1990s.

Bibliography

For the sources mentioned in this chapter, see the general bibliography at the end of this book.

Notes

1. We have sometimes used data from other proximate years where it was missing data, especially for 2012.
2. See the Iosifidis chapter on the United Kingdom, in this volume.