

# **ECONOMY OF EUROPEAN TV FICTION**

**A study carried out by the *Institut national de l'audiovisuel* (INA)  
based on data provided by the Eurofiction teams,  
for the European Audiovisual Observatory  
and the *Centre national de la cinématographie* (CNC)**

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and André LANGE (Observatoire européen de l'audiovisuel).

December 2000

### ***Economy of European TV fiction***

*Financial value of fiction production and the relationships between production companies and broadcasters*

A study carried out by the Institut national de l'audiovisuel (INA) in collaboration with the Eurofiction team and commissioned by the European Audiovisual Observatory and the Centre national de la cinématographie (CNC). European Audiovisual Observatory, Strasbourg, December 2000.

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Contents

|  |        |
|--|--------|
| <b>EXECUTIVE SUMMARY : ECONOMY OF EUROPEAN TV FICTION</b>                        | p. 1   |
| <b>PREFACE: Seeking an economic analysis of TV production in Europe</b>          | p. 11  |
| <b>INA REPORT, co-ordinated by Jean-Pierre Jezequel</b>                          | p. 13  |
| <b>Introduction : assumptions</b>  |        |
| Methodology  | p. 15  |
| Determination of standard cost models  | p. 15  |
| Presentation of national cost models   | p. 16  |
| Comparison of standard costs levels  | p. 20  |
| <b>First part : financial assessment of TV fiction: four parameters</b>          | p. 23  |
| Chapter 1 – Overall financial approach   | p. 25  |
| The overall scope  | p. 25  |
| Country-by-country analysis  | p. 28  |
| The main channels in Europe  | p. 44  |
| Chapter 2 - International co-productions   | p. 45  |
| Synthesis of international co-productions  | p. 45  |
| Country-by-country analysis  | p. 47  |
| Chapter 3 - The place of prime time  | p. 57  |
| Prime time overview  | p. 57  |
| Country-by-country analysis  | p. 58  |
| Chapter 4 – Breakdown by programming formats                                     | p. 65  |
| Definitions  | p. 65  |
| Overview of the 5 countries  | p. 66  |
| Country-by-country analysis  | p. 67  |
| <b>Second part : the TV fiction production sector</b>                            | p. 81  |
| Chapter 1 – The relationships between producers and broadcasters in each country | p. 83  |
| Germany  | p. 84  |
| Spain  | p. 88  |
| France   | p. 92  |
| United Kingdom   | p. 98  |
| Italy  | p. 103 |
| Chapter 2 – Overview of the producers of the five countries                      | p. 109 |
| Chapter 3 – Independent production   | p. 115 |
| <b>POSTFACE :</b>  |        |
| <b>CONCEPTS AND INFORMATION SOURCES</b>  |        |
| <b>FOR AN ECONOMIC ANALYSIS OF TV PRODUCTION IN EUROPE,</b>                      |        |
| <b>André Lange, Expert at the European Audiovisual Observatory</b>               | p. 119 |



# THE ECONOMY OF EUROPEAN TV FICTION

**A study carried out  
by the INA for the European Audiovisual Observatory  
and the Centre national de la cinématographie (CNC)**

## Executive summary

### **Study objectives**

The “*Economy of European TV Fiction*” study was carried out by the *Institut national de l’audiovisuel* (INA), and commissioned by the European Audiovisual Observatory (OBS) and the *Centre national de la cinématographie* (CNC). It provides, for the first time, answers to questions that are regularly posed in professional circles and by the public authorities in the European audiovisual sector, who have long been working under the absence of the barest minimum of economic data on the audiovisual production sector in Europe. The report is based on the experience acquired over 5 years by the Eurofiction team<sup>1</sup>.

### **Economic information**

Economic information on television production is practically non-existent. This can be put down to two main reasons: firstly, the failure to collect data on a regular basis and secondly, the reluctance of broadcasters and producers to give out details relating to the financial aspects of their reports. As indicated in a preliminary report carried out by the European Audiovisual Observatory, it is not possible to find out the total production spend of European television channels by reading through their annual reports and accounts.

The limitations of investigative methods based on corporate accounts is even more apparent when one tries to provide a comparative analysis on a European scale. Of the 5 countries looked at here, France, with its regulatory system and funding for programme industries, appears to have quite a substantial amount of economic data available for productions commissioned and broadcast by the channels. However, this highly specific, sophisticated system of statistical data does not exist in the other countries, except to a very limited extent.

### **Analysis of a comprehensive list of national TV fiction broadcast in the five main European production countries**

Every year since 1996, Eurofiction has brought out a report on national first-run TV fiction in the five largest European countries (Germany, Spain, France, the United Kingdom and Italy). Each program is identified according to its programming (day and time), its exact duration, its format (TV film, series, etc.) whether the programme is 100% national or international (co-production), and its audience. These figures are gathered from the 5 national data bases. The Eurofiction project means that, for the first time, accurate statistics are available as to volumes of national TV fiction broadcast in the 5 countries involved in the study.

The Eurofiction report includes all the channels that have broadcast at least one national or previously first run TV fiction programme, making a total of 42 channels in all. Only 25 of the channels enjoy full national coverage and are unencrypted, with 22 of them showing a substantial volume of original TV fiction.

(1) The study was coordinated by Jean-Pierre Jezequel (INA)

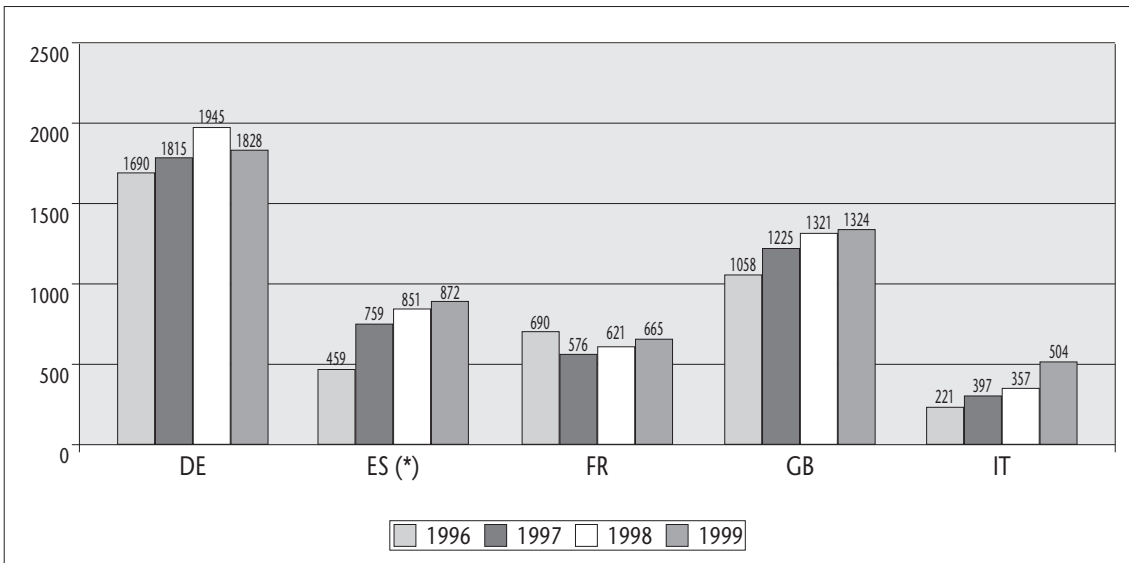
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The annual EUROFICTION reports are edited and distributed by the the European Audiovisual Observatory. Latest available publication: EUROFICTION: *Television Fiction in Europe. 2000 report*, European Audiovisual Observatory, Strasbourg, 2000

(2) *Les coûts de programmes et les investissements dans la production audiovisuelle des chaînes de télévision européennes* (costs of programmes and investments in European television channel audiovisual production), provisional report, European Audiovisual Observatory, Strasbourg, October 1998. The conclusions of this study are reproduced in the postface to this report.

## National TV fiction production volume in hours (1996-1999)



(\*) Not included: 593 hours broadcast in 1999 by autonomic channels that were not considered in previous years.

Source: Eurofiction

### The "standardised production costs" method

Having successfully defined its scope and methodology, the Eurofiction team decided to extend its work to include the economic aspects of national TV fiction, taking a methodology drawn up by the INA. Using the same national data bases, Eurofiction added two further items: the cost of the programme and the production company responsible for creating and making it. The latter information poses no conceptual problem but exhaustive details are not easily obtainable. Financial information is a different kettle of fish, with financial data on production costs or channels' programme-by-programme spend being confidential in at least three countries (Germany, Spain and Italy). It is slightly easier to get hold of the information in the United Kingdom for production by independents and in France for all programmes receiving financial funding (including TV fiction), although in neither case is the information actually published. A common methodology therefore had to be set out for the five countries, that allowed for these difficulties and which would give a figure for production costs that could be attributed to each TV fiction programme.

The method adopted was the "standardised production costs", or "standard costs" for short. It is based on the fact that there is a certain consistency for a given channel's spend in a given programming slot. The channels also have consistent production procedures, in terms of programme duration and target (channel and time slot). A standard cost corresponds to a production and programming configuration that is considered as a working standard by both the channels and the country's producers<sup>3</sup>.

(3) Each programme given the same standard cost has a cost that can vary from this average. However, as a large number of programmes are included in the study, the variations are considered to cancel themselves out, statistically. There are, of course, certain risks in using this method, especially while it is still in its initial stages. An error in determining the standard will be amplified by the dozens of programmes allocated that standard.

The value of the work depends therefore mainly on the quality and accuracy of the standard cost models drawn up in each country. Each national team consulted both professionals in the production sector and the channels themselves. It is easier working with a financial value allocated to a production configuration, rather than using the estimated production cost of an individual programme.

Three basic factors were found to have a bearing on the cost of a TV fiction programme:

- the length of the programme, with average durations of around 90, 52 and 26 minutes;
- the programming slot, with 3 time slots each with different spend levels: *prime time*, *access prime time* for the second part of the viewing evening and thirdly, the other times.
- the programme's prestige level, which varies both according to the channel involved and to other factors. A higher prestige level could lead to bigger-name casting, with more time spent making the programme than would otherwise be the case - a historical TV fiction, complex special effects, etc.

Each country has drawn up its own standard cost model, which resulted in the following numbers of cost brackets:

|                |    |
|----------------|----|
| Germany        | 14 |
| Spain          | 8  |
| France         | 12 |
| United Kingdom | 17 |
| Italy          | 13 |

For the first time and using a common methodology, a study has been carried out to assess the costs of TV fiction production and to give a breakdown of the main economic criteria in the five largest European countries. Even if the results only involve TV fiction programmes, they still shed light on the scope and main features of these countries' programme industries. In terms of volume, audience popularity and money invested, TV fiction is the darling of television and is at the core of most considerations regarding audio-visual creation and cultural diversity.

### **The value of TV fiction production in the 5 European countries considered: € 2.7 billion**

**Warning:** *The financial values given by our method should on no account be confused with channel investment expenditure or programming costs. International co-productions are based on splitting costs between several different countries. Even when a 100% national production is involved, the broadcaster does not automatically cover 100% of the cost. In France, for example, the funds put in by a funding mechanism represent an independent source of financing. For the four other countries, it can be said that there is a straight-line relationship between the cost of a 100% national programme and its broadcaster's spend.*

The method used makes it possible to allocate a cost to each programme unit. It is possible to build up a picture of the total value of previously first run national TV fiction shown in each country. For the five major European countries taken as a whole, the total value works out at € 2,743.7 millions.

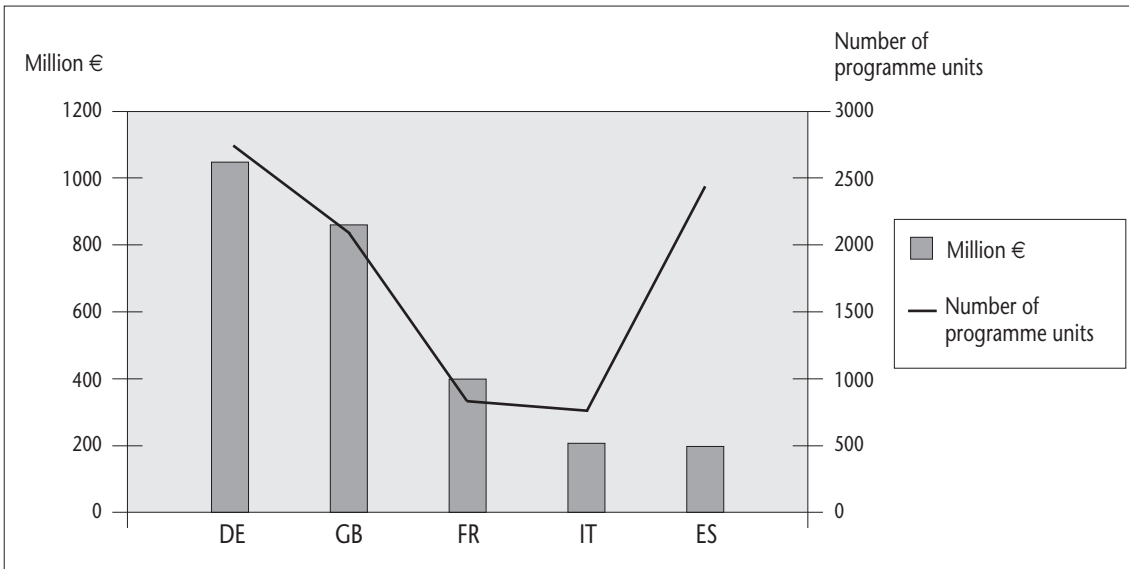
### **Comparison of the number of units of national TV fiction programmes broadcast and their financial value (1999)**

|                         | Number of programme units (*) | Value (in € millions) |
|-------------------------|-------------------------------|-----------------------|
| Germany                 | 2 712                         | 1 026.3               |
| United Kingdom          | 2 225                         | 904.8                 |
| France                  | 815                           | 416.8                 |
| Italy                   | 737                           | 208.8                 |
| Spain                   | 2 256                         | 187.0                 |
| <b>Total EUR 5 (**)</b> | <b>2 256</b>                  | <b>2 743.7</b>        |

(\*) A "programme unit" is considered to be a single programme (TV movie), an episode of a series, serial or a mini-series. We will be referring to this unit from here onwards as an "episode"

(\*\*) After elimination of co-production double counting.

## Comparison of the number of units of national TV fiction programmes broadcast and their financial value (1999)



Source: INA

This graph shows the value of TV fiction production excluding co-productions between the countries in question. This means a co-production involving, for example, two or more of the five countries (several dozen hours) has its programme value split up between the different partner countries, in line with the information we have. Without this method, a number of programmes would have had their values distorted and counted double. For other international co-productions, the total value of the programme was used.

In terms of the financial value of broadcast TV fiction, Britain's ITV channel comes out top, ahead of BBC1 and ARD, the leading German channel. The leading French channel, TF1, is in sixth position, while Italy's Canale 5 is in eleventh place and the leading Spanish channel (Tele 5) in twelfth position.

### **International co-productions account for less than 15 % of the total production value.**

Work based on the Eurofiction data means a precise analysis can be made of the importance of co-productions in the TV fiction programme offer. The report splits co-productions up into 3 categories: European co-productions from countries with the same language, those from countries with different languages and the inter-continental co-productions. When taken in terms of the total number of episodes, co-productions (totalling 536 episodes) only account for 6% of the physical total but 14.6% of the financial value (some 400 M €) of TV fiction production for the 5 major European countries. This provides confirmation that co-productions are mainly used for producing particularly costly programmes. Of this 14.6%, 4.4% is for co-productions with North America (mainly the United States, but also with Canada), while the remaining 10% represents partnerships between European countries (inside or outside the circle of the Big Five).

### **Share of international co-productions in first run national TV fiction in each country**

All the international co-productions in each country are counted, whatever the partner country (neighbouring country, European or from a different continent)

|                | % of coproduced episodes/<br>total number | % of the value of the co-productions/<br>total value |
|----------------|---|--|
| Germany        | 10.0                                      | 19.0   |
| Spain          | 0.5                                       | 6.5  |
| France         | 17.0                                      | 30.0   |
| United Kingdom | 3.0                                       | 7.5  |
| Italy          | 7.0                                       | 33.8   |



France and Italy are the countries with the biggest propensity for co-productions, which reflects the high proportion of costly TV fiction programmes and the relatively low level of financing for such programmes (compared to countries such as the United Kingdom and Germany). French-language co-productions (with Belgium and Switzerland) constitute a large share of French co-productions, while German-language co-productions form a very high percentage of German co-productions.

### **The financial weight of prime-time broadcast national TV fiction varies from country to country**

Prime time TV fiction gets the biggest slice of the financial cake in all the countries. Variations are, however, to be found in the importance of prime time in the different countries and also the type of TV fiction (duration, format, etc.) programmed in the slot.

#### **Definition of prime time**

| Country        | Start  | Finish |
|----------------|--------|--------|
| Germany        | 20.00* | 22.30  |
| Spain          | 20.30  | 23.30  |
| France         | 20.30  | 22.30  |
| United Kingdom | 19.00  | 22.00  |
| Italy          | 20.30  | 22.30  |

\* Except ZDF : 19.25

### **The importance of first run prime time national TV fiction in terms of financial value and episodes broadcast (1999)**

|                | % of number of prime time episodes / total number | % of prime time value / total value |
|----------------|---|-------------------------------------|
| Germany        | 36.0  | 68.0                                |
| Spain          | 39.5  | 64.5                                |
| France         | 38.5  | 73.5                                |
| United Kingdom | 65.4  | 83.5                                |
| Italy          | 44.0  | 80.5                                |

Source: INA

The proportions shown above reflect the programming policies of the channels and their financial implications. The considerable diversity in duration and format for British-made TV fiction, a large number of episodes of which are broadcast as early as 19.00, as well as their strategic importance in terms of audience figures, is reflected in the high proportion of TV fiction episodes shown in prime time and in the financial resources put into these programmes. Germany features a large number of lower-cost TV fiction episodes in access prime time, which means more financial resources are available for prime time TV fiction, of which there is less than in other countries.

### **TV fiction format strategies also vary considerably from one country to another**

The way in which TV fiction programmes are serialised (the format), illustrates each country's approach to narration, production and image consumption. These different cultural approaches to broadcasting can also have financial consequences .

#### **Definition of formats as defined by Eurofiction**

Anthology, or collection: this involves different types of TV fiction, with different characters and production team, but which come under the same generic title.

Mini Series: this involves 2 to 6 episodes of a single TV fiction series.

Serials: this category includes:

(1) open serials

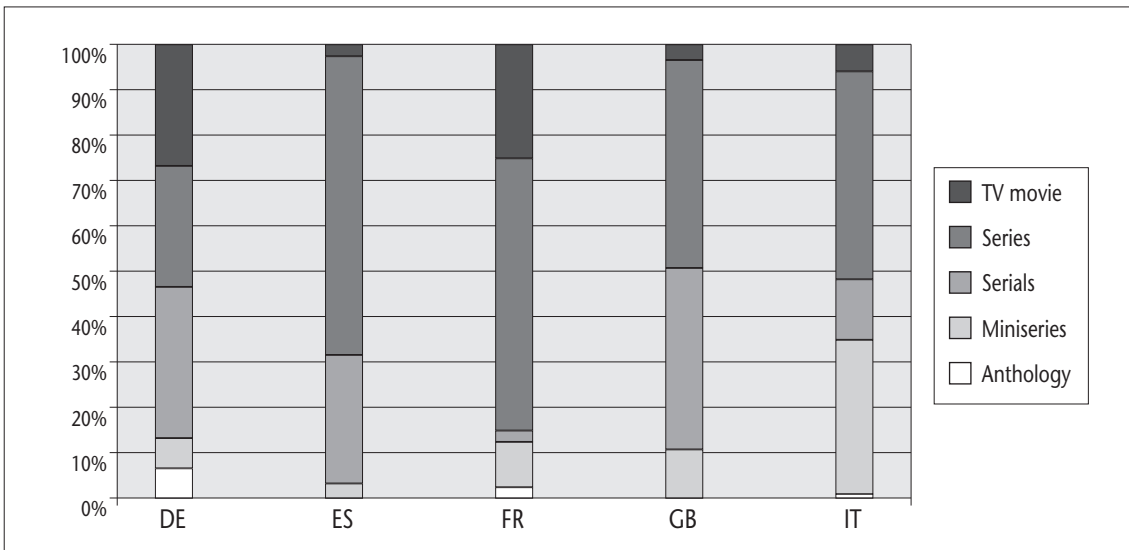
(2) closed serials, involving at least 7 episodes; this category is only significant in the United Kingdom.

Series: this involves open and shut episodes with the same central characters recurring in each episode.

TV Movie, or TV movie: films made for television.

### Financial impact of each format in each country (as a percentage of the financial value of national production) (1999)

|              | Germany     | Spain       | France      | United Kingdom | Italy       |
|--------------|-------------|-------------|-------------|----------------|-------------|
| Anthology    | 6.8%        | -           | 2.3%        | -              | 0.8%        |
| Miniseries   | 6.9%        | 3.5%        | 10.3%       | 10.9%          | 35.6%       |
| Serials      | 33.0%       | 28.0%       | 2.2%        | 39.4%          | 11.6%       |
| Series       | 26.9%       | 66.0%       | 60.0%       | 45.9%          | 46.0%       |
| TV movie     | 26.4%       | 2.5%        | 25.2%       | 3.8%           | 6.0%        |
| <i>Total</i> | <i>100%</i> | <i>100%</i> | <i>100%</i> | <i>100%</i>    | <i>100%</i> |



Source : INA

Seen from the viewpoint of production structures and logic, the formats listed above can be grouped into two broad categories:

- TV movies and their offshoots (anthology and mini-series) which follow the more “traditional” approach to programme-making (writing, filming, post-production) that is similar to making cinema films, even if there is, like in France, a fairly high wall between the two sectors
- Series-based TV fiction (series and serials), a format made specifically for television and which uses other infrastructures and work procedures that could sometimes be described as “industrial”.

The first category occupies an important position in Germany, France and Italy. British and Spanish television, on the other hand, have used their expertise more in making serialised programmes. It is hardly surprising, therefore, that the TV movie, in the strict sense of the words, hardly gets a look-in in these two countries as it is so closely related to cinema films.

#### **The features of the production sector**

The study shows that 360 companies have been involved in producing TV fiction programmes. The number of companies active in each country is an indication of the health of the production sector, but also shows the dispersion of the TV fiction production sector. To interpret the figures properly, they need to be compared with the volume of TV fiction output.

## Number of production companies and production volume in hours

|                | No. of companies | Volume in hours |
|----------------|------------------|-----------------|
| Germany        | 147              | 1 828           |
| Spain          | 30               | 1 455           |
| France         | 74               | 665             |
| United Kingdom | 71               | 1 324           |
| Italy          | 38               | 504             |

Source: INA

The data can be processed to group the production companies country by country and even channel by channel according to the value of the TV fiction programmes produced.

## Ranking of production companies according to the financial value of the TV fiction output (1999)

### GERMANY

| European Rank* | Company          | Financial value of the TV fiction output (th. €) | % of total TV fiction output for the country |
|----------------|------------------|--|--|
| 3              | Grundy *         | 144 631  | 13.7%  |
| 6              | Bavaria *        | 51 678   | 4.9%   |
| 9              | Studio Hamburg * | 42 043   | 4.0%   |
| 11             | Nova film        | 39 058   | 3.7%   |
| 12             | Regina Ziegler   | 33 074   | 3.1%   |
| 18             | Saxonia Media *  | 25 622   | 2.4%   |

### SPAIN

| Rank | Company     | Financial value of the TV fiction output (th. €) | % of total TV fiction output for the country |
|------|-------------|--|--|
| 13   | Globo Media | 31 632   | 16.0%  |
| 15   | Zeppelin    | 28 708   | 14.5%  |
| 20   | TVC         | 22 455   | 11.5%  |

### FRANCE

| Rank | Company    | Financial value of the TV fiction output (th. €) | % of total TV fiction output for the country |
|------|------------|--|--|
| 8    | Gaumont TV | 44 410   | 10.2%  |
| 14   | Marathon   | 30 450   | 6.9%   |
| 16   | Alya *     | 28 290   | 6.4%   |
| 17   | Telfrance  | 26 395   | 6.0%   |
| 19   | GMT        | 23 270   | 5.3%   |

### UNITED KINGDOM

| Rank | Company   | Financial value of the TV fiction output (th. €) | % of total TV fiction output for the country |
|------|-----------|--|--|
| 1    | BBC *     | 209 908  | 23.2%  |
| 2    | Granada * | 209 667  | 23.2%  |
| 4    | Pearson * | 90 155   | 9.9%   |
| 5    | Mersey    | 79 990   | 8.8%   |
| 7    | Carlton * | 49 394   | 5.5%   |

**ITALY**

| <b>Rank</b> | <b>Company</b>             | <b>Financial value of the TV fiction output (th. €)</b> | <b>% of total TV fiction output for the country</b> |
|-------------|----------------------------|---|---|
| 10          | Mediaset *                 | 39 564  | 15.8%   |
|             | Titanus                    | 21 952  | 8.8%  |
|             | Pearson Television (Italy) | 17 787  | 7.1%  |
|             | Aran                       | 17 698  | 7,1%  |
|             | Lux Vide                   | 14 826  | 5.9%  |

\* Companies marked with an asterisk are those companies that are part of or which are linked in one way or another to a broadcaster of the considered country. These are therefore not independent production companies according to the definition given below.

Source: INA

The totals attributed to each company should not be confused with their turnover. In accountancy terms, turnover is considered as coming from the sale of goods or services, meaning here the sale of programme rights to broadcasters. For international co-productions, costs are shared and therefore there is not any revenue, in the strict sense of the term, coming in from foreign partners. On top of that, the contributions from broadcasters could be of a non-financial nature, in the form, for example, of filming or post-production services. These financial data provide the basis for assessing TV fiction volumes for the companies surveyed.

For information purposes and with all the reservations that such an undertaking involves (share of co-productions for each company, relative standards of living and consequently the value if the programmes), we have drawn up a theoretical ranking of the top 20 companies.

TV fiction production companies have, relatively speaking, less independence with regard to the broadcasters in Germany and in the United Kingdom.

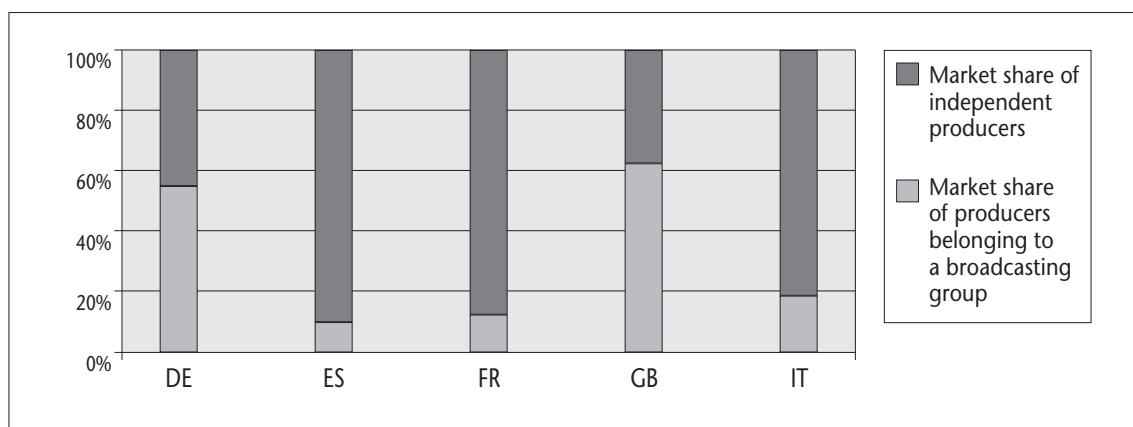
The study also takes an analytical look at group effects and the independence of production companies with relation to broadcasters. Producers can, to a varying degree in each country, belong to groups existing within the same sphere as the broadcasters or to groups of producers/distributors. This can be seen especially in France and Germany. Two transnational groups operating within the boundaries of the 5 countries have been identified and distinguished by the amount of TV fiction they produce: RTL Group and Endemol. The independent production sector has also been considered separately so as to assess its relative weight in each country.

**Definition**

An independent production company is considered to be any production company that does not have any equity link with any of the broadcasters on the list of the 41 channels that have ordered and broadcast TV fiction programmes. A producer belonging to a group operating theme channels will be considered here as an independent. This criterion is significantly different to the regulatory criteria in force in some countries, especially France.

**Breakdown of broadcast national TV fiction between TV fiction from independent producers and TV fiction from producers belonging to a broadcasting group. (1999)**

|                | <b>Market share of producers belonging to a broadcasting group</b> | <b>Market share of independent production</b> |
|----------------|--|---|
| Germany        | 53.5   | 46.5  |
| Spain          | 12.4   | 87.6  |
| France         | 13.4   | 86.6  |
| United Kingdom | 62.1   | 37.9  |
| Italy          | 17.8   | 82.2  |



Source: INA

The main differences observed can be put down to regulatory differences that can act more or less in favour of independent production, but also to the institutional, historical and cultural features that are specific to each country. The category of production companies linked to broadcasters is a somewhat residual category which covers a radically different scope of professional practices and functions. It can be split up into three sub-categories:

- in-house production systems (for example, the BBC, Televisao de Catalunya);
- “co-financing” companies, which have a monitoring brief rather than an active role in production (for example Mediatrade, Mediaset’s production subsidiary);
- the companies that consider themselves as fully-fledged production companies and which can work with any broadcaster (for example Bavaria, Ellipse, Pearson Television).



## Preface

### SEEKING AN ECONOMIC ANALYSIS OF AUDIOVISUAL PRODUCTION IN EUROPE

An economic analysis of European audiovisual production has been one of the main challenges facing the European Audiovisual Observatory since its inception back in 1993. While it is relatively easy to map television financing in Europe or to measure the low level of programme circulation between countries in Europe or to assess the high level of imports from countries outside the continent, or even to gather data on consumer audiovisual expenditure, audiovisual production has been kept well out of the analytical spotlight.

However, if we want to gain a comprehensive picture of the audiovisual market, then an analysis of programme costs and broadcaster expenditure on audiovisual production are highly important parts of the jigsaw. This analysis is essential for a full understanding of the economy of audiovisual production, of television channel programming and also the financing of cinematographic production. The question also has an effect on another topic of audiovisual politics that is attracting increasing attention from within both Member States and European institutions, the regulation of the relationships between broadcasters and producers.

The European Audiovisual Observatory set out to address these problems in 1995, with the organisation of a methodological seminar on the statistical analysis of the production, distribution and programming of audiovisual works<sup>1</sup>.

At its meeting of 13 November 1997, the Consultative Committee of the European Audiovisual Observatory, a body made up of representatives of 20 European professional organisations, asked the Observatory to carry out a general interest survey on broadcaster expenditure on audiovisual production. A steering group was set up, comprising representatives from the three professional organisations the most directly concerned: the Association of Commercial Televisions (ACT), *the Coordination Européenne des producteurs indépendants* (CEPI) and the European Broadcasting Union (EBU).

The work was carried out in two stages.

In 1998, IDATE, a partner organisation of the Observatory, was asked to undertake a study<sup>2</sup> to set out the methodology for analysing audiovisual production expenditure and for identifying the information to be found in the business reports of the channels of the 6 Member States (Germany, Belgium (French-speaking community), Czech Republic, Finland, France, Italy and the United Kingdom). Data were also gathered directly by the Observatory for Austria, Belgium (French-speaking community), Switzerland, France, Italy and the United Kingdom. A case-study was carried out for Spain by Professors Enrique Bustamante and Jose Maria Alvarez (CEC-Universidad Computense de Madrid)<sup>3</sup>. A draft report was produced in October 1998<sup>4</sup>.

The first phase of the study showed that it was not possible to use broadcasting companies' accounts to make a Europe-wide comparative analysis of their production expenditure. It is not always an easy job to get hold of the accounts, especially in some countries, while the difference in accounting methods and even more so, in rights-related contracts between the broadcasters and producers, which change the way in which production expenditure is entered in the balance sheet, make it impossible to draw a valid comparison.

(1) A report on the seminar's findings is available in the 1996 edition of the *Statistical Yearbook*, European Audiovisual Observatory, Strasbourg, 1996, p. 153-165

(2) G.FONTAINE and J.M. CRANTOR, *Production Expenditure of European broadcasters*, Report made for the European Audiovisual Observatory by IDATE, Montpellier, September 1998.

(3) E. BUSTAMANTE RAMIREZ and J.M. ALVAREZ MONZOCILLO, *Report in Television Channel Expenditure on Production in Spain*, Centro de Estudios de la Comunicacion, Madrid, March 2000. The report may be consulted on the Observatory's web site at [http://www.obs.coe.int/oea/docs/TV\\_investments\\_ES.html](http://www.obs.coe.int/oea/docs/TV_investments_ES.html)

(4) A. Lange (coordinator) *European Broadcasters' Programming Costs and investment in audiovisual production*, Draft Report, European Audiovisual Observatory, Strasbourg, October 1998. The report is presented in summary form in the postface to this study.

In 1999, the *Institut National de l'Audiovisuel* (INA) put forward an alternative method, that restricted itself to the production of domestic fiction. It has turned out to be possible to estimate the financial value of fiction production by applying the "standard costs method" to all the domestic fiction produced in the five major producer countries (Germany, Spain, France, Italy and the United Kingdom), as analysed by the annual Eurofiction survey. The method was tried out using French data for 1998 and was used for the analysis of domestic production broadcast in the 5 countries in 1999, as it appears in this report. *The Centre national de cinématographie* (CNC) helped the Observatory in this second phase with financing and advice.

Reading through Jean-Pierre Jezequel's report, you will see how valuable this method has turned out to be, as it gives not just the financial value of domestic fiction production, but also an analysis of the degree of concentration of the relationships between producers and broadcasters in the 5 countries.

It should not, however, be forgotten that this analysis is based on modelling and that it includes a margin of error that is inherent in this kind of approach. Although the three professional organisations on the steering group gave their approval to the method, the actual limits of a modelling system mean that these organisations should not be held liable for the figures, while the fact that they are on the steering group does not signify that they ratify the analyses put forward by the study.

The European Audiovisual Observatory and the CNC are pleased to be able to offer this study to sector professionals and to those domestic and European organisations that are responsible for setting out the regulatory framework for the audiovisual sector. The originality and depth of the study will be much appreciated by those who understand the complexity and difficulties of the audiovisual sector. We think it is worth highlighting the fact that the aim of the study is to set up a tool for measuring production expenditure and not to present a complete picture of fiction production in Europe and even less to assess European or domestic regulatory models.

The European Audiovisual Observatory would like to thank all those who contributed to this study, in particular Jean-Pierre Jezequel of the INA, who laid down the strategy for the second phase of the process and who was behind the successful gathering and synthesis of the data. Our thanks also go out to the EUROFICTION project team, co-ordinated by Professor Milly Buonanno, who supplied much information from their own data bases and whose experience in domestic markets was also of great help. We would also like to thank IDATE's Gilles Fontaine and Jean-Marc Crantor, who carried out a lot of the less rewarding but equally vital work in the first phase. A thank-you also to Professors Enrique Bustmante and Jose-Maria Alvarez (CE-Université Complutense de Madrid). We thank the representatives of the professional organisations for the time they spent on this study and for the advice they offered : Paolo Baldi and Philippe Mounier (UER), Russ Biggam and Daniel Zimerman (ACT) and Jacques Peskine (CEPI). And last but not least, we would like to thank the CNC, especially Daniel Danard, the head of the SESDOC, for his indispensable backing and support.

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*December 2000*



## INA Report

# THE ECONOMY OF TELEVISUAL FICTION PRODUCTION IN EUROPE

**A study carried out for the European Audiovisual Observatory  
and the *Centre national de la cinématographie* (CNC)**

**This report was written by Jean-Pierre Jezequel of the Research Department  
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The Eurofiction team is co-ordinated by the Fondazione Hypercampo,  
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## Introduction : working assumptions

### Methodology

The annual Eurofiction reports supply a vast amount of information for the five countries involved. Each year, Eurofiction carries out a comprehensive review of first-run domestic fiction programmes. However, the exclusion of children's fiction and cartoons especially the former, means that the volume of fiction produced in Germany and particularly in the United Kingdom is underestimated, as these two countries' are responsible for a hefty slice of the genre's output. The three other countries are less affected and an accurate picture of domestic fiction programmes can be obtained. The programming details, format, audience figures and a number of standard cultural indicators are recorded for each programme. It is a pity that such a collection of European data cannot give a picture of the economic aspects of the sector, especially as audiovisual professionals, politicians and, more generally, sector observers have long been bemoaning the lack of reliable data to provide the basis for projecting the future of the sector.

### Determining the standard cost schedules

A great deal of the accuracy and reliability of this work depends on the quality and precision of the standard cost schedules. The schedules have to show as true a picture as possible of the variety of working methods in the production sector, while providing a solid basis for producing reliable figures. The point of the exercise, after all, is to put a value on the whole of fiction programme production, while avoiding having to work out the details for each individual programme, a task beyond the scope of this study and which would be seriously hampered by the secrecy that surrounds production finances.

A standard has to meet a production (and programming) configuration that is regularly used and which is taken as a norm by the channels as well as by producers.

It should be stressed right from the start how much the variety of each domestic standard cost schedule actually reflects the diversity and depth of fiction production in each country involved. Each schedule contains a certain number of "codes", made up of a number, a letter and a sign, which cover 3 features :

- Duration :
  - 1 : average duration about 26/30 minutes
  - 2 : average duration about 52/60 minutes
  - 3 : average duration about 90 minutes
- Time slot, A, B or C: A stands for prime-time, B for access prime time and the second part of the viewing evening and C for the other programming slots.
- Economic target of the programme : +, = and – show production costs that are higher, the same as or lower than normal costs for the country for the time slot and the length of the programme.

Each code has its own cost level, while the same cost level can go with more than one code.

| Country        | Number of codes | Number of cost levels |
|----------------|-----------------|-----------------------|
| Germany        | 22              | 14                    |
| Spain          | 9               | 8                     |
| France         | 15              | 12                    |
| United Kingdom | 21              | 17                    |
| Italy          | 16              | 13                    |

Certain parallels can be drawn between the variety of fiction programmes in each country, especially where formats and time-slots are concerned, and the fullness and complexity of each standard cost schedule. There is a convergence between France, the United Kingdom, Italy and Germany, although the latter produces a significantly greater volume of fiction than the others. The difference comes down more to actual production volumes rather than a greater variation in the range of fiction produced. Spain produces a considerable amount of fiction, but with fewer titles than the other countries.

## Presentation of domestic cost schedules

### GERMANY

| Codes |     | DEM Million | EUR Million |
|-------|-----|-------------|-------------|
| 3A+   |     | 3.4         | 1 744       |
| 3A=   |     | 2.5         | 1 282       |
| 3A-   |     | 1.6         | 821         |
| 3C+   |     | 2.0         | 1 025       |
| 3C=   |     | 1.5         | 769         |
| 3C-   | 2A= | 0.8         | 410         |
|       | 2A+ | 1.4         | 718         |
|       | 2A- | 0.5         | 256         |
|       | 2B+ | 0.6         | 410         |
|       | 2B= | 0.5         | 256         |
|       | 2B- | 0.4         | 205         |
|       | 2C= | 0.5         | 256         |
|       | 2C- | 1A+         | 0.4         |
|       |     | 1A=         | 0.3         |
|       |     | 1A-         | 0.2         |
|       |     | 1B+         | 0.7         |
|       |     | 1B=         | 0.3         |
|       |     | 1B-         | 0.2         |
|       |     | 1B--        | 0.15        |
|       |     | 1C=         | 0.3         |

With a few exceptions, the code representing the programming slot corresponds to the place the programme actually occupies in the channel's programming schedule. ZDF's prime time period for fiction begins slightly before that of other channels (19.25 as against 20.00).

The most expensive programmes in their category (3A+ et 2A+) are produced only by the larger channels (ARD, ZDF, RTL, Sat 1 and Pro 7).

One noteworthy feature is the number of fiction programmes produced entirely in-house by ARD 1 and 3's regional stations. It is more difficult to assess the overall cost of in-house production (whether cost-accounting procedures are used or not) than for productions based on commercial negotiations between a producer and a broadcaster.

Another aspect of German fiction production is the way different episodes of certain anthologies (*Reihen* in German) are made by different production companies. This means that different episodes can have different costs and so a single programme can have different standard costs for its various elements.

### SPAIN

| Codes  |      | ESP Million | EUR Thousand |
|--------|------|-------------|--------------|
| 3A/ 3B |      | 100 to 220  | 600 to 1 320 |
|        | 2A=  | 50 to 75    | 300 to 450   |
|        | 2A - | 20 to 50    | 120 to 300   |
|        | 2B   | 9 to 20     | 54 to 120    |
|        | 2C   | 5 to 15     | 30 to 90     |
|        | 1A   | 10 to 15    | 60 to 90     |
|        | 1B   | 5 to 10     | 30 to 60     |
|        | 1C   | 4 to 10     | 24 to 60     |

Unlike the four other countries, there is no fixed cost for each category of standard cost. The standard costs are given here as cost ranges into which can be slotted the individual cost of each programme. This identification of costs on a case-by-case basis is still possible in Spain inasmuch as Spanish production taken as a whole, including production for the autonomic channels, amounts to only 48 different programme titles.

It is therefore hardly surprising that Spain, with only 8 standard costs, (the two codes for 90-minute fiction programmes have the same value), turns out to be the country with the fewest of the 5 studied. This low figure ties in with a certain continuity in the identified production costs. There is a regular pattern in costs from EUR 24,000 (per unit) to EUR 450,000 and from EUR 600,000 to EUR 1,320,000. It is only in the EUR 450,000 to EUR 600,000 cost bracket that no Spanish fiction programme is to be found. Fiction programmes of 90 minutes and over, such as TV movies and mini-series, that would fall into this bracket are extremely rare in Spain at the present time.

Another unique feature of Spanish production, which we will be coming back to later, is the significantly lower production costs for the autonomic channels than for fiction programmes on the national channels. Exceptions to this rule are rare.

### FRANCE

| Codes         | FRF million   | EUR thousand |
|---------------|---------------|--------------|
| 3A++          | 13.0 MF       | 1 980        |
| 3A+           | 10.0 MF       | 1 525        |
| 3A=           | 8.0 MF        | 1 220        |
| 3A -      2A+ | 5.0 MF        | 760          |
| 3C=      2A=  | 3.5 MF        | 535          |
|               | 2B+           | 4.5 MF       |
|               | 2B=           | 2.5 MF       |
|               | 2B -      1B+ | 1.5 MF       |
|               |               | 1A=          |
|               |               | 1B=          |
|               |               | 1B -         |
|               |               | 1C=          |

For 1999, 15 codes and 12 price levels were used to classify French fiction programmes. The year is important as France had already been assessed in 1998<sup>5</sup> as an pilot exercise designed to test out the method before using it on all 5 countries. There are 4 more codes in 1999 than in 1998. The most important is the first one, 3A++, which shows the desire to include very high cost fiction, for the most part international co-productions. With this code, we have tried to show programmes that have greater aspirations and higher costs than the highest standard in the previous schedule. This standard, however, still falls well short of the cost of the exceptional productions such as *Le comte de Monte Cristo* (1998) and *Les Misérables* (2000), which were two or three times more expensive per episode than the highest cost in the schedule (FRF 13 M). There are too few of these mega-productions (one per year, at the very most) to justify setting up a separate standard, that is supposed to reflect regular production practices.

Two other new standards for France, 2A+ and 1B+ show a new approach to the 52 and 26-minute formats. Generally speaking, these standards are more costly than the average at prime time and access prime time respectively and mainly involve TF1, the French channel with the biggest financial punch, both for fiction as a whole and indeed for each programme unit.

The 3C= standard is for night-viewing fiction programmes of about 90 minutes with considerably lower costs than the 3A – standard used for the category in 1998.

(5) J.P. JEZEQUEL, *L'évaluation financière de la production de fiction en France*, Pilot report for the European Audiovisual Observatory, INA, Paris, 1999 (unpublished)

**UNITED KINGDOM**

| <b>Codes</b> | <b>GBP thousand</b> | <b>EUR thousand</b> |
|--------------|---------------------|---------------------|
| 3A+          | 1000                | 1 520               |
| 3A=          | 750                 | 1 140               |
| 3B+          | 900                 | 1 368               |
| 3B=          | 700                 | 1 064               |
| 2A+          | 800                 | 1 216               |
| 2A=          | 600                 | 912                 |
| 2A-          | 300                 | 456                 |
| 2B+          | 600                 | 912                 |
| 2B=          | 450                 | 684                 |
| 2B-          | 300                 | 456                 |
| 2C=          | 300                 | 456                 |
| 2C-          | 100                 | 152                 |
| 1A+          | 500                 | 760                 |
| 1A=          | 210                 | 320                 |
| 1A-          | 100                 | 152                 |
| 1B+          | 300                 | 456                 |
| 1B=          | 150                 | 228                 |
| 1B-          | 80                  | 122                 |
| 1C+          | 125                 | 190                 |
| 1C=          | 76                  | 115                 |
| 1C-          | 40                  | 61                  |

**Criteria**

1 = under 50 minutes

2 = between 50 and 90 minutes

3 = over 90 minutes

A = *Prime time* (19.00 to 22.00)

B = *Access prime time* ( 17.00 à 19.00 + 22.00 to 24.00)

C = *Other slots* (0.00 to 17.00)

It can be seen that the length 2 code (50 to 90 minutes) covers a wide range of programmes, with 8 different standards and with costs varying by a factor of 8.

Some short-length programmes under 50 minutes can involve very high costs, a feature not seen in the other countries.

A single series can sometimes be made up of episodes of different lengths, which therefore come under different codes. One thing that is also especially difficult to measure in the United Kingdom is the cost of the very substantial amount of BBC in-house production. A BBC fiction programme produced in-house is considered to cost up to 20-25% more than one of comparable "economic" quality produced by an independent production company.

**ITALY**

| <b>Codes</b> | <b>ITL Million</b> | <b>EUR thousand</b> |
|--------------|--------------------|---------------------|
| 3A++/ 3C++   | 4.0                | 2 066               |
| 3A+/ 3B+     | 2.3                | 1 188               |
| 3A=/ 3C=     | 1.8                | 930                 |
| 3A -         | 1.6                | 826                 |
| 3B -         | 1.0                | 516                 |
| 3C-          | 0.8                | 413                 |
| 2B -         | 0.6                | 310                 |
| 2A=          | 0.5                | 258                 |
| 2A -         | 0.45               | 232                 |
| 1B+          | 0.25               | 129                 |
| 1C=          | 0.21               | 108                 |
| 1B -         | 0.15               | 77                  |
| 1C -         | 0.11               | 57                  |

The 3A++ code (or the 3C++, for programmes of the same prestige level) are for large-scale international co-productions, TV movies or mini series. There is a big gap between this standard and the highest costs of 100% Italian-produced fiction costs.

The 3B and 3C categories have the same costs as the 3A category. The programmes are actually produced for prime-time viewing, but have been downgraded for a variety of reasons, such as underwhelming audience figures for the first episodes of a series or mini-series.

The 3B code is for budget TV movies and series, often made in-house by the RAI, using video techniques.

Codes 2A= and 2A- are for programme standards that are relatively new in Italian television. The cost of the corresponding series can vary according to how long the series runs, with a successful run often causing costs to rise. As practices in these standards have not settled down fully, the financial valuation can shift more sharply than the average in the years to come.

Although the Italian standard costs have been given set values, these are in fact means that represent cost ranges. The idea of a range is more in tune with actual standard costs. However, to facilitate the work, we have based our data processing on these means.

Generally speaking, fiction programmes commissioned by Mediaset are more costly than those for RAI. This is mainly because Mediaset tends to go for bigger stars, to offset, to the programme managers' way of thinking, the commercial breaks that are more frequent on the Mediaset channels

Here are the cost ranges, along with their respective means, for the commonest standards

**Prices are in ITL Bn**

| <b>Codes</b> | <b>Ranges</b>         | <b>Average</b> |
|--------------|-----------------------|----------------|
| 3A++         | + 3.3 with no ceiling | 4,0            |
| 3A+          | 2.1 to 3.1            | 2,3            |
| 3A=          | 1.8 to 2.0            | 1,8            |
| 3A-          | 1.5 to 1.7            | 1,6            |
| 2B-          | 0.5 to 0.7            | 0,6            |

## Comparing standard cost levels

### Warning

Any cost comparisons made using a single accounting unit, such as the euro (EUR)<sup>6</sup>, should allow for the distortion caused by the different standards of living in the 5 countries involved. A cost level in Spain, for example, will offer substantially more production possibilities than a similar sum in Germany, given the differences in standards of living in the two countries. This is a difficult point to quantify accurately, especially in a highly defined sector such as audiovisual production and should therefore be taken into consideration when interpreting the figures.

For information purposes, the table below gives the gross domestic products per inhabitant at current exchange rates, the GDP per inhabitant at equal purchasing power and the average result for the 15 countries of the European Union. Results are for 1998.

|                | GDP/inhabitant<br>(in USD)<br>at current<br>exchange rates | GDP/inhabitant<br>index | GDP/inhabitant<br>(in USD)<br>at equal<br>purchasing power | GDP/inhabitant<br>Index<br>at equal<br>purchasing power |
|----------------|--|-------------------------|--|---|
| Germany        | 26 217   | 116                     | 23 010   | 108   |
| Spain          | 14 786   | 65                      | 17 223   | 81  |
| France *       | 23 954   | 106                     | 21 132   | 99  |
| United Kingdom | 23 810   | 105                     | 21 673   | 102   |
| Italy          | 20 680   | 91                      | 21 531   | 101   |
| European Union | 22 604   | 100                     | 21 324   | 100   |

Source: OECD

\* The OECD statistics for France include the Overseas Departments, which brings the GDP per inhabitant down. Mainland France would have a GDP per inhabitant just under the German level.

The revenue per inhabitant indicator **at equal purchasing power** involves taking the value of a shopping basket of goods and services in each of the countries as the basis for converting the monetary values between the countries. This indicator gives a more accurate picture of respective purchasing powers, although the actual content of the shopping basket could be a bone for contention. How, for example, can the cost of housing be included when the climate, culture and wealth of countries are so different? However, this argument holds little water for comparison of our 5 European countries.

A programme costed at EUR 500 000, for example, will be worth more in Spain than in Germany. However, for France, Italy and the United Kingdom, the indexes are close enough for this factor to be of negligible importance when comparing costs between the 3 countries.

The comparison of production cost levels gives a good idea of the financial approach taken to television fiction in each of the countries. The amounts may differ both in total and also as to how they are allocated to different categories of fiction, especially with regard to their length. Cost schedules, independently of the general economic environment of television, show both programming strategies and production conditions.

(6) Generally speaking, the report uses the ISO codes to represent the different currencies and the euro (EUR).



In order to make this comparison, we have taken the highest and the lowest cost for each category of duration (3 categories – 1,2 and 3), whatever their respective programming slots.

### Table showing the highest costs

(in EUR thousand)

| Country                                | 3<br>(long duration) | 2<br>(medium duration) | 1<br>(short duration) |
|--|----------------------|------------------------|-----------------------|
| Germany                                | 1 744                | 718                    | 359                   |
| Spain                                  | 1 320                | 450                    | 90                    |
| France                                 | 1 980                | 685                    | 305                   |
| United Kingdom                         | 1 520                | 912                    | 760                   |
| Italy                                  | 2 066                | 310                    | 129                   |
| Arithmetic mean<br>for the 5 countries | 1 726                | 615                    | 329                   |

### Tableau de présentation des coûts les plus bas

(in EUR thousand)

| Country                                | 3<br>(long duration) | 2<br>(medium duration) | 1<br>(short duration) |
|--|----------------------|------------------------|-----------------------|
| Germany                                | 410                  | 205                    | 77                    |
| Spain                                  | 600                  | 30                     | 24                    |
| France                                 | 535                  | 230                    | 60                    |
| United Kingdom                         | 1 064                | 152                    | 61                    |
| Italy                                  | 413                  | 232                    | 57                    |
| Arithmetic mean<br>for the 5 countries | 604                  | 170                    | 56                    |

This method, using the maximum and minimum costs for each fiction format (in terms of length), comes up with some tangible results.

Spain, for example, is quite clearly the country with the lowest production costs, whichever way the different formats are taken, even when the standard of living index is applied to reduce the gap with the other countries.

The United Kingdom stands out as the country often producing high-cost short and medium-duration formats. On the other hand, it also produces programmes in the same formats with substantially lower costs than Germany, France and even Italy (in the medium-duration format). When it comes to the long-duration format, the UK's highest cost falls well short of the figures for Italy, France and Germany. A look at the other table, though, reveals that the UK's lowest-cost figures are anything up to twice as high as the other countries', demonstrating how narrow the actual range of costs is for the country's long-duration productions.

90/120 minute format programmes at the upper end of the cost range are produced in Germany, France and especially Italy, but involve relatively small numbers of programmes. Costly fiction productions such as these are often international co-productions, mostly European, but occasionally with the United States. The United Kingdom and, to an even greater extent, Spain, shy away from co-productions and the top end of the cost-bracket.

Broad similarities can be seen in the costs for Germany, France and Italy. The biggest difference between the three is to be seen in the maximum cost figures for medium and short-length programmes, which are well below those for the other two countries.

The tables also reveal a number of other features regarding programming in the different countries. The higher costs for the United Kingdom in the short formats can be put partly down to the large number of 26 and 50/60 minute programmes broadcast in prime-time, a slot which begins at an earlier time than in the other countries and which also goes on for longer.

The differences seen in fiction costs can certainly be put down to the different production practices in each country, but are also due to programming policies that allocate a budget to a fiction programme that is in proportion to the time-slot it occupies and the strategic and financial importance of that slot (for channels with advertising)

To try and even these differences out, we have drawn up a table giving for each format (in terms of duration), a standard time-slot (and target) that corresponds to its commonest use :

We took the "mean" standards, 3A=, 2B= et 1C=

- 3A= is the long- duration format programmed in prime time
- 2B= is the medium-duration format (normally about 50 minutes) programmed in access prime time
- 1C= = is the short-duration format (normally about 26 minutes) in the day and night-time slots.

The three standards are of average prestige.

### Table showing 3 standard costs of similar characteristics

in EUR thousand

| Country                            | 3A=          | 2B=        | 1C=       |
|------------------------------------|--------------|------------|-----------|
| Germany                            | 1 282        | 256        | 154       |
| Spain*                             | 960          | 87         | 42        |
| France                             | 1 220        | 380        | 60        |
| United Kingdom                     | 1 140        | 684        | 115       |
| Italy                              | 930          | 310        | 108       |
| Arithmetic mean of the 5 countries | <b>1 106</b> | <b>343</b> | <b>96</b> |

\* For Spain, we took the mid-point of the range for each category.

The table shows the special position occupied by Spain and the convergence in prices between Germany, France and Italy. The United Kingdom does not stand out as much as in the other tables, which would indicate that the differences we saw before were more down to programming factors rather than production practices, taken at identical standard cost categories. The last part of the sentence is underlined as it cancels out a factor that we will be coming back to later : the production volume for each country in the highest-cost levels of each category.

## **Part 1**

# **The financial valuation of fiction programmes**

## **Four parameters**



## Chapter 1 – Overall financial approach

### Overview for the 5 countries

Results per channel and per country can be summarised in the form of a league table showing the value of each country's first-run fiction.

| Country        | Number of programme units | Financial value (in EUR million) |
|----------------|---------------------------|----------------------------------|
| Germany        | 2 712                     | 1 052 429                        |
| United Kingdom | 2 225                     | 905 392                          |
| France         | 815                       | 438 640                          |
| Italy          | 737                       | 249 467                          |
| Spain          | 2 256                     | 198 547                          |

This table can be compared to the table for the volume in hours for the same programme field, drawn up in the Eurofiction report.

| Country        | Volumes horaires   |
|----------------|--|
| Germany        | 1 828h   |
| Spain*         | 1 455h<br>(including 863 h hours for the autonomic channels) |
| France         | 665h   |
| United Kingdom | 1 324h   |
| Italy          | 504h   |

Source: Eurofiction Report – 2000

\* For Spain, the total volume in hours is 10 hours under the figure published in the Eurofiction report. The ten hours can be attributed to three different programmes (two on Tele 5 and one on La 2), for which we were unable to identify a Spanish producer or distributor.

It is now possible to draw up a ranking based on the mean hourly cost of countries' first-run fiction.

| Country        | Hourly mean cost (in EUR thousand) |
|----------------|------------------------------------|
| United Kingdom | 684.0                              |
| France         | 659.5                              |
| Germany        | 575.5                              |
| Italy          | 495.0                              |
| Spain          | 136.5 *                            |

\*\* If the autonomic channels are left out, the ratio for the Spanish channels increases to EUR 241,000

This ranking should, however, be treated with caution as it does not give a genuine picture of each country's expenditure (for all the parties involved in the financing) per hour of fiction. The level of domestic financing will, on average, be inversely proportional to the degree in which that country takes part in international co-productions. The table above gives the mean financial values of first-run domestic fiction (co-produced or otherwise), but does not show the mean domestic expenditure. The country-by-country ranking shown in the table should be taken with the overall value of fiction in each country. There are substantial differences in the rankings, with Germany coming after the United Kingdom and even France.

## “Consolidated” financial valuation of fiction within the five countries

If we want to get a financial overview of the five countries as a whole, it is no good simply adding the figures together as this would give an overestimation of the total, as some parts would be counted twice. Co-productions mean that there is a certain amount of overlap when two or more countries in the zone are involved. As there are, for our purposes, only five countries potentially involved in intra-European co-productions, we undertook a programme-by-programme survey of co-produced fiction. Some of the fiction programmes can be broadcast one year by one country, while another country in the co-production might broadcast the same programme one or two years later. We took a medium-term perspective and split the economic value of the programmes up between the countries in the zone, without taking the year of broadcast into account. For example, a mini-series programmed in Catalonia in 1999 will be included in Spain for its Spanish contribution, while the french contribution to the same co-production will not appear in 1999 as the programme in question was broadcast in France in 1997.

To work out the overall, **consolidated** figure for fiction broadcast in the five countries, we took the gross value (in other words, the whole value) of European co-productions for each channel and then we calculated the net value, in other words the amount we considered the country itself contributed.

It should be stressed that the tables below include only those co-productions that involve two or more countries out of the five. We will be looking at international co-productions as a whole later on.

### GERMANY

| Channels             | Gross value of co-productions | Net value of co-productions |
|----------------------|-------------------------------|-----------------------------|
| 3sat                 | 1 282                         | 770                         |
| ARD                  | 19 438                        | 8 585                       |
| ZDF                  | 5 128                         | 2 564                       |
| Arte                 | 1 282                         | 898                         |
| Pro7                 | 3 488                         | 1 026                       |
| Sat.1                | 13 952                        | 5 559                       |
| Vox                  | 1 282                         | 385                         |
| <b>Total Germany</b> | <b>45 852</b>                 | <b>19 787</b>               |

### SPAIN

| Channels           | Gross value of co-productions | Net value of co-productions |
|--------------------|-------------------------------|-----------------------------|
| Tele 5             | 1 010                         | 350                         |
| C 33               | 12 048                        | 1 200                       |
| <b>Total Spain</b> | <b>13 058</b>                 | <b>1 550</b>                |

### FRANCE

| Channels            | Gross value of co-productions | Net value of co-productions |
|---------------------|-------------------------------|-----------------------------|
| TF 1                | 5 485                         | 3 139                       |
| France 2            | 16 770                        | 9 392                       |
| France 3            | 3 960                         | 1 980                       |
| M6                  | 3 510                         | 1 267                       |
| Arte                | 8 080                         | 2 896                       |
| CANAL+              | 5 030                         | 2 317                       |
| <b>Total France</b> | <b>42 835</b>                 | <b>20 991</b>               |

**UNITED KINGDOM**

| <b>Channels</b>             | <b>Gross value of co-productions</b> | <b>Net value of co-productions</b> |
|-----------------------------|--------------------------------------|------------------------------------|
| BBC 1                       | 1 216                                | 610                                |
| <b>Total United Kingdom</b> | <b>1 216</b>                         | <b>610</b>                         |

**ITALY**

| <b>Channels</b>    | <b>Gross value of co-productions</b> | <b>Net value of co-productions</b> |
|--------------------|--------------------------------------|------------------------------------|
| RAI 1              | 11 518                               | 4 932                              |
| RAI 2              | 11 364                               | 5 052                              |
| Canal 5            | 28 408                               | 13 027                             |
| Rete 4             | 24 792                               | 12 396                             |
| <b>Total Italy</b> | <b>76 082</b>                        | <b>35 407</b>                      |

We can now draw up the table showing the total overall value of first-run fiction for the five countries.

| <b>Country</b>                       | <b>Value of first-run fiction excluding European co-productions (5 countries)</b> |
|--------------------------------------|---|
| Germany                              | 1 026 364   |
| Spain                                | 187 039   |
| France                               | 416 796   |
| United Kingdom                       | 904 786   |
| Italy                                | 208 792   |
| <b>Total Europe (5 country zone)</b> | <b>2 743 777</b>  |

It can be seen that splitting the value of the European co-productions up between the countries does not affect the general rankings and has only a limited effect on the absolute values for domestic fiction that we had come up with initially. Relatively speaking, the value for Italian fiction took the biggest knock, down 16%.

In terms of financial weight of domestic fiction, there is a clear division between the five countries:

- Germany and the United Kingdom come out well in front, with a combined total accounting for some 70% of the value for the five as a whole.
- France finds itself in the middle, with the value of its fiction production nonetheless nearer the total of the last two countries than the first two.
- Spain and Italy make up the bottom end of the table, but for different reasons. Italy's fiction production volume is relatively low, while Spain, which produces fiction in much greater quantities, has lower costs.

The figure of EUR 2 743.7 million can therefore be taken as a reliable indicator for the overall value of first-run domestic fiction for the five countries, whatever the financing conditions and involvement in international co-productions.

## Country-by-country analysis

### GERMANY

Our figures are based on the normal Eurofiction criteria and include all the channels that have broadcast their own first-run fiction, whether produced in-house or commissioned from outside production companies.

There are 15 channels in the list for Germany, including a large number of smaller channels that meet the criteria, significantly more than in the other countries. Alongside the Big 5 national channels (ARD, ZDF, RTL, Sat.1 et Pro7), there are also the ARD regional channels BR3, N3, SW3, WDR3), 2 public theme channels (Kika and 3sat), Arte<sup>7</sup>, the Franco-German channel, the Première pay channel two “small” private channels from the cable / satellite sector, RTL2 and Vox.

There is fierce competition for audience share in Germany. A large number of households are connected up to satellite or cable and can therefore receive dozens of German channels. This is the only country where the leading channel has under 20% of the total audience.

### Market share of the channels included in our study - 1999

| Chaînes   | Market share |
|-----------|--------------|
| RTL       | 14.8%        |
| ARD       | 14.2%        |
| ZDF       | 13.2%        |
| ARD III * | 12.5%        |
| Sat.1     | 10.8%        |
| Pro7      | 8.4%         |
| RTL 2     | 4.0%         |
| Vox       | 2.8%         |
| Kika**    | 1.3%         |
| 3.sat     | 0.9%         |
| ARTE      | 0.3%         |

Source: GfK

\* ARD III includes BR3, N3, SW3, WDR3, as well as several other channels.

\*\* Kika: Kinderkanal, a kids' channel jointly run by ARD and ZDF.

The aggregate total for the channels in the table, all of which broadcast first-run domestic fiction, accounted for over 82% of German audience figures in 1999.

As will be seen, the only significant production volume comes from the Big 5 national channels, with their 61.4% total audience share.

(7) Only German-produced fiction broadcast by Arte is included here. French production is included in the French data.



## Channel-by-channel results, 1999

| Channel                              | Programmes<br>(number of episodes) | Financial value of fiction<br>production (in EUR thousand) |
|--------------------------------------|------------------------------------|--|
| <b>ARD Group</b>                     | <b>1 020</b>                       | <b>316 254</b>   |
| ARD                                  | 896                                | 285 254  |
| BR 3                                 | 16                                 | 7 588  |
| N 3                                  | 1                                  | 410  |
| SW 3                                 | 43                                 | 9 892  |
| WDR 3                                | 64                                 | 13 120   |
| ZDF                                  | 368                                | 250 894  |
| <b>Other public<br/>channels</b>     | <b>79</b>                          | <b>33 035</b>  |
| 3sat                                 | 3                                  | 2 974  |
| Kika                                 | 62                                 | 10 778   |
| Arte                                 | 14                                 | 19 283   |
| <b>Public channel<br/>sub-total</b>  | <b>1 467</b>                       | <b>600 183</b>   |
| Premiere                             | 1                                  | 1 744  |
| Pro7                                 | 220                                | 123 706  |
| RTL                                  | 793                                | 197 444  |
| RTL 2                                | 7                                  | 5 026  |
| Sat.1                                | 222                                | 122 275  |
| Vox                                  | 2                                  | 2 051  |
| <b>Private channel<br/>sub-total</b> | <b>1 245</b>                       | <b>452 246</b>   |
| <b>General Total</b>                 | <b>2 712</b>                       | <b>1 052 429</b>   |

German television has considerable financial resources at its disposal, with the largest advertising market in Europe<sup>8</sup> and licence fees among the highest in the continent. However, the channels' financial situation is not quite as comfortable as the economic situation would have us suppose. The public channels are in the black some years and in the red in others, while of the private channels, only RTL and Pro 7 could claim not to be in some sort of financial difficulty. Some cable and satellite channels have even had to close down due to financial problems. Most of the difficulties stem from extremely high programming costs, especially on sports rights and movie broadcasting rights.

The costs involved in first-run televisual fiction need to be seen in this light. German channels commission their fiction from outside production companies that, with a few exceptions, come from within the regional stations that make up the ARD. There is no regulatory framework giving any public or private channels a minimum order quantity or a model for regulating their relationships with the production companies.

(8) All advertising media combined only; for television advertising the United Kingdom is ahead of Germany

Although 15 German channels programme first-run fiction, the big 5 national channels, ARD, ZDF, RTL, Sat.1 and Pro7 between them account for 93% of its financial value. In terms of financial weight, the 10 other channels only represent 7% of the total for fiction.

Of the big 5 channels, ARD and RTL focus more on a format involving a large number of often short and relatively cheap episodes, while the 3 others tend to go more for a smaller number of episodes, but with higher production values.

The three big private channels have only been broadcasting (and therefore commissioning) first-run fiction for the last dozen or so years. It has only been in the last couple of years that these channels have got round to making their own fiction programmes.

### Channel-by-channel fiction production costs - 1999

| Channel | Production cost code | Number of episodes | Financial volume<br>(in EUR thousand) |
|---------|----------------------|--------------------|---------------------------------------|
| ARD     | 1 B--                | 241                | 18 557                                |
|         | 1 B-                 | 242                | 24 926                                |
|         | 1 B=                 | 51                 | 10 455                                |
|         | 2 A-                 | 77                 | 19 712                                |
|         | 2 A+                 | 11                 | 7 898                                 |
|         | 2 A=                 | 40                 | 16 400                                |
|         | 2 B-                 | 10                 | 2 050                                 |
|         | 2 B+                 | 23                 | 9 430                                 |
|         | 2 B=                 | 90                 | 23 040                                |
|         | 2 C-                 | 1                  | 205                                   |
|         | 3 A+                 | 28                 | 48 832                                |
|         | 3 A=                 | 80                 | 102560                                |
|         | 3 C-                 | 1                  | 410                                   |
|         | 3 C=                 | 1                  | 769                                   |
|         |                      |                    | <i>sub-total 285 244</i>              |
| BR3     | 1 B=                 | 12                 | 2 460                                 |
|         | 3 A=                 | 4                  | 5 128                                 |
|         |                      |                    | <i>sub-total 7 588</i>                |
| N3      | 3 C-                 | 1                  | 410                                   |
| SW3     | 1 B=                 | 42                 | 8 610                                 |
|         | 3 A=                 | 1                  | 1 282                                 |
|         |                      |                    | <i>sub-total 9 892</i>                |
| WDR3    | 1 A=                 | 6                  | 924                                   |
|         | 1 B=                 | 52                 | 10 660                                |
|         | 2 A-                 | 6                  | 1 536                                 |
|         |                      |                    | <i>sub-total 13 120</i>               |

| <b>Channel</b> | <b>Production cost code</b> | <b>Number of episodes</b> | <b>Financial volume<br/>(in EUR thousand)</b> |
|----------------|-----------------------------|---------------------------|---|
| ZDF            | 1 A-                        | 29                        | 2 987   |
|                | 1 A+                        | 1                         | 205   |
|                | 2 A-                        | 1                         | 256   |
|                | 2 A+                        | 28                        | 20 104  |
|                | 2 A=                        | 147                       | 60 270  |
|                | 2 B-                        | 11                        | 2 255   |
|                | 2 B+                        | 24                        | 9 840   |
|                | 2 B=                        | 19                        | 4 864   |
|                | 2 C=                        | 2                         | 512   |
|                | 3 A+                        | 43                        | 74 992  |
|                | 3 A=                        | 50                        | 64 100  |
|                | 3 C+                        | 2                         | 2 050   |
|                | 3 C=                        | 11                        | 8 459   |
|                |                             |                           |   |
| 3 Sat          | 3 C-                        | 1                         | 410   |
|                | 2 A=                        | 2                         | 2 564   |
|                |                             |                           | <i>sub-total 2 974</i>                        |
| Kika           | 1 C=                        | 60                        | 9 240   |
|                | 3 C=                        | 2                         | 1 538   |
|                |                             |                           | <i>sub-total 10 778</i>                       |
| Arte           | 3 A+                        | 4                         | 6 976   |
|                | 3 A=                        | 9                         | 11 538  |
|                | 3 C=                        | 1                         | 769   |
|                |                             |                           | <i>sub-total 19 283</i>                       |

| <b>Channel</b> | <b>Production cost code</b> | <b>Number of episodes</b> | <b>Financial volume<br/>(in EUR thousand)</b> |
|----------------|-----------------------------|---------------------------|---|
| Premiere       | 3 A+                        | 1                         | 1 744   |
| Pro 7          | 1 B+                        | 174                       | 62 466  |
|                | 2 A+                        | 14                        | 10 052  |
|                | 3 A+                        | 22                        | 38 368  |
|                | 3 A=                        | 10                        | 12 820  |
|                |                             |                           | <i>sub-total 123 706</i>                      |
| RTL            | 1 A-                        | 18                        | 1 854   |
|                | 1 A=                        | 39                        | 6 006   |
|                | 1 B—                        | 253                       | 19 404  |
|                | 1 B - -                     | 252                       | 26 059  |
|                | 2 A-                        | 51                        | 13 056  |
|                | 2 A+                        | 69                        | 49 542  |
|                | 2 A=                        | 75                        | 30 750  |
|                | 3 A-                        | 1                         | 821   |
|                | 3 A+                        | 11                        | 19 184  |
|                | 3 A=                        | 24                        | 30 768  |
|                |                             |                           | <i>sub-total 197 444</i>                      |
| RTL 2          | 2 A+                        | 7                         | 5 026   |
| SAT 1          | 1 A-                        | 21                        | 2 163   |
|                | 2 A-                        | 66                        | 16 896  |
|                | 2 A+                        | 14                        | 10 052  |
|                | 2 A=                        | 80                        | 32 800  |
|                | 3 A+                        | 18                        | 31 392  |
|                | 3 A=                        | 21                        | 26 922  |
|                | 3 C+                        | 2                         | 2 050   |
|                |                             |                           | <i>sub-total 122 275</i>                      |
| Vox            | 3A=                         | 1                         | 1 282   |
|                | 3C=                         | 1                         | 769   |
|                |                             |                           | <i>sub-total 2 051</i>                        |

## SPAIN

The Spanish terrestrial television scene can be split up into three parts:

- Public service television, with TVE 1 and La 2.
- Antena 3 and Tele 5, the private channels, which began broadcasting in 1990.
- The “Tercer canal” channels, often called “autonomic channels”, and which were set up from 1993 onwards on the initiative of the autonomous Communities. There are 11 of these channels in all. They can only be received within their own regions and are subsidised by the Communities. 6 of the channels broadcast first-run fiction and are therefore included in this report.

There is no licence fee to finance public-service television, which is the reason generally given to explain the disastrous state of its finances, with debt running at EUR 3.5 million in 2000. The channels are all competing for their share of the national advertising market, the fifth largest in Europe, but one where 40% of adspend goes on television commercials.

RTVE receives State subsidies, while the State also underwrites its debt. The autonomic channels get most of their financing from Community subsidies.

The following table shows the breakdown of national audience figures for 1999

| <b>Channels</b>            | <b>Market share in %</b> |
|----------------------------|--------------------------|
| TVE 1                      | 24.9                     |
| La 2                       | 8.1                      |
| Antena 3                   | 22.8                     |
| Tele 5                     | 21.0                     |
| Autonomic channels (total) | 16.5                     |

*Source: SOFRES.AM*

These channels between them therefore account for over 93% of the national audience share.

## Channel-by-channel results, 1999

| Channel                             | Programmes<br>(number of episodes) | Financial value of fiction<br>production (in EUR thousand) |
|-------------------------------------|------------------------------------|--|
| TVE 1                               | 251                                | 27 151   |
| La 2                                | 7                                  | 1 741  |
| <i>TVE sub-total</i>                | 258                                | 28 892   |
| Tele 5                              | 626                                | 64 936   |
| Antena 3                            | 295                                | 48 870   |
| <i>Total for national channels</i>  | <b>1 179</b>                       | <b>142 698</b>   |
| C 33                                | 10                                 | 12 078   |
| TV 3                                | 311                                | 17 013   |
| C Sur                               | 204                                | 6 144  |
| TVG                                 | 139                                | 8 861  |
| ETB 1                               | 256                                | 5 066  |
| ETB 2                               | 157                                | 6 687  |
| <i>Total for autonomic channels</i> | <b>1 077</b>                       | <b>55 849</b>  |
| <b>General total</b>                | <b>2 256</b>                       | <b>198 547</b>   |

Although programme units and volume in hours in Spain are at about 80% of German levels, the financial volumes we calculated give a result that is under 20% of the German figures. Spain is clearly the cheapest country for fiction programme production.

The Spanish national channels, with standards that are less costly, but still in line with the other European countries, have to be considered separately from autonomic channel output, which in the vast majority of cases, has to be placed within a completely different financial context. The national sector accounts for 53% of the total number of episodes and 60% of the volume in hours, but when it comes to financial value, fiction from the national sector accounts for some 75% of the total for Spain and for all channels.

It can also be seen that the TVE1, the first of the public channels and the leader in terms of market share, broadcasts considerably less fiction, and at lower cost than its two great private rivals, Antena 3 and especially Tele 5. If the second public channel, La 2, is examined through its first-run fiction output, its economy is similar to that of an autonomic channel. Private television channels, which entered the broadcasting scene some time after the public channels, have only started to produce fiction in the last dozen or so years. A major feature of Spanish television is the extremely weak finances of the public sector (RTVE) which is having to struggle under the burden of enormous debts and which consequently has limited resources to commission domestic fiction, the most costly kind of programme to make.

Spain rarely enters into international co-productions and domestic production is wholly financed (sometimes with an extra margin) by the broadcasters when the work is commissioned from independent producers, as is most often the case. On the other hand, it is rare to find production companies holding the rights to these programmes. One exception to the rule, however, was the 1999 fiction hit, *Médico de Familia*, the rights to which were shared between the channel and the production company.

One other feature of the Spanish system is how the broadcaster's production facilities are used for orders from independent producers. Part of the broadcaster's payment therefore comes "in kind". This kind of practice, while not systematic, is frequent and does not conflict with the production company's independence. From the broadcaster's point of view, it is a way of keeping a closer eye on the independent's production. The last few years, in fact, have seen an increase in the production capacity (both in terms of resources and manpower) of the Antena 3 and Tele 5 private channels. *Estudios Picasso* is Tele 5's production arm and, as an affiliate of Gestevisión, it enjoys a certain degree of independence. It is involved as a co-producer in virtually all the fiction commissioned by the channel.

### Channel-by-channel fiction production costs - 1999

| Channel                   | Production cost code | Number of episodes | Financial volume (in ESP million) | Financial volume (in EUR thousand) |
|---------------------------|----------------------|--------------------|-----------------------------------|------------------------------------|
| <b>NATIONAL CHANNELS</b>  |                      |                    |                                   |                                    |
| TVE 1                     | 3A -2                | 425                | 2 554                             |                                    |
|                           | 2A=                  | 52                 | 2 891                             | 17 416                             |
|                           | 2A -                 | 6                  | 144                               | 865                                |
|                           | 1C-                  | 191                | 1 051                             | 6 316                              |
|                           |                      |                    |                                   | <i>sub-total 27 151</i>            |
| La 2                      | 2A -                 | 6                  | 280                               | 1 687                              |
|                           | 2B                   | 1                  | 9                                 | 54                                 |
|                           |                      |                    |                                   | <i>sub-total 1 741</i>             |
| Tele 5                    | 3A=                  | 1                  | 168                               | 1 010                              |
|                           | 2A=                  | 48                 | 3 043                             | 18 331                             |
|                           | 2A -                 | 98                 | 3 635                             | 21 897                             |
|                           | 1A -                 | 6                  | 66                                | 397                                |
|                           | 1B -                 | 219                | 2 190                             | 13 162                             |
|                           | 1C -                 | 254                | 1 687                             | 10 139                             |
|                           |                      |                    |                                   | <i>sub-total 64 936</i>            |
| Antena 3                  | 3A=                  | 4                  | 450                               | 2 704                              |
|                           | 2A=                  | 8                  | 416                               | 2 506                              |
|                           | 2A -                 | 128                | 5 431                             | 32 716                             |
|                           | 2C -                 | 29                 | 435                               | 2 614                              |
|                           | 1C -                 | 126                | 1 386                             | 8 330                              |
|                           |                      |                    |                                   | <i>sub-total 48 870</i>            |
| <b>AUTONOMIC CHANNELS</b> |                      |                    |                                   |                                    |
| C 33<br>(Catalonia)       | 3B+                  | 9                  | 2 000                             | 12 048                             |
|                           | 1C -                 | 1                  | 5                                 | 30                                 |
|                           |                      |                    |                                   | <i>sub-total 12 078</i>            |
| TV 3<br>(Catalonia)       | 3A -                 | 1                  | 104                               | 626                                |
|                           | 3B -                 | 1                  | 100                               | 602                                |
|                           | 2A -                 | 49                 | 1 153                             | 6 945                              |
|                           | 2B -                 | 15                 | 247,5                             | 1 491                              |
|                           | 1A -                 | 30                 | 360                               | 2 169                              |
|                           | 1C -                 | 215                | 860                               | 5 180                              |
|                           |                      |                    |                                   | <i>sub-total 17 013</i>            |
| C Sur<br>(Andalousia)     | 1C -                 | 204                | 1 020                             | 6 144                              |
| TVG<br>(Galicia)          | 2A                   | 139                | 1 471                             | 8 861                              |
| ETB 1<br>(Basque country) | 2A -                 | 6                  | 66                                | 398                                |
|                           | 1A -                 | 200                | 550                               | 3 313                              |
|                           | 1C -                 | 50                 | 225                               | 1 355                              |
|                           |                      |                    |                                   | <i>sub-total 5 066</i>             |
| ETB 2<br>(Basque country) | 3A -                 | 66                 | 277                               | 1 669                              |
|                           | 2A=                  | 39                 | 195                               | 1 175                              |
|                           | 2C                   | 4                  | 350                               | 2 108                              |
|                           | 1B -                 | 48                 | 288                               | 1 735                              |
|                           |                      |                    |                                   | <i>sub-total 6 687</i>             |

## FRANCE

The terrestrial television scene in France is shared by six channels, 3 from the public sector<sup>9</sup>, 3 from the private sector.

The French advertising market is well developed (the third biggest in Europe) and in a sustained growth phase. Adspend on TV commercials is, however, relatively low partly, at least, because of laws preventing certain products or sectors from being advertised on television, so as to protect written press advertising income.

The private channels are highly profitable, while the public channels just about broke even in 1999.

Audience shares have been fairly stable over the last few years and are shown in the table below.

### Market share for the channels in our study - 1999

| Channel           | Market share in % |
|-------------------|-------------------|
| TF 1              | 35.1%             |
| France 2          | 22.3%             |
| France 3          | 16.3%             |
| M 6               | 12.7%             |
| CANAL+            | 4.5%              |
| Arte/La Cinquième | 3.8%              |

Source: Médiamétrie

The channels broadcasting first-run French fiction account for 95% of the audience.

French law lays down programming and expenditure (percentage of revenue) quotas to help “audio-visual works”. France’s definition of an audiovisual work is stricter than that laid down in the European “Television without Frontiers” directive and encompasses (to simplify): fiction, animation, documentaries and “elaborate” current affairs programmes. The channels are free to spread their programming and production obligations between the different genres set out in the definition, with fiction being just one component out of several.

Fiction production can also obtain public funding (see below), in the same way as for documentaries or animated works.

(9) Arte shares its airwaves with the public educational channel, La Cinquième, which broadcasts its programmes up to 19.00. To simplify things, we have taken Arte here as a fully-fledged television channel. La Cinquième is not concerned as it broadcast no first-run fiction in 1999.



## Channel-by-channel results, 1999

| Channel                              | Programmes<br>(number of episodes) | Financial value of fiction production<br>(in EUR thousand) |
|--------------------------------------|------------------------------------|--|
| France 2                             | 304*                               | 123 750  |
| France 3                             | 53                                 | 59 940   |
| Arte                                 | 17                                 | 17 755   |
| <i>Public channel<br/>sub-total</i>  | <b>374</b>                         | <b>201 445</b>   |
| TF 1                                 | 320                                | 166 300  |
| M6                                   | 69                                 | 48 410   |
| CANAL+                               | 52*                                | 22 485   |
| <i>private channel<br/>sub-total</i> | <b>441</b>                         | <b>237 195</b>   |
| <b>General total</b>                 | <b>815</b>                         | <b>438 640</b>   |

(\*) For these channels, the number of episodes given in terms of standard costs does not tie in exactly with the actual number of episodes.

The number of programme units is significantly lower in France than its European neighbours (except for Italy, as we shall be seeing later). The financial value of fiction production is much higher than for Spain (over twice as high), but it is still some 40% short of the value for German production. The difference between France and Germany is higher still when looked at in terms of programme units.

The situation between the public and the private-sector channels is relatively stable, even though the pendulum has been swinging slightly over to the latter, with TF1 enjoying a clear lead over its main rival, France 2 in terms of the financial value of fiction programmed by the two channels. From this angle, the two channels between them make up over two thirds of the total value of French fiction, which is certainly one of the salient features of the country's TV landscape.

Domestic fiction financing in France occupies its own special place. It is based on public funding mechanisms (the COSIP, providing support for programme industries) which systematically contributes to the financing of a fiction programme (or a documentary or animation programme), provided it is produced by a production company, whether this be a subsidiary of one of the channels or not, as opposed to a broadcaster. COSIP contributed on average some 13% to the financing of French fiction in 1999. The channels themselves only provided 65% of the financing in 1999, with the remainder coming in from production company's own investments and from pre-sales and international co-productions.

With this system of financing, there is a gap between the estimated cost of a fiction programme and its actual production cost. Observers reckon costs are overestimated by between 5 to 10%. This, though, is only an average, which could easily be exceeded in certain cases. The gap could be taken as the production company's margin and overheads, which do not appear in official form anywhere in the presentation of production estimates for the French system.

### Channel-by-channel fiction production costs - 1999

| Channel  | Production cost code | Number of episodes | Financial volume<br>(in EUR thousand) |
|----------|----------------------|--------------------|---------------------------------------|
| TF 1     | 3A++                 | 4                  | 7 920                                 |
|          | 3A+                  | 61                 | 93 025                                |
|          | 3A=                  | 7                  | 8 540                                 |
|          | 2A+                  | 6                  | 4 560                                 |
|          | 2A=                  | 9                  | 4 815                                 |
|          | 2B=                  | 77                 | 29 260                                |
|          | 2B -                 | 3                  | 690                                   |
|          | 1B+                  | 12                 | 2 760                                 |
|          | 1B=                  | 68                 | 8 160                                 |
|          | 1B -                 | 73                 | 6 570                                 |
| France 2 | 3A++                 | 3                  | 5 940                                 |
|          | 3A+                  | 18                 | 27 450                                |
|          | 3A=                  | 49                 | 59 780                                |
|          | 2A=                  | 34                 | 18 190                                |
|          | 1B-                  | 13                 | 1 170                                 |
|          | 1C=                  | 187                | 11 220                                |
| France 3 | 3A++                 | 3                  | 5 940                                 |
|          | 3A+                  | 4                  | 6 100                                 |
|          | 3A=                  | 34                 | 41 480                                |
|          | 2A=                  | 12                 | 6 420                                 |
| M 6      | 3A=                  | 2                  | 2 440                                 |
|          | 3A -                 | 13                 | 9 880                                 |
|          | 3C=                  | 6                  | 3 210                                 |
|          | 2B+                  | 48                 | 32 880                                |
| Arte     | 3A=                  | 11                 | 13 420                                |
|          | 3A -                 | 5                  | 3 800                                 |
|          | 2A=                  | 1                  | 535                                   |
| CANAL+   | 3A++                 | 1                  | 1 980                                 |
|          | 3A+                  | 2                  | 3 050                                 |
|          | 3A=                  | 1                  | 1 220                                 |
|          | 3A -                 | 3                  | 2 280                                 |
|          | 2A=                  | 1                  | 535                                   |
|          | 1A=                  | 44                 | 13 420                                |

## UNITED KINGDOM

British television is enjoying the flush of economic success. The United Kingdom has the second biggest advertising market in the European Union and is the leader in television adspend. Licence fees, the BBC's main source of financing, are among the highest in Europe.

British television channels are currently on a roll, with only Channel 5, a channel that started up in 1997 and the newest in our study, failing to make it into the black. Channel 5 hopes to move into profitability from 2001 onwards.

Audience shares are as follows:

### Market share for the channels in our study - 1999

| Channels  | Market share in % |
|-----------|-------------------|
| BBC 1     | 28.3%             |
| BBC 2     | 10.8%             |
| ITV       | 31.7%             |
| Channel 4 | 10.3%             |
| Channel 5 | 4.3%              |

Source: BARB

The five channels broadcasting fiction have 85% of the total audience.

There are no programming obligations with regard to fiction. Minimum percentages for domestic programmes do exist, but this covers a wide, precisely-defined range of programme genres. Each channel also has to order 25% of its programmes from independent production companies, although no precise terms are laid down either with regard to the kind of programme or to the financial arrangements.

### Channel-by-channel results, 1999

| Channel                     | Programmes<br>(number of episodes) | Financial value of fiction production<br>(in EUR thousand) |
|-----------------------------|------------------------------------|--|
| BBC 1                       | 640                                | 309 022  |
| BBC 2                       | 78                                 | 39 295   |
| ITV                         | 859                                | 405 726  |
| Channel 4                   | 344                                | 105 655  |
| Channel 5                   | 304                                | 45 694   |
| <b>Total United Kingdom</b> | <b>2 225</b>                       | <b>905 392</b>   |

The United Kingdom, whether from the point of view of programme units or financial value, is in a similar situation to that of Germany. The similarities became even more marked if comparison is made with the big 5 German channels. Coincidentally, the five main channels in the UK are also those that broadcast first-run fiction.

When one compares, however, the rankings of the channels, the situation is more akin to that in France, with 2 channels (BBC1 and ITV) accounting for over 75% of the economic value of broadcast fiction. The financial weight of these two channels is therefore even higher than in France. The main private channel has an even bigger lead over its public-sector rival, but the company concerned, ITV, was set up in 1954 and is the oldest-established channel in Europe. When it comes down to making fiction programmes (whether in-house or contracted out), experience and therefore the number of years a channel has been operating is of prime importance.

### Channel-by-channel fiction production costs - 1999

| Channel | Production cost code | Number of episodes | Financial volume (in GBP thousand) | Financial volume (in EUR thousand) |
|---------|----------------------|--------------------|------------------------------------|------------------------------------|
| BBC 1   | 1A+                  | 61                 |                                    |                                    |
|         | 1A=                  | 240                |                                    |                                    |
|         | 1B+                  | 22                 |                                    |                                    |
|         | 1B=                  | 72                 |                                    |                                    |
|         | 1C-                  | 13                 |                                    |                                    |
|         | 1C+                  | 2                  |                                    |                                    |
|         | 1C=                  | 84                 |                                    |                                    |
|         | 2A-                  | 9                  |                                    |                                    |
|         | 2A+                  | 17                 |                                    |                                    |
|         | 2A=                  | 100                |                                    |                                    |
|         | 2B+                  | 6                  |                                    |                                    |
|         | 2C+                  | 1                  |                                    |                                    |
|         | 3A+                  | 7                  |                                    |                                    |
|         | 3A=                  | 5                  |                                    |                                    |
|         | 3B=                  | 1                  |                                    |                                    |
|         |                      |                    | <i>Sub-total 203 304</i>           | <i>Sub-total 309 022</i>           |
| BBC 2   | 1A-                  | 1                  |                                    |                                    |
|         | 1A+                  | 3                  |                                    |                                    |
|         | 1A=                  | 31                 |                                    |                                    |
|         | 1B-                  | 2                  |                                    |                                    |
|         | 1B+                  | 1                  |                                    |                                    |
|         | 1B=                  | 7                  |                                    |                                    |
|         | 1C=                  | 7                  |                                    |                                    |
|         | 2A+                  | 1                  |                                    |                                    |
|         | 2A=                  | 15                 |                                    |                                    |
|         | 2B-                  | 1                  |                                    |                                    |
|         | 2B=                  | 4                  |                                    |                                    |
|         | 3A=                  | 2                  |                                    |                                    |
|         | 3B+                  | 1                  |                                    |                                    |
| 3B=     | 2                    |                    |                                    |                                    |
|         |                      |                    | <i>Sub-total 25 852</i>            | <i>Sub-total 39 295</i>            |

| Channel | Production cost code | Number of episodes | Financial volume (in GBP thousand) | Financial volume (in EUR thousand) |
|---------|----------------------|--------------------|------------------------------------|------------------------------------|
| ITV     | 1A=                  | 383                |                                    |                                    |
|         | 1B-                  | 1                  |                                    |                                    |
|         | 1B+                  | 6                  |                                    |                                    |
|         | 1B=                  | 49                 |                                    |                                    |
|         | 1C-                  | 7                  |                                    |                                    |
|         | 1C+                  | 13                 |                                    |                                    |
|         | 1C=                  | 85                 |                                    |                                    |
|         | 2A-                  | 99                 |                                    |                                    |
|         | 2A+                  | 10                 |                                    |                                    |
|         | 2A=                  | 165                |                                    |                                    |
|         | 2B-                  | 1                  |                                    |                                    |
|         | 2B+                  | 4                  |                                    |                                    |
|         | 2B=                  | 5                  |                                    |                                    |
|         | 3A+                  | 16                 |                                    |                                    |
|         | 3A=                  | 15                 |                                    |                                    |
|         |                      |                    |                                    | <i>Sub-total 266 925</i>           |

| Channel   | Production cost code | Number of episodes | Financial volume (in GBP thousand) | Financial volume (in EUR thousand) |
|-----------|----------------------|--------------------|------------------------------------|------------------------------------|
| Channel 4 | 1A+                  | 6                  |                                    |                                    |
|           | 1A=                  | 168                |                                    |                                    |
|           | 1B+                  | 8                  |                                    |                                    |
|           | 1B=                  | 135                |                                    |                                    |
|           | 1C+                  | 6                  |                                    |                                    |
|           | 1C=                  | 5                  |                                    |                                    |
|           | 2A-                  | 2                  |                                    |                                    |
|           | 2A=                  | 3                  |                                    |                                    |
|           | 2B-                  | 5                  |                                    |                                    |
|           | 2B+                  | 3                  |                                    |                                    |
|           | 2B=                  | 2                  |                                    |                                    |
|           | 3B=                  | 1                  |                                    |                                    |
|           |                      |                    |                                    | <i>Sub-total 69 510</i>            |

| Channel   | Production cost code | Number of episodes | Financial volume (in GBP thousand) | Financial volume (in EUR thousand) |
|-----------|----------------------|--------------------|------------------------------------|------------------------------------|
| Channel 5 | 1B-                  | 261                |                                    |                                    |
|           | 1C=                  | 32                 |                                    |                                    |
|           | 2A=                  | 5                  |                                    |                                    |
|           | 2B+                  | 5                  |                                    |                                    |
|           | 3A-                  | 1                  |                                    |                                    |
|           |                      |                    | <i>Sub-total 30 062</i>            | <i>Sub-total 45 694</i>            |

## ITALY

Italy's advertising market is not very highly developed (when compared to the GDP), but the lion's share of adspend goes into TV advertising, with revenue the third highest in the European Union.

Television licence fees are not very high. RAI, the public channel, is financed by the licence fee and by advertising and just about remains in the black. Mediaset, the private television group, has been nicely profitable over the past few years

RAI and Mediaset have carved up audiences evenly between them and national terrestrial television is based on a fairly symmetrical duopoly.

### The six channels covered by this study account for 90% of the audience.

| Channels | Market share in % |
|----------|-------------------|
| RAI 1    | 22.8%             |
| RAI 2    | 15.7%             |
| RAI 3    | 9.0%              |
| Canale 5 | 21.2%             |
| Italia 1 | 11.5%             |
| Rete 4   | 9.9%              |

Source: Auditel

The six channels covered by this study account for 90% of the audience.

A law passed in 1998 requires national channels to meet an expenditure quota in cinematographic and televisual fiction. Private channels have to invest 10% of revenue in production and public channels 20%.

As this law is still recent, it would be jumping the gun to try and assess the results and to see how the broadcasters meet its requirements. One thing that can be said, however, is that the law has boosted fiction production, with the Italian channels steadily increasing the volume of fiction produced since 1997.

### Channel-by-channel results, 1999

| Channel                   | Programmes<br>(number of episodes) | Financial value of fiction production<br>(in EUR thousand) |
|---------------------------|------------------------------------|--|
| RAI 1                     | 86                                 | 57 316   |
| RAI 2                     | 112                                | 55 590   |
| RAI 3                     | 238                                | 22 071   |
| <i>RAI sub-total</i>      | <b>436</b>                         | <b>134 977</b>   |
| Canale 5                  | 283                                | 87 012   |
| Italia 1                  | 6                                  | 2 686  |
| Rete 4                    | 12                                 | 24 792   |
| <i>Mediaset sub-total</i> | <b>301</b>                         | <b>114 490</b>   |
| <b>General Total</b>      | <b>737</b>                         | <b>249 467</b>   |

Italy shares a number of common features with France, even if the actual financial weight of broadcast fiction is substantially less in Italy. They have approximately the same number of programme units (10% fewer in Italy) and there is a balanced situation with regard to public and private channel market share, with the RAI public channel holding a slight advantage. As in France, the market leader in terms of both financial weight and number of programme units broadcast, is a private company, Canale 5. In Italy, three channels (as opposed to 2 in France) dominate some 80% of the market.

While Italian fiction appears to be better off than Spanish fiction, its financial resources do not match the levels set by the other three countries.

The main feature of Italy is the RAI-Mediaset duopoly, which tends to dwarf the other national, regional and local channels, as far as domestic fiction is concerned.

Mediaset fiction commissioning, through Mediatrading, seems more centralised than for RAI.

### Channel-by-channel fiction production costs - 1999

| Channel  | Production cost code | Number of episodes | Financial volume (in EUR thousand) |
|----------|----------------------|--------------------|------------------------------------|
| RAI 1    | 3 A++                | 5                  | 10 330                             |
|          | 3 A+                 | 13                 | 15 444                             |
|          | 3 A=                 | 18                 | 16 740                             |
|          | 3 A-                 | 3                  | 2 478                              |
|          | 3 B-                 | 5                  | 2 580                              |
|          | 2 A-                 | 42                 | 9 744                              |
|          |                      |                    | <i>sub-total 57 316</i>            |
| RAI 2    | 3 A+                 | 22                 | 26 136                             |
|          | 3 A=                 | 3                  | 2 790                              |
|          | 3 A-                 | 13                 | 10 738                             |
|          | 3 B+                 | 1                  | 1 188                              |
|          | 3 B-                 | 4                  | 2 064                              |
|          | 2 A=                 | 20                 | 5 160                              |
|          | 2 B-                 | 11                 | 3 410                              |
|          | 1 C=                 | 38                 | 4 104                              |
|          |                      |                    | <i>sub-total 55 590</i>            |
| RAI 3    | 3 B+                 | 1                  | 1 188                              |
|          | 3 B-                 | 6                  | 3 096                              |
|          | 1 B-                 | 231                | 17 787                             |
|          |                      |                    | <i>sub-total 22 071</i>            |
| Canale 5 | 3 A++                | 12                 | 24 792                             |
|          | 3 A+                 | 39                 | 46 332                             |
|          | 1 B+                 | 37                 | 4 773                              |
|          | 1 C-                 | 195                | 11 115                             |
|          |                      |                    | <i>sub-total 87 012</i>            |
| Italia 1 | 3 C=                 | 1                  | 930                                |
|          | 3 C-                 | 2                  | 826                                |
|          | 2 B-                 | 3                  | 930                                |
|          |                      |                    | <i>sub-total 2 686</i>             |
| Rete 4   | 3 A++                | 12                 | 24 792                             |
|          |                      |                    | <i>sub-total 24 792</i>            |

## The major channels in Europe

The data we have gathered gives a ranking for the channels in the five countries, based on the actual value of the first-run fiction they broadcast. It should be born in mind that the table below should not be considered as a ranking of channels according to their expenditure on fiction programmes (even if there is a certain connection), but rather as a ranking based on the financial value of the fiction they broadcast.

42 channels were assessed in the five countries covered. The table shows the top 18, with only channels producing fiction with a total value topping EUR 40 M being considered.

| <b>Channels</b>  | <b>Number of programme units</b> | <b>Financial value of the fiction<br/>(in EUR thousand)</b> |
|------------------|----------------------------------|---|
| ITV              | 859                              | 405 726   |
| <i>BBC 1</i>     | 640                              | 309 022   |
| <i>ARD</i>       | 896                              | 285 244   |
| <i>ZDF</i>       | 368                              | 250 894   |
| RTL              | 793                              | 197 444   |
| TF 1             | 320                              | 166 300   |
| <i>France 2</i>  | 304                              | 123 750   |
| Pro7             | 220                              | 123 706   |
| Sat.1            | 222                              | 122 275   |
| <i>Channel 4</i> | 344                              | 105 655   |
| Canale 5         | 283                              | 87 012  |
| Tele 5           | 626                              | 64 936  |
| <i>France 3</i>  | 53                               | 59 940  |
| <i>RAI 1</i>     | 86                               | 57 316  |
| <i>RAI 2</i>     | 112                              | 55 590  |
| Antena 3         | 295                              | 48 870  |
| M 6              | 69                               | 48 410  |
| Channel 5        | 304                              | 45 694  |

\* The financial value taken is the "gross" value, that does not include co-productions.

Public channels are in italics.

Of the top 7 channels in the rankings, only one (RTL in Germany) is not a first-generation channel (set up in the 50's or 60's, in television's early days). Once out of the top 7, we begin to find a high proportion of second-generation channels (set up in the late 70's and 80's), the same category as RTL.

Spain is the only country with no public channel in the rankings.



## Chapter 2 - International co-productions

So far, we have only looked at co-productions from within the five countries of our study. This was to try to resolve the statistical methodology problem that kept on cropping up in our work – the risk of including a value more than once.

In this chapter, we are going to take a country-by-country look at international co-productions as a whole, whatever the type of partnership involved.

To obtain the best results, we based our assessment on normal professional practices in the televisions involved. We were consequently able to single out three main types of co-production :

- European co-productions between countries sharing the same linguistic base, for example Germany with Austria and German-speaking Switzerland, France with Belgium and French-speaking Switzerland, the United Kingdom with Ireland.
- European co-productions: between countries with a different linguistic base.
- Co-productions: with countries from other continents, mainly the United States and Canada. A co-production with another European country and a country from another continent is included in this latter category.

A British co-production with the United States or Canada would also come into the last category, as opposed to the co-productions between countries with the same linguistic base. If there had been any, co-productions between Spain and Latin America would also have come into the same bracket.

### Table of international co-productions

**Table summarising country-by-country involvement in co-productions**

| Country                      | Number of episodes | % in number of episodes | Value (in EUR thousand) | % compared to total value |
|------------------------------|--------------------|-------------------------|-------------------------|---------------------------|
| Germany                      | 287                | 10%                     | 203 507                 | 19.0%                     |
| Spain                        | 10                 | 0,5%                    | 13 058                  | 6.5%                      |
| France                       | 142                | 17%                     | 129 994                 | 30.0%                     |
| United Kingdom               | 66                 | 3%                      | 69 994                  | 7.5%                      |
| Italy                        | 50                 | 7%                      | 84346                   | 33.8%                     |
| <b>Total (consolidated)*</b> | <b>536</b>         | <b>6%</b>               | <b>400 201</b>          | <b>14.6%</b>              |

\* As already stated, it is not possible to simply add up national figures as this would result in data being counted twice.

This table reveals some interesting results.

- Two countries, Spain and the United Kingdom, are only involved in international fiction co-production on a very small scale.
- The three other countries show a certain similarity in their willingness to enter into co-productions. The results for Germany need, however, to be treated with a certain reserve. As the country's production volumes are high, Germany is by far the leader in co-productions in terms of absolute value. However, most of these co-productions involve other German-speaking countries. When these two factors are taken into account (very high production volumes and co-productions mainly with German-speaking countries), German figures need to be relativized.
- Italy and France actually turn out to be the most open to co-productions, with the two countries showing similar results. Given the absence of any co-productions in Italian and the country's low production volume, then Italy is the country out of the five most willing to enter into a co-production.

Co-productions can also be looked at by comparing them to domestic-made fiction. Germany and the United Kingdom come out with similar results (only EUR 13.5 M difference) at the top end, while Spain and Italy prop up the table, although Spain can be seen to have overtaken Italy. On this basis, France occupies an intermediate position, closer, however, to the bottom end of the table.

**Respective weight of 100% domestic production and international co-productions in each country**

(in EUR thousand)

| <b>Country</b> | <b>100% domestic fiction</b> | <b>Co-productions</b> | <b>Total fiction</b> |
|----------------|------------------------------|-----------------------|----------------------|
| Germany        | 848 922                      | 203 507               | 1 052 429            |
| Spain          | 185 489                      | 13 058                | 198 547              |
| France         | 308 646                      | 129 994               | 438 640              |
| United Kingdom | 835 398                      | 69 994                | 905 392              |
| Italy          | 165 121                      | 84 346                | 249 467              |

## Country-by-country analysis

### GERMANY

#### Channel-by-channel summary

| Channel              | Number of titles | Number of episodes | Financial volume |
|----------------------|------------------|--------------------|------------------|
| 3sat                 | 1                | 1                  | 1 282            |
| ARD                  | 19               | 99                 | 89 535           |
| Arte                 | 1                | 1                  | 1 282            |
| ZDF                  | 18               | 141                | 79 820           |
| Pro7                 | 2                | 3                  | 5 232            |
| RTL                  | 1                | 1                  | 1 744            |
| RTL 2                | 1                | 7                  | 5 076            |
| Sat.1                | 8                | 25                 | 23 486           |
| Vox                  | 1                | 1                  | 1 282            |
| <b>Total Germany</b> | <b>50</b>        | <b>287</b>         | <b>203 507</b>   |

#### Germany overall (including all types of co-production)

|                | Number of episodes | Value<br>(EUR thousand) |
|----------------|--------------------|-------------------------|
| Absolute value | 287                | 203 507                 |
| Percentage     | 10%                | 19%                     |

In Germany, the commonest type of co-production is quite clearly co-production with Austria and German-speaking Switzerland, the other German-speaking countries. Financially speaking, these co-productions account for around three-quarters of all the co-productions the country is involved in. This way of working has a well-established institutional and cultural background and is used especially by the ARD and ZDF public channels. The other channels do not show the same affinity for this kind of international collaboration.

A large number of both private and public channels take part in co-productions with the other European countries. The proportion is bigger for the smaller channels (with low volumes of German-made output) than the bigger ones. The Kirch group's Sat.1, one of the larger channels, is more willing to enter into co-productions than its direct competitors. Through its production companies, Taurus and Beta, the Kirch group has forged close links with Italian and French producers and broadcasters.

There are very few co-productions between Germany and other non-European countries, especially North America.

### Co-productions channel-by-channel

| Channels                         | Intercontinental Co-productions |                    |                      | European Co-productions |                    |                      | German-speaking Co-productions |                    |                      |
|----------------------------------|---------------------------------|--------------------|----------------------|-------------------------|--------------------|----------------------|--------------------------------|--------------------|----------------------|
|                                  | Number of titles                | Number of episodes | Value (EUR thousand) | Number of titles        | Number of episodes | Value (EUR thousand) | Number of titles               | Number of episodes | Value (EUR thousand) |
| 3sat                             |                                 |                    |                      | 1                       | 1                  | 1 282                |                                |                    |                      |
| ARD                              | 4                               | 6                  | 10 464               | 5                       | 11                 | 15 950               | 10                             | 93                 | 63 121               |
| Arte                             |                                 |                    |                      | 1                       | 1                  | 1 282                |                                |                    |                      |
| ZDF                              |                                 |                    |                      | 1                       | 4                  | 5 128                | 17                             | 137                | 74 692               |
| <i>Public channel Sub-total</i>  | 4                               | 6                  | 10 464               | 8                       | 17                 | 23 642               | 27                             | 230                | 137 813              |
| Pro7                             |                                 |                    |                      | 2                       | 3                  | 5 232                |                                |                    |                      |
| RTL                              | 1                               | 1                  | 1 744                |                         |                    |                      |                                |                    |                      |
| RTL 2                            | 1                               | 7                  | 5 076                |                         |                    |                      |                                |                    |                      |
| Sat.1                            | 1                               | 1                  | 1 744                | 3                       | 8                  | 12 514               | 4                              | 16                 | 9 228                |
| Vox                              |                                 |                    |                      | 1                       | 1                  | 1 282                |                                |                    |                      |
| <i>Private channel Sub-total</i> | 3                               | 9                  | 8 564                | 4                       | 9                  | 13 796               | 4                              | 16                 | 9 228                |
| <b>Total Germany</b>             | <b>7</b>                        | <b>15</b>          | <b>19 028</b>        | <b>12</b>               | <b>26</b>          | <b>37 438</b>        | <b>31</b>                      | <b>246</b>         | <b>147 041</b>       |

### Co-productions as a percentage of total fiction, channel-by-channel

| Channels                         | Intercontinental Co-productions |             | European Co-productions |             | German-language Co-productions |              |
|----------------------------------|---------------------------------|-------------|-------------------------|-------------|--------------------------------|--------------|
|                                  | Number of episodes              | Value       | Number of episodes      | Value       | Number of episodes             | Value        |
| 3sat                             |                                 |             | 33.0%                   | 43.0%       |                                |              |
| ARD                              | 0.5%                            | 3.5%        | 1.0%                    | 5.5%        | 10.5%                          | 22.0%        |
| Arte                             |                                 |             | 7.0%                    | 6.5%        |                                |              |
| ZDF                              |                                 |             | 1.0%                    | 2.0%        | 37.0%                          | 30.0%        |
| <i>Public channel Sub-total</i>  | 0.5%                            | 1.5%        | 1.0%                    | 4.0%        | 15.5%                          | 23.0%        |
| Pro7                             |                                 |             | 1.0%                    | 4.0%        |                                |              |
| RTL                              | 0.1%                            | 1.0%        |                         |             |                                |              |
| RTL 2                            | 100.0%                          | 100.0%      |                         |             |                                |              |
| Sat-1                            | 0.5%                            | 1.5%        | 3.5%                    | 10.0%       | 7.0%                           | 7.5%         |
| Vox                              |                                 |             | 50.0%                   | 62.5%       |                                |              |
| <i>Private channel Sub-total</i> | 0.5%                            | 2.0%        | 0.5%                    | 3.0%        | 1.0%                           | 2.0%         |
| <b>Total Germany</b>             | <b>0.5%</b>                     | <b>2.0%</b> | <b>1.0%</b>             | <b>3.5%</b> | <b>9.0%</b>                    | <b>14.0%</b> |

## Analysis by-channel and by programme standards

| Channels | Intercontinental Co-productions |      |          |        | European Co-productions |      |          |        | German-language Co-productions |      |          |        |
|----------|---------------------------------|------|----------|--------|-------------------------|------|----------|--------|--------------------------------|------|----------|--------|
|          | number of titles                | code | quantity | Value  | number of titles        | code | quantity | Value  | number of titles               | code | quantity | Value  |
| 3sat     |                                 |      |          |        | 1                       | 3A=  | 1        | 1 282  |                                |      |          |        |
| ARD      | 4                               | 3A+  | 6        | 10 464 | 3                       | 3A+  | 4        | 6 976  | 1                              | 1B+  | 51       | 10 455 |
|          |                                 |      |          |        | 2                       | 3A=  | 7        | 8 974  | 1                              | 2A=  | 4        | 1 640  |
|          |                                 |      |          |        |                         |      |          |        | 3                              | 3A+  | 5        | 8 720  |
|          |                                 |      |          |        |                         |      |          |        | 5                              | 3A=  | 33       | 42 306 |
| Arte     |                                 |      |          |        | 1                       | 3A=  | 1        | 1 282  |                                |      |          |        |
| Premiere | 1                               | 3A+  | 1        | 1 744  |                         |      |          |        |                                |      |          |        |
| Pro7     |                                 |      |          |        | 2                       | 3A+  | 3        | 5 232  |                                |      |          |        |
| RTL      | 1                               | 3A+  | 1        | 1 744  |                         |      |          |        |                                |      |          |        |
| RTL 2    | 1                               | 2A+  | 7        | 5 026  |                         |      |          |        |                                |      |          |        |
| Sat.1    | 1                               | 3A+  | 1        | 1 744  | 2                       | 3A+  | 6        | 10 464 | 2                              | 2A=  | 14       | 5740   |
|          |                                 |      |          |        | 1                       | 3C+  | 2        | 2 050  | 2                              | 3A+  | 2        | 3488   |
| Vox      |                                 |      |          |        | 1                       | 3A=  | 1        | 1 282  |                                |      |          |        |
| ZDF      |                                 |      |          |        | 1                       | 3A=  | 4        | 5 128  | 1                              | 2A+  | 9        | 6 462  |
|          |                                 |      |          |        |                         |      |          |        | 8                              | 2A=  | 95       | 38 950 |
|          |                                 |      |          |        |                         |      |          |        | 1                              | 2B=  | 19       | 4 864  |
|          |                                 |      |          |        |                         |      |          |        | 7                              | 3A+  | 14       | 24 416 |

## SPAIN

### European co-productions

| Channels           | Number of Titles | Codes | Number of episodes | Value (EUR thousand) |
|--------------------|------------------|-------|--------------------|----------------------|
| Tele 5             | 1                | 3A    | 1                  | 1 010                |
| C 33               | 1                | 3B+   | 9                  | 12 048               |
| <b>Total Spain</b> | <b>2</b>         |       | <b>10</b>          | <b>13 058</b>        |

The figures for Spain show that co-productions as a whole are rare, while there is a total absence of co-productions with countries sharing the same linguistic base (Latin America) and with other countries from other continents.

It should be remembered, however, that 3 fiction programmes were taken off the total fiction production as we were unable to find any Spanish producer (or distributor) for the works. The works in question were a mini-series from North America (2 x 90-minute episodes), a prestige mini-series co-produced by 3 European countries (4 x 90-minute episodes) and a short 15-minute fiction work of European origin. We considered that for these three cases, we were looking at pre-purchases (or quite simply bought-in programmes) acquired by the Channels that broadcast the programmes.

### In percentage

| Channels           | Number of episodes | Value       |
|--------------------|--------------------|-------------|
| Tele 5             | 0.2%               | 1.5%        |
| C 33               | 90.0%              | 99.75%      |
| <b>Total Spain</b> | <b>0.45%</b>       | <b>6.5%</b> |

In fact, the whole hourly and financial total for Spain is made up of a single minority financial participation by an autonomic channel.

To sum up, European co-productions in Spain work out at EUR 13 058 thousand, making 6.5% of the total value of fiction broadcast in 1999.

## FRANCE

### Channel-by-channel summary

| Channel             | Number of titles | Number of episodes | Financial volume |
|---------------------|------------------|--------------------|------------------|
| TF 1                | 12               | 46                 | 29 820           |
| France 2            | 20               | 28                 | 40 405           |
| France 3            | 6                | 6                  | 10 210           |
| M 6                 | 5                | 52                 | 36 390           |
| Arte                | 2                | 7                  | 8 080            |
| CANAL+              | 2                | 3                  | 5 030            |
| <b>Total France</b> | <b>47</b>        | <b>142</b>         | <b>129 935</b>   |

Total France

All forms of co-production taken together:

- 17% of all episodes or programmes
- 30% of the value of first-run domestic fiction

The most common co-productions involving French channels are those carried out with other European countries, for the main part French-speaking. European co-productions are in the majority not only in terms of programme and financial volumes, but they are also included in the programming of all the Channels broadcasting first-run fiction.

Co-productions with French-speaking countries are the prerogative of the older channels. A bit like in Germany, this kind of co-production is based on longest-established professional and cultural relationships.

Only the M6 channel is actively involved in co-productions with other continents, mainly with Canada and occasionally with the United States.

### Co-productions by Channel

| Channels            | Intercontinental Co-productions |                    |                      | European Co-productions |                    |                      | French-language Co-productions |                    |                      |
|---------------------|---------------------------------|--------------------|----------------------|-------------------------|--------------------|----------------------|--------------------------------|--------------------|----------------------|
|                     | Number of titles                | Number of episodes | Value (EUR thousand) | Number of titles        | Number of episodes | Value (thousand EUR) | Number of titles               | Number of episodes | Value (EUR thousand) |
| TF 1                | 2                               | 31                 | 5 125                | 2                       | 3                  | 5 485                | 8                              | 12                 | 19 210               |
| France              |                                 |                    |                      | 8                       | 14                 | 21 040               | 12                             | 14                 | 19 365               |
| France 3            | 1                               | 1                  | 1 980                | 2                       | 2                  | 3 960                | 3                              | 3                  | 4 270                |
| M 6                 | 2                               | 35                 | 23 975               | 3                       | 17                 | 12 415               |                                |                    |                      |
| Arte                |                                 |                    |                      | 2                       | 7                  | 8 080                |                                |                    |                      |
| CANAL+              |                                 |                    |                      | 2                       | 3                  | 5 030                |                                |                    |                      |
| <b>Total France</b> | <b>5</b>                        | <b>67</b>          | <b>31 080</b>        | <b>19</b>               | <b>46</b>          | <b>56 010</b>        | <b>23</b>                      | <b>29</b>          | <b>42 845</b>        |

### As a percentage of total fiction, by channel

| Channels            | Intercontinental Co-productions |                    |           | European Co-productions |                    |            | French-language Co-productions |                    |            |
|---------------------|---------------------------------|--------------------|-----------|-------------------------|--------------------|------------|--------------------------------|--------------------|------------|
|                     | Number of titles                | Number of episodes | Value     | Number of titles        | Number of episodes | Value      | Number of titles               | Number of episodes | Value      |
| TF 1                |                                 | 9.5%               | 3%        |                         | 1%                 | 3%         |                                | 4%                 | 11.5%      |
| France 2            |                                 |                    |           |                         | 4.5%               | 17%        |                                | 4.5%               | 15.5%      |
| France 3            |                                 | 2%                 | 3%        |                         | 4%                 | 6.5%       |                                | 5.5%               | 7%         |
| M 6                 |                                 | 50.5%              | 49.5%     |                         | 24.5%              | 26%        |                                |                    |            |
| Arte                |                                 |                    |           |                         | 41%                | 45.5%      |                                |                    |            |
| CANAL+              |                                 |                    |           |                         | 6%                 | 22%        |                                |                    |            |
| <b>Total France</b> |                                 | <b>8%</b>          | <b>7%</b> |                         | <b>5.5%</b>        | <b>13%</b> |                                | <b>3.5%</b>        | <b>10%</b> |

**Analysis by channel and by programme standard**

| Channels | Intercontinental Co-productions |      |          |                      | European Co-productions |      |          |                      | French-language Co-productions |      |          |                      |
|----------|---------------------------------|------|----------|----------------------|-------------------------|------|----------|----------------------|--------------------------------|------|----------|----------------------|
|          | no. of titles                   | code | quantity | Value (EUR thousand) | no. of titles           | code | quantity | Value (EUR thousand) | no. of titles                  | code | quantity | Value (EUR thousand) |
| TF 1     | 1                               | 1B=  | 30       | 3 600                | 1                       | 3A++ | 2        | 3 960                | 2                              | 3A++ | 2        | 3 960                |
|          | 1                               | 3A+  | 1        | 1 525                | 1                       | 3A+  | 1        | 1 525                | 6                              | 3A+  | 10       | 15 250               |
| France 2 |                                 |      |          |                      | 1                       | 3A++ | 2        | 3 960                | 1                              | 3A++ | 1        | 1 980                |
|          |                                 |      |          |                      | 4                       | 3A+  | 8        | 12 200               | 3                              | 3A+  | 5        | 7 625                |
|          |                                 |      |          |                      | 3                       | 3A=  | 4        | 4 880                | 8                              | 3A=  | 8        | 9 760                |
| France 3 | 1                               | 3A++ | 1        | 1 980                | 2                       | 3A++ | 2        | 3 980                | 2                              | 3A+  | 2        | 3 050                |
|          |                                 |      |          |                      |                         |      |          |                      | 1                              | 3A=  | 1        | 1 220                |
| M 6      | 2                               | 2B+  | 35       | 23 975               | 1                       | 3A=  | 2        | 2 440                |                                |      |          |                      |
|          |                                 |      |          |                      | 1                       | 3C=  | 2        | 1 020                |                                |      |          |                      |
|          |                                 |      |          |                      | 1                       | 2B+  | 13       | 8 905                |                                |      |          |                      |
| Arte     |                                 |      |          |                      | 1                       | 3A=  | 6        | 7 320                |                                |      |          |                      |
|          |                                 |      |          |                      | 1                       | 3A-  | 1        | 760                  |                                |      |          |                      |
| CANAL+   |                                 |      |          |                      | 1                       | 3A++ | 1        | 1 980                |                                |      |          |                      |
|          |                                 |      |          |                      | 1                       | 3A+  | 2        | 3 050                |                                |      |          |                      |



## UNITED KINGDOM

### Channel-by-channel summary

| Channel                  | Nombre of titles | Nombre of episodes | Financial volume |
|--------------------------|------------------|--------------------|------------------|
| BBC 1                    | 11               | 46                 | 48 104           |
| BBC 2                    | 3                | 7                  | 7 296            |
| ITV                      | 5                | 11                 | 12 770           |
| Channel 5                | 1                | 2                  | 1 824            |
| <b>Total Royaume Uni</b> | <b>20</b>        | <b>66</b>          | <b>69 994</b>    |

The total amount of co-produced fiction for the British channels as a whole amounted to a total value of **EUR 69 994**, 7.5% of the total value of British fiction broadcast in 1999.

Co-productions in the United Kingdom account for a very low part of local production. The commonest co-productions are those with the United States and Canada, which are the only ones included in the intercontinental co-production category. This category can be taken alongside the European and English-language (containing Ireland only) category and taken together, the two categories account for 94% of the financial weight of the co-productions broadcast over all the channels as a whole. This shows how few European fiction co-productions there are on British television, a feature it shares with Spain.

### Co-productions channel-by-channel

| Channels                    | Intercontinental co-productions |                    |                      | European co-productions |                    |                      | English-language co-productions |                    |                      |
|-----------------------------|---------------------------------|--------------------|----------------------|-------------------------|--------------------|----------------------|---------------------------------|--------------------|----------------------|
|                             | Number of titles                | Number of episodes | Value (EUR thousand) | Number of titles        | Number of episodes | Value (EUR thousand) | Number of titles                | Number of episodes | Value (EUR thousand) |
| BBC 1                       | 7                               | 26                 | 30 932               | 1                       | 1                  | 1 212                | 3                               | 19                 | 15 960               |
| BBC 2                       | 2                               | 3                  | 3 648                |                         |                    |                      | 1                               | 4                  | 3 648                |
| ITV                         | 4                               | 9                  | 12 540               | 1                       | 2                  | 230                  |                                 |                    |                      |
| Channel 5                   |                                 |                    |                      | 1                       | 2                  | 1 824                |                                 |                    |                      |
| <b>Total United Kingdom</b> | <b>13</b>                       | <b>38</b>          | <b>47 120</b>        | <b>3</b>                | <b>5</b>           | <b>3 266</b>         | <b>4</b>                        | <b>23</b>          | <b>19 608</b>        |

### As a percentage of total fiction by channel

| Channels                    | Intercontinental co-productions |                    |           | European co-productions |                    |             | English-language co-productions |                    |           |
|-----------------------------|---------------------------------|--------------------|-----------|-------------------------|--------------------|-------------|---------------------------------|--------------------|-----------|
|                             | Number of titles                | Number of episodes | Value     | Number of titles        | Number of episodes | Value       | Number of titles                | Number of episodes | Value     |
| BBC 1                       |                                 | 4%                 | 10%       |                         | 0.2%               | 0.4%        |                                 | 3%                 | 5%        |
| BBC 2                       |                                 | 4%                 | 9%        |                         |                    |             |                                 | 5%                 | 9%        |
| ITV                         |                                 | 1%                 | 3%        |                         | 0.2%               | 0.01%       |                                 |                    |           |
| Channel 5                   |                                 |                    |           |                         | 0.1%               | 4%          |                                 |                    |           |
| <b>Total United Kingdom</b> |                                 | <b>1.5%</b>        | <b>5%</b> |                         | <b>0.2%</b>        | <b>0.4%</b> |                                 | <b>1%</b>          | <b>2%</b> |

**Analysis by programme standard and by channel**

| Channels  | Intercontinental co-productions |      |          |                      | European co-productions |      |          |                      | English-language co-productions |      |          |                      |
|-----------|---------------------------------|------|----------|----------------------|-------------------------|------|----------|----------------------|---------------------------------|------|----------|----------------------|
|           | Number of titles                | code | quantity | Value (EUR thousand) | Number of titles        | code | quantity | Value (EUR thousand) | Number of titles                | code | quantity | Value (EUR thousand) |
| BBC 1     | 7                               | 3A+  | 6        | 9 120                | 1                       | 2A+  | 1        | 1 212                | 3                               | 3B=  | 1        | 1 064                |
|           |                                 | 3A=  | 3        | 3 420                |                         |      |          |                      |                                 | 2A=  | 7        | 6 384                |
|           |                                 | 2A+  | 11       | 13 376               |                         |      |          |                      |                                 | 2B+  | 1        | 912                  |
|           |                                 | 2A=  | 3        | 2 736                |                         |      |          |                      |                                 | 1A+  | 10       | 7 600                |
|           |                                 | 1A+  | 3        | 2 280                |                         |      |          |                      |                                 |      |          |                      |
| BBC 2     | 2                               | 3A=  | 2        | 2 280                |                         |      |          |                      | 1                               | 2A=  | 4        | 3 648                |
|           |                                 | 3B+  | 1        | 1 368                |                         |      |          |                      |                                 |      |          |                      |
| ITV       | 4                               | 3A+  | 6        | 9 120                | 1                       | 1C=  | 2        | 230                  |                                 |      |          |                      |
|           |                                 | 3A=  | 3        | 3 420                |                         |      |          |                      |                                 |      |          |                      |
| Channel 5 |                                 |      |          |                      | 1                       | 2A=  | 2        | 1 824                |                                 |      |          |                      |

## ITALY

### Channel-by-channel summary

| Channel                   | Value of co-productions<br>(in EUR thousand) |        | % compared<br>to total value |       |
|---------------------------|--|--------|------------------------------|-------|
| RAI 1                     | 11 518                                       |        | 20.1%                        |       |
| RAI 2                     | 11 364                                       |        | 20.4%                        |       |
| <i>Total RAI channels</i> |  | 22 882 |                              | 16.9% |
| Canale 5                  | 36 672                                       |        | 42.0%                        |       |
| Rete 4                    | 24 792                                       |        | 100.0%                       |       |
| <i>Total Mediaset</i>     |  | 61 464 |                              | 53.5% |
| <b>Total Italy</b>        | <b>84 346</b>                                |        | <b>33.8%</b>                 |       |

In Italy, European co-productions account for three quarters of the total number of co-productions, a much higher figure than for productions with the United States (the only country in the “intercontinental” category). While co-productions as a whole are shared out between RAI and Mediaset, the latter’s Canale 5 and Rete 4 feature considerably more than RAI’s two leading channels.

There are no Italian-language co-productions, and so only the two other categories are included here.

The only programme types involved in co-productions are 90-minute prestige fiction programmes.

### Analysis by Channel and by programme standard

| Channel            | Cost Code | Quantity             |                    | Financial volume<br>(in EUR thousand) |                 |
|--------------------|-----------|----------------------|--------------------|---------------------------------------|-----------------|
|                    |           | Intercont.<br>co-pr. | European<br>co-pr. | Intercont. co-pr.                     | European co-pr. |
| RAI 1              | 3A++      | 5                    |                    | 10 330                                |                 |
|                    | 3A+       |                      | 1                  |                                       | 1 188           |
| RAI 2              | 3A+       |                      | 8                  |                                       | 9 504           |
|                    | 3A=       |                      | 2                  |                                       | 1 860           |
| Canale 5           | 3A++      | 6                    | 6                  | 12 396                                | 12 396          |
|                    | 3A+       |                      | 10                 |                                       | 11 880          |
| Rete 4             | 3A++      |                      | 12                 |                                       | 24 792          |
| <b>Total Italy</b> |           | <b>11</b>            | <b>39</b>          | <b>22 726</b>                         | <b>61 620</b>   |



## Chapter 3 - Prime time

In this part, we will look at what percentage of first-run fiction is programmed in prime time. The prime-time slot varies from one country to another. The Eurofiction data base that this report is based on gives the following times for prime time:

| Country        | Start | End   |
|----------------|-------|-------|
| Germany        | 20h*  | 22h30 |
| Spain          | 20h30 | 23h30 |
| France         | 20h30 | 22h30 |
| United Kingdom | 19h   | 22h   |
| Italy          | 20h30 | 22h30 |

\* Except ZDF: 19.25

A programme is counted as being in prime time if the major slice, or all of its total broadcasting time falls within this time slot.

### Prime time overview

The table below details the number of episodes and financial value.

| Country        | Number of episodes | Number of episodes as % of total | Financial value (EUR thousand) | Financial value as % of total |
|----------------|--------------------|----------------------------------|--------------------------------|-------------------------------|
| Germany        | 971                | 36.0%                            | 709 939                        | 68.0%                         |
| Spain          | 891                | 39.5%                            | 127 895                        | 64.5%                         |
| France         | 315                | 38.5%                            | 323 025                        | 73.5%                         |
| United Kingdom | 1 433              | 65.4%                            | 755 790                        | 83.5%                         |
| Italy          | 325                | 44.0%                            | 200 969                        | 80.5%                         |

\* As already stated, it is not possible to simply add up the figures to get the result for the five countries.

Of the five, the United Kingdom puts the most money into prime-time production. However, as we saw before, this can at least in part be put down to the longer slot occupied by prime time in the UK compared to the other countries. The main difference between the United Kingdom and the others is in the number of programme units broadcast at prime time. The number of episodes shown by the other four in prime time comes out at under 50% for all the countries, while in the UK it is over 65%.

It should also be noted that, contrary to what is normally believed, the relative financial value of French prime-time fiction is right between the other four, well behind the United Kingdom and Italy.

This, however, should not hide the fact that France, along with Italy, has the most costly production standards in the 90-minute format (in length) that dominates its prime time. The number of episodes shown in French prime time is the lowest of the five countries.

Spain is the country with the smallest gap between the number of episodes as a percentage of the total and the financial value as a percentage of the total. This shows a more even distribution of expenditure between prime-time and non-prime-time fiction than in the other countries. However, it should be born in mind that Spanish production costs are the lowest, even when allowing for the difference in living standards between Spain and the other countries. The difference between the cost of a prime-time programme and a non-prime-time programme is therefore lower than elsewhere.

## Country-by-country analysis

### GERMANY

#### Prime time summary

| Channels *                            | Programmes<br>(Number of episodes) | Financial value<br>of the production<br>(in EUR thousand) | Financial value of prime time<br>as a percentage<br>of the schedule total |
|---------------------------------------|------------------------------------|---|---|
| ARD Group                             | 244                                | 190 886   | 61%   |
| ARD                                   | 231                                | 187 144   | 66%   |
| SW 3                                  | 1                                  | 1 282   | 13%   |
| WDR 3                                 | 12                                 | 2 460   | 23%   |
| ZDF                                   | 150                                | 157 759   | 63%   |
| Other public<br>channels              | 14                                 | 19 796  | 60%   |
| 3sat                                  | 2                                  | 2 564   | 86%   |
| Arte                                  | 12                                 | 17 232  | 89%   |
| <i>Sub-total<br/>public Channels</i>  | <b>408</b>                         | <b>368 441</b>  | <b>62%</b>  |
| Premiere                              | 1                                  | 1 744   | 100%  |
| Pro 7                                 | 46                                 | 61 240  | 49%   |
| RTL                                   | 288                                | 151 981   | 77%   |
| RTL 2                                 | 7                                  | 5 026   | 100%  |
| SAT.1                                 | 220                                | 120 225   | 98%   |
| Vox                                   | 1                                  | 1 282   | 62%   |
| <i>Sub-total<br/>private Channels</i> | <b>563</b>                         | <b>341 498</b>  | <b>76%</b>  |
| <b>General total</b>                  | <b>971</b>                         | <b>709 939</b>  | <b>68%</b>  |

\* BR3, N3 (ARD group) and Kika (Kindekanal, kids' channel jointly run by ARD and ZDF) have no prime-time reference programme and are not included in this table.

Hardly any conclusions can be drawn from the small channels' results due to the small amount of fiction involved.

The big two public channels, ARD and ZDF, show similar results, with about 60% of the value of their fiction slotted in at prime time, which is relatively modest. This is in line with a fiction programming policy that places strategic importance, and therefore higher expenditure levels, on domestic fiction series put on at access prime time, the time slot where commercials are allowed on German TV.

The big three private channels are more divided on the issue, with Sat 1 concentrating resources on prime time as opposed to the 49% spent by Pro7 on prime-time fiction. RTL finds itself between the two.

**Analysis by programme standard and by Channel**

| <b>Channel</b> | <b>Prod. cost code</b> | <b>Quantity</b> | <b>Financial volume<br/>(in EUR thousand)</b> |
|----------------|------------------------|-----------------|---|
| ARD            | 2 A-                   | 77              | 19 712  |
|                | 2 A+                   | 11              | 7 898   |
|                | 2 A=                   | 40              | 16 400  |
|                | 3 A+                   | 24              | 41 856  |
|                | 3 A=                   | 79              | 101 278                                       |
|                |                        |                 | <i>sub-total 187 144</i>                      |
| SW3            | 3 A=                   | 1               | 1 282   |
| WDR3           | 1 A=                   | 6               | 924   |
|                | 2 A-                   | 6               | 1 536   |
|                |                        |                 | <i>sub-total 2 460</i>                        |
| ZDF            | 1 A-                   | 18              | 1 854   |
|                | 1 A+                   | 1               | 205   |
|                | 2 A+                   | 9               | 6 462   |
|                | 2 A=                   | 31              | 12 710  |
|                | 3 A+                   | 43              | 74 992  |
|                | 3 A=                   | 48              | 61 536  |
|                |                        |                 | <i>sub-total 157 759</i>                      |
| 3sat           | 2 A=                   | 2               | 2 564   |
| Arte           | 3 A+                   | 4               | 6 976   |
|                | 3 A=                   | 8               | 10 256  |
|                |                        |                 | <i>sub-total 17 232</i>                       |
| Premiere       | 3 A+                   | 1               | 1 744   |
| Pro7           | 2 A+                   | 14              | 10 052  |
|                | 3 A+                   | 22              | 38 368  |
|                | 3 A=                   | 10              | 12 820  |
|                |                        |                 | <i>sub-total 61 240</i>                       |
| RTL            | 1 A-                   | 18              | 1 854   |
|                | 1 A=                   | 39              | 6 006   |
|                | 2 A-                   | 51              | 13 056  |
|                | 2 A+                   | 69              | 49 542  |
|                | 2 A=                   | 75              | 30 750  |
|                | 3 A-                   | 1               | 821   |
|                | 3 A+                   | 11              | 19 184  |
|                | 3 A=                   | 24              | 30 768  |
|                |                        |                 |   |
| RTL 2          | 2 A+                   | 7               | 5 026   |
| Sat.1          | 1 A-                   | 21              | 2 163   |
|                | 2 A-                   | 66              | 16 896  |
|                | 2 A+                   | 14              | 10 052  |
|                | 2 A=                   | 80              | 32 800  |
|                | 3 A+                   | 18              | 31 392  |
|                | 3 A=                   | 21              | 26 922  |
|                |                        |                 | <i>sub-total 120 225</i>                      |
| Vox            | 3A=                    | 1               | 1 282   |

**SPAIN****Prime time summary**

| Channels*                 | Number of episodes | Number of episodes as % of total | Financial value of the production (in EUR thousand) | Financial value of prime time as a percentage of the schedule total |
|---------------------------|--------------------|----------------------------------|---|---|
| <b>National Channels</b>  |                    |                                  |   |   |
| TVE 1                     | 60                 | 24%                              | 20 835  | 77%   |
| La 2                      | 7                  | 100%                             | 1 741   | 100%  |
| Tele 5                    | 153                | 24.5%                            | 41 635  | 64%   |
| Antena 3                  | 140                | 47.5%                            | 37 926  | 77.5%   |
| <b>Autonomic channels</b> |                    |                                  |   |   |
| TV 3                      | 81                 | 26%                              | 10 342  | 61%   |
| TVG                       | 139                | 100%                             | 8 861   | 100%  |
| ETB 1                     | 206                | 80,5%                            | 3 711   | 73%   |
| ETB 2                     | 105                | 67%                              | 2 844   | 42.5%   |
| <b>Total Spain</b>        | <b>891</b>         | <b>39.5%</b>                     | <b>127 895</b>                                      | <b>64.5%</b>  |

\* Channels C 33 and C Sur have no prime time programmes and are not included in the table.

TVE 1, among the big national channels, and Antena 3, the private channel, have similar figures, with some three-quarters of the value of their fiction invested in prime time. For Tele 5, the proportion goes down to under two-thirds, although the channel's attention to non-prime-time slots should be looked at in the light of its heavier financial outlay on fiction compared to the other channels.

The autonomic channels, except for TVG (the Galician channel), focus, like ETB 2 (the Basque channel) a significant and sometimes majority share of their expenditure on non-prime-time fiction.

**Analysis by programme standard and by Channel**

| Channel                   | Prod. cost code | Quantity | Financial value (in EUR thousand) |
|---------------------------|-----------------|----------|-----------------------------------|
| <b>National Channels</b>  |                 |          |                                   |
| TVE 1                     | 3A-             | 2        | 2 554                             |
|                           | 2A=             | 52       | 17 416                            |
|                           | 2A-             | 6        | 865                               |
| La 2                      | 2A-             | 6        | 1 687                             |
|                           | 2B              | 1        | 54                                |
| Tele 5                    | 3A=             | 1        | 1 010                             |
|                           | 2A=             | 48       | 18 331                            |
|                           | 2A-             | 98       | 21 897                            |
|                           | 1A-             | 6        | 397                               |
| Antena 3                  | 3A=             | 4        | 2 704                             |
|                           | 2A=             | 8        | 2 506                             |
|                           | 2A-             | 128      | 32 716                            |
| <b>Autonomic channels</b> |                 |          |                                   |
| TV 3                      | 3A-             | 1        | 626                               |
|                           | 3B-             | 1        | 602                               |
|                           | 2A-             | 49       | 6 945                             |
|                           | 1A-             | 30       | 2 169                             |
| TVG                       | 2A              | 139      | 8 861                             |
| ETB 1                     | 2A-             | 6        | 398                               |
|                           | 1A-             | 200      | 3 313                             |
| ETB 2                     | 3A-             | 66       | 1 669                             |
|                           | 2A=             | 39       | 1 175                             |



## FRANCE

### Prime time summary

| Channels            | Programmes<br>(Number of episodes) | Financial value<br>of the production<br>(in EUR thousand) | Financial value of prime<br>time as a percentage<br>of the total of fiction |
|---------------------|------------------------------------|---|---|
| TF 1                | 72                                 | 105 810   | 63.5%   |
| France 2            | 102                                | 108 920   | 88%   |
| France 3            | 49                                 | 54 450  | 91%   |
| M 6                 | 35                                 | 24 950  | 50.5%   |
| Arte                | 11                                 | 12 275  | 69%   |
| CANAL+              | 46                                 | 16 620  | 74%   |
| <b>Total France</b> | <b>315</b>                         | <b>323 025</b>  | <b>73.5%</b>  |

In France, there is a clear gap between France 2 et France 3, the two public channels, which focus the vast mass of their expenditure on prime time and the other channels, which have a more evenly-balanced policy. M6, the private channel, stands out with only 50% of its fiction value in prime time. Most of M6's major international co-production series are put on in access prime time or in a late-evening slot (after 23.00)

### Analysis by programme standard and by Channel

| Channels | Prod. cost code | Quantity | Financial volume (in EUR thousand) |
|----------|-----------------|----------|------------------------------------|
| TF 1     | 3A++            | 4        | 7 920                              |
|          | 3A+             | 58       | 88 450                             |
|          | 3A=             | 4        | 4 880                              |
|          | 2A+             | 6        | 4 560                              |
| France 2 | 3A++            | 3        | 5 940                              |
|          | 3A+             | 18       | 27 450                             |
|          | 3A=             | 47       | 57 340                             |
|          | 2A=             | 34       | 18 190                             |
| France 3 | 3A++            | 3        | 5 940                              |
|          | 3A+             | 2        | 3 050                              |
|          | 3A=             | 32       | 39 040                             |
|          | 2A=             | 12       | 6 420                              |
| M6       | 3A –            | 13       | 9 880                              |
|          | 2B+             | 22       | 15 070                             |
| Arte     | 3A=             | 9        | 10 980                             |
|          | 3A –            | 1        | 760                                |
|          | 2A=             | 1        | 535                                |
| CANAL+   | 3A++            | 1        | 1 980                              |
|          | 3A=             | 1        | 1 220                              |
|          | 1A=             | 44       | 13 420                             |

## UNITED KINGDOM

### Prime Time summary

| Channels                    | Programmes<br>(Number of<br>episodes) | Number of<br>episodes in % | Financial value<br>of the production<br>(in EUR thousand) | Financial value prime<br>time as a percentage<br>of the total of fiction |
|-----------------------------|---------------------------------------|----------------------------|---|--|
| BBC 1                       | 455                                   | 71%                        | 265 901   | 86.0%  |
| BBC 2                       | 59                                    | 75.5%                      | 31 707  | 80.5%  |
| ITV                         | 729                                   | 85%                        | 385 936   | 95.0%  |
| Channel 4                   | 184                                   | 53.5%                      | 66 546  | 63.0%  |
| Channel 5                   | 6                                     | 2%                         | 5 700   | 12.5%  |
| <b>Total United Kingdom</b> | <b>1 433</b>                          | <b>64.5%</b>               | <b>755 790</b>  | <b>83.5%</b>   |

The “historical” channels on the British television network all tend to focus expenditure on prime-time fiction. It should be remembered that British prime-time is of longer duration and with an earlier starting time than the other countries. The audience graph for British television is not like the other countries, inasmuch as there is no real peak. Series which in other countries would be access prime time material (19.00) are slotted into prime-time and achieve audience figures that are unheard of in other countries. Channels therefore begin to air their higher-cost programmes from this 19.00 slot onwards, a strategy where the ends justify the high means invested. However, high audience figures are often for programmes that do not hold back on expenses, although high production costs does not necessarily mean a large public.

The more recently-established channels, Channel 4 and to a greater extent, Channel 5, show their fiction in top slots out of prime time. Channel 4’s defining feature is an alternative programming policy (compared to the longer-established channels), while Channel 5 does not, at least yet, have the financial resources to attack the prime-time slots, especially given the British fiction market, where production costs are higher than for the other countries.

### Analysis by programme standard and by Channel

| Channels  | Prod. cost code. | Quantity | Financial volume<br>(in GBP thousand) | Financial volume<br>(in EUR thousand) |
|-----------|------------------|----------|---------------------------------------|---------------------------------------|
| BBC 1     | 1A+              | 61       |                                       |                                       |
|           | 1A=              | 238      |                                       |                                       |
|           | 1B+              | 2        |                                       |                                       |
|           | 1B=              | 6        |                                       |                                       |
|           | 2A-              | 9        |                                       |                                       |
|           | 2A+              | 17       |                                       |                                       |
|           | 2A=              | 109      |                                       |                                       |
|           | 2B+              | 1        |                                       |                                       |
|           | 3A+              | 6        |                                       |                                       |
|           | 3A=              | 5        | Sub-total                             | Sub-total                             |
|           | 3B=              | 1        | 174 940                               | 265 901                               |
| BBC 2     | 1A-              | 1        |                                       |                                       |
|           | 1A+              | 3        |                                       |                                       |
|           | 1A=              | 31       |                                       |                                       |
|           | 1B=              | 5        |                                       |                                       |
|           | 2A+              | 1        |                                       |                                       |
|           | 2A=              | 15       |                                       |                                       |
|           | 3A=              | 2        | Sub-total                             | Sub-total                             |
|           | 3B=              | 1        | 20 860                                | 31 707                                |
| ITV       | 1A=              | 383      |                                       |                                       |
|           | 1B+              | 6        |                                       |                                       |
|           | 1B=              | 28       |                                       |                                       |
|           | 2A-              | 98       |                                       |                                       |
|           | 2A+              | 10       |                                       |                                       |
|           | 2A=              | 164      |                                       |                                       |
|           | 2B+              | 4        |                                       |                                       |
|           | 2B=              | 5        |                                       |                                       |
|           | 3A+              | 16       | Sub-total                             | Sub-total                             |
|           | 3A=              | 15       | 253 905                               | 385 936                               |
| Channel 4 | 1A+              | 6        |                                       |                                       |
|           | 1A=              | 167      |                                       |                                       |
|           | 1B=              | 1        |                                       |                                       |
|           | 2A-              | 2        |                                       |                                       |
|           | 2A=              | 3        |                                       |                                       |
|           | 2B+              | 3        |                                       |                                       |
|           | 2B=              | 1        | Sub-total                             | Sub-total                             |
|           | 3B=              | 1        | 43 780                                | 66 546                                |
| Channel 5 | 2A=              | 5        | Sub-total                             | Sub-total                             |
|           | 3A=              | 1        | 3 750                                 | 5 700                                 |

## ITALY

### Prime time summary

| Channels*          | Programmes<br>(Number of episodes) | Financial value<br>of the production<br>(in EUR thousand) | Financial value of prime<br>time as a percentage<br>of the total of fiction |
|--------------------|------------------------------------|---|---|
| RAI 1              | 81                                 | 54 736  | 95.5%   |
| RAI 2              | 58                                 | 44 824  | 80.6%   |
| RAI 3              | 125                                | 9 625   | 43.5%   |
| Canale 5           | 49                                 | 66 992  | 77.0%   |
| Rete 4             | 12                                 | 24 792  | 100.0%  |
| <b>Total Italy</b> | <b>325</b>                         | <b>200 969</b>  | <b>80.5%</b>  |

The four channels that broadcast a significant amount of first-run domestic fiction invest massively in prime time.

### Analysis by programme standard and by Channel

| Channel  | Prod. cost code. | Quantity | Financial volume (in EUR thousand) |
|----------|------------------|----------|------------------------------------|
| RAI 1    | 3 A++            | 5        | 10 330                             |
|          | 3 A+             | 13       | 15 444                             |
|          | 3 A=             | 18       | 16 740                             |
|          | 3 A-             | 3        | 2 478                              |
|          | 2 A-             | 42       | 9 744                              |
| RAI 2    | 3 A+             | 22       | 26 136                             |
|          | 3 A=             | 3        | 2 790                              |
|          | 3 A-             | 13       | 10 738                             |
|          | 2 A=             | 20       | 5 160                              |
| RAI 3    | 1 B-             | 125      | 9 625                              |
| Canale 5 | 3 A++            | 10       | 20 660                             |
|          | 3 A+             | 39       | 46 332                             |
| Rete 4   | 3 A++            | 12       | 24 792                             |

## Chapter 4 – Breakdown by programming formats

### Definitions

#### Recap of format categories drawn up by Eurofiction

Anthology, or collection: these involve a number of different fiction programmes, with different protagonists and production units, brought together under a single title name. This title name can refer to a shared theme (*Thriller*) or simply to a programming slot (*Saturday Night Theatre*).

Mini Series: this is a single fiction production split up into 2 to 6 episodes.

Serials: this category includes:

- “open serials” a succession of episodes without there being any pre-determined end to the story-line
- “closed serials”, serials with an actual end and with at least 7 episodes. This category is only common on British television

Series: complete episodes with the same central protagonists throughout.

TV Movie, unit fiction programmes, generally around 90 minutes. This is the category that is nearest to a cinema movie - in some countries the TV-movie might get a cinema release.

## Overview of the 5 countries

### Summary of the financial weight of each format in each country (in percentage terms)

|              | Germany     | Spain       | France      | United Kingdom | Italy       |
|--------------|-------------|-------------|-------------|----------------|-------------|
| Anthology    | 6.8%        | -           | 2.3%        | -              | 0.8%        |
| Mini-series  | 6.9%        | 3.5%        | 10.3%       | 10.9%          | 35.6%       |
| Serials      | 33.0%       | 28.0%       | 2.2%        | 39.4%          | 11.6%       |
| Series       | 26.9%       | 66.0%       | 60.0%       | 45.9%          | 46.0%       |
| TV movie     | 26.4%       | 2.5%        | 25.2%       | 3.8%           | 6.0%        |
| <b>Total</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b>    | <b>100%</b> |

If we look at the question from a trade/profession and production practices perspective, the 5 categories can be brought together in two large groups

Anthologies, mini-series and TV-movies share the same working methods (script, shooting, post-production) that are borrowed from and, in some cases, similar to cinema movies. It is also significant that the basic length of these programmes is 90 minutes, the same as for the average cinema movie. It is no coincidence that France and Italy, with their own internal breakdown between the three formats find themselves each with an aggregate figure of around 40% for the group.

Fiction serials and series need completely different working methods. The script will often be written by a team, shooting will be at more frequent periods and at a sustained rhythm, while the post-production period will be shorter but more sophisticated. Shooting logistics are geared to the genre and sometimes specially designed for a particular series. Fiction series are made with an approach that owes little to movies and much more to television's own techniques.

Sometimes, of course, the boundaries get a little blurred. French television produces highly popular evening-view series (*Navarro, Julie Lescaut, Les Cordier...*) that are made using working practices and the financial approach adopted for the 90-minute unit. However, this is a peculiarly French feature and the exception that proves the European law. Fiction series with a large number of episodes are rarely made in international co-productions and this can be seen for the United Kingdom and Spain, where participation in international co-productions is low, but where fiction series are strongly represented. Germany goes against the grain here, but the high proportion of German-language co-productions can be put down to the large number of series that are produced through co-operation between the German, Austrian and German-speaking Swiss public channels.



**Format breakdown in terms of financial weight and percentage**

| <b>Channel</b> | <b>Format</b> | <b>Financial volume<br/>(in EUR thousand)</b> | <b>%</b> |
|----------------|---------------|---|----------|
| ARD            | Anthology     | 52 562  | 18.4     |
|                | Mini-Series   | 19 080  | 6.7      |
|                | Serials       | 115 366                                       | 40.5     |
|                | Series        | 38 284  | 13.4     |
|                | TV Movie      | 59 952  | 21.0     |
| BR3            | Mini-Series   | 2 564   | 33.8     |
|                | Series        | 2 460   | 32.4     |
|                | TV Movie      | 2 564   | 33.8     |
| N3             | Anthology     | 410   | 100      |
| SW3            | Serials       | 8 610   | 87.0     |
|                | TV Movie      | 1 282   | 13.0     |
| WDR3           | Serials       | 10 660  | 81.2     |
|                | Series        | 2 460   | 18.8     |

| <b>Channel</b> | <b>Format</b> | <b>Financial volume<br/>(in EUR thousand)</b> | <b>%</b> |
|----------------|---------------|---|----------|
| ZDF            | Anthology     | 18 103  | 7.2      |
|                | Mini-Series   | 29 440  | 11.7     |
|                | Serials       | 48 324  | 19.3     |
|                | Series        | 88 260  | 35.2     |
|                | TV Movie      | 66 767  | 26.6     |
| 3sat           | TV Movie      | 2 974   | 100.0    |
| Kika           | Serials       | 8 162   | 75.7     |
|                | Series        | 1 078   | 10.0     |
|                | TV Movie      | 1 538   | 14.3     |
| Arte           | Mini-Series   | 6 052   | 31.4     |
|                | TV Movie      | 13 231  | 68.6     |
| Premiere       | TV Movie      | 1 744   | 100.0    |
| Pro7           | Mini-Series   | 3 488   | 2.8      |
|                | Serials       | 62 466  | 50.5     |
|                | Series        | 20 516  | 16.6     |
|                | TV Movie      | 37 236  | 30.1     |
| RTL            | Serials       | 68 309  | 34.6     |
|                | Series        | 82 208  | 41.6     |
|                | TV Movie      | 46 927  | 23.8     |
| RTL 2          | Series        | 5 026   | 100.0    |
| Sat1           | Mini-Series   | 12 514  | 10.2     |
|                | Serials       | 25 264  | 20.7     |
|                | Series        | 43 057  | 35.2     |
|                | TV Movie      | 41 440  | 33.9     |
| Vox            | TV Movie      | 2 051   | 100.0    |



**Analysis of formats by programme standard and by channel**

| <b>Channel</b> | <b>Format</b> | <b>Quantity per cost code</b> | <b>Financial volume<br/>(in EUR thousand)</b> |       |
|----------------|---------------|-------------------------------|---|-------|
| ARD            | Anthology     | 3 (3A+)                       | 5 232   |       |
|                |               | 35 (3A=)                      | 44 870  |       |
|                |               | 6 (2A=)                       | 2 460   |       |
|                | Mini-Series   | 8 (3A+)                       | 13 952  |       |
|                |               | 4 (3A=)                       | 5 128   |       |
|                | Serials       | 6 (3A=)                       | 7 692   |       |
|                |               | 11 (2A+)                      | 7 898   |       |
|                |               | 30 (2A=)                      | 12 300  |       |
|                |               | 45 (2A-)                      | 11 520  |       |
|                |               | 78 (2B=)                      | 19 968  |       |
|                |               | 10 (2B-)                      | 2 050   |       |
|                |               | 51 (1B=)                      | 10 455  |       |
|                |               | 242 (1B-)                     | 24 926  |       |
|                |               | 241 (1B--)                    | 18 557  |       |
|                |               | Series                        | 4 (3A+)                                       | 6 976 |
|                |               |                               | 7 (3A=)                                       | 8 974 |
|                |               |                               | 4 (2A=)                                       | 1 640 |
|                |               |                               | 32 (2A-)                                      | 8 192 |
|                | 23 (2B+)      |                               | 9 430   |       |
|                | TV Movie      | 12 (2B=)                      | 3 072   |       |
|                |               | 13 (3A+)                      | 22 672  |       |
|                |               | 28 (3A=)                      | 35 896  |       |
|                |               | 1 (3C=)                       | 769   |       |
| 1 (3C-)        |               | 410                           |   |       |
| 1 (2C-)        |               | 205                           |   |       |
|                |               |                               |   |       |
| BR3            | Mini-Series   | 2 (3A=)                       | 2 564   |       |
|                | Series        | 12 (1B=)                      | 2 460   |       |
|                | TV Movie      | 2 (3A=)                       | 2 564   |       |
| N3             | Anthology     | 1 (3C-)                       | 410   |       |
| SW3            | Serials       | 42 (1B=)                      | 8 610   |       |
|                | TV Movie      | 1 (3A=)                       | 1 282   |       |
| WDR3           | Serials       | 52 (1B=)                      | 10 660  |       |
|                | Series        | 6 (2A-)                       | 1 536   |       |
|                |               | 6 (1A=)                       | 924   |       |

| <b>Channel</b> | <b>Format</b> | <b>Quantity per cost code</b> | <b>Financial volume<br/>(in EUR thousand)</b> |
|----------------|---------------|-------------------------------|---|
| <b>ZDF</b>     | Anthology     | 7 (3A+)                       | 12 208  |
|                |               | 1 (3A=)                       | 1 282   |
|                |               | 1 (2A+)                       | 718   |
|                |               | 9 (2A=)                       | 3 690   |
|                |               | 1 (1A+)                       | 205   |
|                | Mini-Series   | 11 (3A+)                      | 19 184  |
|                |               | 8 (3A=)                       | 10 256  |
|                | Serials       | 106 (2A=)                     | 43 460  |
|                |               | 19 (2B=)                      | 4 864   |
|                | Series        | 14 (3A+)                      | 24 416  |
|                |               | 13 (3A=)                      | 16 666  |
|                |               | 27 (2A+)                      | 19 386  |
|                |               | 31 (2A=)                      | 12 710  |
|                |               | 24 (2B+)                      | 9 840   |
|                |               | 11 (2B-)                      | 2 255   |
|                |               | 29 (1A-)                      | 2 987   |
|                |               | TV Movie                      | 11 (3A+)                                      |
|                |               | 28 (3A=)                      | 35 896  |
|                |               | 2 (3C+)                       | 2 050   |
|                |               | 11 (3C=)                      | 8 459   |
|                | 1 (2A=)       | 410                           |   |
|                | 1 (2A-)       | 256                           |   |
|                | 2 (2C=)       | 512                           |   |
| <b>3sat</b>    | TV Movie      | 2 (3A=)                       | 2 564   |
|                |               | 1 (3C-)                       | 410   |
| <b>Kika</b>    | Serials       | 53 (1C=)                      | 8 162   |
|                | Series        | 7 (1C=)                       | 1 078   |
|                | TV Movie      | 2 (3C=)                       | 1 538   |
| <b>Arte</b>    | Mini-Series   | 2 (3A+)                       | 3 488   |
|                |               | 2 (3A=)                       | 2 564   |
|                | TV Movie      | 2 (3A+)                       | 3 488   |
|                |               | 7 (3A=)                       | 8 974   |
|                |               | 1 (3C=)                       | 769   |

| <b>Channel</b>  | <b>Format</b> | <b>Quantity per cost code</b> | <b>Financial volume<br/>(in EUR thousand)</b> |
|-----------------|---------------|-------------------------------|---|
| <b>Premiere</b> | TV Movie      | 1 (3A+)                       | 1 744   |
| <b>Pro 7</b>    | Mini-Series   | 2 (3A+)                       | 3 488   |
|                 | Serials       | 174 (1B+)                     | 62 466  |
|                 | Series        | 6 (3A+)                       | 10 464  |
|                 |               | 14 (2A+)                      | 10 052  |
|                 | TV Movie      | 14 (3A+)                      | 24 416  |
|                 |               | 10 (3A=)                      | 12 820  |
| <b>RTL</b>      | Serials       | 27 (2A=)                      | 11 070  |
|                 |               | 46 (2A-)                      | 11 776  |
|                 |               | 253 (1B-)                     | 26 059  |
|                 |               | 252 (1B- -)                   | 19 404  |
|                 | Series        | 3 (3A=)                       | 3 846   |
|                 |               | 69 (2A+)                      | 49 542  |
|                 |               | 48 (2A=)                      | 19 680  |
|                 |               | 5 (2A-)                       | 1 280   |
|                 |               | 39 (1A=)                      | 6 006   |
|                 |               | 18 (1A-)                      | 1 854   |
|                 | TV Movie      | 11 (3A+)                      | 19 184  |
|                 |               | 21 (3A=)                      | 26 922  |
|                 |               | 1 (3A-)                       | 821   |
| <b>RTL 2</b>    | Series        | 7 (2A+)                       | 5 026   |
| <b>SAT 1</b>    | Mini-Series   | 6 (3A+)                       | 10 464  |
|                 |               | 2 (3C+)                       | 2 050   |
|                 | Serials       | 13 (2A+)                      | 9 334   |
|                 |               | 17 (2A=)                      | 6 970   |
|                 |               | 35 (2A-)                      | 8 960   |
|                 | Series        | 5 (3A=)                       | 6 410   |
|                 |               | 1 (2A+)                       | 718   |
|                 |               | 63 (2A=)                      | 25 830  |
|                 |               | 31 (2A-)                      | 7 936   |
|                 |               | 21 (1A-)                      | 2 163   |
|                 | TV Movie      | 12 (3A+)                      | 20 928  |
|                 |               | 16 (3A=)                      | 20 512  |
| <b>Vox</b>      | TV Movie      | 1 (3C=)                       | 769   |
|                 |               | 1 (3A=)                       | 1 282   |

## SPAIN

### Summary of the weight of each format for all channels taken together

|              | No. of episodes | Financial volume<br>(in EUR thousand) | % of the<br>total value |
|--------------|-----------------|---------------------------------------|-------------------------|
| Mini-series  | 12              | 6 349                                 | 3.5%                    |
| Serials      | 1 523           | 55 988                                | 28%                     |
| Series       | 714             | 131 268                               | 66%                     |
| TV movie     | 7               | 4 942                                 | 2.5%                    |
| <b>Total</b> | <b>2 256</b>    | <b>198 547</b>                        | <b>100%</b>             |

A significant feature of Spanish television is the large number of multi-episode serials. Between them, series and serials account for 94% of the value of fiction output. Cinema movies (beginning with those which had only a limited release) take up the space that other countries' programme grills give over to TV Movies.

### Channel-by-channel summary (in percentage terms)

|              | TVE 1       | La 2        | Tele 5      | Antena 3    | National channels total |
|--------------|-------------|-------------|-------------|-------------|-------------------------|
| Mini-series  | 9.5%        | 97%         |             |             | 3%                      |
| Serials      | 23%         |             | 36%         | 17%         | 26.5%                   |
| Series       | 67.5%       | 3%          | 62.5%       | 77.5%       | 68%                     |
| TV movie     |             |             | 1.5%        | 5.5%        | 2.5%                    |
| <b>Total</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b>             |

|              | C 33         | TV 3         | C Sur        | TVG          | ETB 1        | ETB 2       | Autonomic<br>channels total |
|--------------|--------------|--------------|--------------|--------------|--------------|-------------|-----------------------------|
| Mini-series  |              |              |              |              |              | 31.5%       | 4%                          |
| Serials      |              | 30.5%        | 100%         |              | 65.5%        | 51%         | 32%                         |
| Series       | 100%         | 62%          |              | 100%         | 34.5%        | 17.5%       | 62%                         |
| TV movie     |              | 7.5%         |              |              |              |             | 2%                          |
| <b>Total</b> | <b>100 %</b> | <b>100 %</b> | <b>100 %</b> | <b>100 %</b> | <b>100 %</b> | <b>100%</b> | <b>100 %</b>                |

### Analysis in terms of financial weight and percentage of total fiction

| Channel                   | Format      | No. of episodes | Financial volume (in EUR thousand) | % of total value |
|---------------------------|-------------|-----------------|------------------------------------|------------------|
| <b>National channels</b>  |             |                 |                                    |                  |
| TVE 1                     | Mini-Series | 2               | 2 554                              | 9.5%             |
|                           | Serials     | 191             | 6 316                              | 23%              |
|                           | Series      | 58              | 18 281                             | 67.5%            |
| La 2                      | Mini-Series | 6               | 1 687                              | 97%              |
|                           | Series      | 1               | 54                                 | 3%               |
| Tele 5                    | Serials     | 473             | 23 301                             | 36%              |
|                           | Series      | 152             | 40 625                             | 62.5%            |
|                           | TV Movie    | 1               | 1 010                              | 1.5%             |
| Antena 3                  | Serials     | 126             | 8 330                              | 17%              |
|                           | Series      | 165             | 37 836                             | 77.5%            |
|                           | TV Movie    | 4               | 2 704                              | 5.5%             |
| <b>Autonomic channels</b> |             |                 |                                    |                  |
| C33                       | Series      | 10              | 12 078                             | 100%             |
| TV 3                      | Serials     | 215             | 5 180                              | 30.5%            |
|                           | Series      | 94              | 10 605                             | 62%              |
|                           | TV Movie    | 2               | 1 228                              | 7.5%             |
| C Sur                     | Serials     | 204             | 6 144                              | 100%             |
| TVG                       | Series      | 139             | 8 861                              | 100%             |
| ETB 1                     | Serials     | 200             | 3 313                              | 65.5%            |
|                           | Series      | 56              | 1 753                              | 34.5%            |
| ETB 2                     | Mini-Serie  | 4               | 2 108                              | 31.5%            |
|                           | Serials     | 114             | 3 404                              | 51%              |
|                           | Series      | 39              | 1 175                              | 17.5%            |

**Analysis of formats by programme standard and by channel**

| <b>Channel</b>            | <b>Format</b> | <b>Quantity per cost code</b> | <b>Financial volume<br/>(in EUR thousand)</b> |
|---------------------------|---------------|-------------------------------|---|
| <b>National channels</b>  |               |                               |   |
| <b>TVE 1</b>              | Mini-Series   | 2 (3A-)                       | 2 554   |
|                           | Serials       | 191 (1C-)                     | 6 316   |
|                           | Series        | 52 (2A=)                      | 17 416  |
|                           |               | 6 (2A-)                       | 865   |
| <b>La 2</b>               | Mini-Series   | 6 (2A-)                       | 1 687   |
|                           | Series        | 1 (2B)                        | 54  |
| <b>Tele 5</b>             | Serials       | 219 (1B-)                     | 13 162  |
|                           |               | 254 (1C-)                     | 10 139  |
|                           | Series        | 48 (2A=)                      | 18 331  |
|                           |               | 98 (2A-)                      | 21 897  |
|                           |               | 6 (1A-)                       | 397   |
|                           | TV Movie      | 1 (3A=)                       | 1 010   |
| <b>Antena 3</b>           | Serials       | 126 (1C-)                     | 8 330   |
|                           | Series        | 8 (2A=)                       | 2 506   |
|                           |               | 128 (2A-)                     | 32 716  |
|                           |               | 29 (2C-)                      | 2 614   |
|                           | TV Movie      | 4 (3A=)                       | 2 704   |
| <b>Autonomic channels</b> |               |                               |   |
| <b>C33</b>                | Series        | 9 (3B+)                       | 12 048  |
|                           |               | 1 (1C-)                       | 30  |
| <b>TV 3</b>               | Serials       | 215 (1C-)                     | 5 180   |
|                           | Series        | 49 (2A-)                      | 6 945   |
|                           |               | 15 (2B-)                      | 1 491   |
|                           |               | 30 (1A-)                      | 2 169   |
|                           | TV Movie      | 1 (3A-)                       | 626   |
|                           | 1 (3B-)       | 602                           |   |
| <b>C Sur</b>              | Serials       | 204 (1C-)                     | 6 144   |
| <b>TVG</b>                | Series        | 139 (2A)                      | 8 861   |
| <b>ETB 1</b>              | Serials       | 200 (1A-)                     | 3 313   |
|                           | Series        | 6 (2A-)                       | 398   |
|                           |               | 50 (1C-)                      | 1 355   |
| <b>ETB 2</b>              | Mini-Serie    | 4 (2C)                        | 2 108   |
|                           | Serials       | 66 (3A-)                      | 1 669   |
|                           | Series        | 48(1B-)                       | 1 735   |
|                           |               | 39 (2A=)                      | 1 175   |

## FRANCE

### Summary of the weight of each format for all the channels taken together

|              | Financial volume (in EUR thousand) | %            |
|--------------|------------------------------------|--------------|
| Anthology    | 10 040                             | 2.3          |
| Mini-series  | 45 435                             | 10.3         |
| Serials      | 9 600                              | 2.2          |
| Series       | 263 180                            | 60.0         |
| TV movie     | 110 385                            | 25.2         |
| <b>Total</b> | <b>438 640</b>                     | <b>100 %</b> |

There is a fairly marked order for the three main formats, with series at 60%, TV Movies at 25% and mini-series at 10%, with the other two at under 3%. The table shows that there are more than minor differences between the channels. The private ones (TF1 and M6) place their focus more firmly on series, although the series category here covers the number of prime time series made up of 90-minute episodes. The production practices for these programmes are in a lot of ways more similar to those for a 90-minute TV Movie<sup>10</sup> rather than for a series of 26 or 52 minute episodes. The latter format generally has a larger number of episodes and needs better productivity (more effective minutes per day and shorter post-production periods). France 2 and France 3, the public channels, put a lot of resources into TV Movies, while mini-series feature often on the two most popular channels' (TF 1 and France 2) programming schedules.

### Channel-by-channel breakdown (in percentage terms)

|              | TF 1         | France 2     | France 3     | M 6          | Arte         | CANAL+       |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Anthology    |              | 2 %          |              | 15.7 %       |              |              |
| Mini-series  | 12.1%        | 18.5%        |              | 5.1 %        |              |              |
| Serials      |              | 7.7 %        |              |              |              |              |
| Series       | 72.6 %       | 49.0 %       | 47.1 %       | 67.9 %       | 41.2 %       | 59.7 %       |
| TV Movie     | 15.3 %       | 22.8 %       | 52.9 %       | 11.3 %       | 58.8 %       | 40.3 %       |
| <b>Total</b> | <b>100 %</b> | <b>100 %</b> | <b>100 %</b> | <b>100 %</b> | <b>100 %</b> | <b>100 %</b> |

### Financial weight and percentage channel per channel

| Channel  | Format                   | Financial volume (in EUR thousand) | %    |
|----------|--------------------------|------------------------------------|------|
| TF 1     | Mini-series              | 20 125                             | 12.1 |
|          | Series                   | 120 710                            | 72.6 |
|          | <i>dont sitcom</i>       | 9 780                              |      |
|          | TV movie                 | 25 465                             | 15.3 |
| France 2 | Anthology                | 2 440                              | 2.0  |
|          | Mini-series              | 22 870                             | 18.5 |
|          | Serials                  | 9 600                              | 7.7  |
|          | Series                   | 60 630                             | 49.0 |
|          | <i>including sitcom</i>  | 1 170                              |      |
|          | TV movie                 | 28 210                             | 22.8 |
| France 3 | Series                   | 28 220                             | 47.1 |
|          | TV movie                 | 31 720                             | 52.9 |
| M 6      | Anthology                | 7 600                              | 15.7 |
|          | Mini-series              | 2 440                              | 5.1  |
|          | Series                   | 32 880                             | 67.9 |
|          | TV movie                 | 5 490                              | 11.3 |
| Arte     | Series                   | 7 320                              | 41.2 |
|          | TV movie                 | 10 435                             | 58.8 |
| CANAL+   | Series ( <i>sitcom</i> ) | 13 420                             | 59.7 |
|          | TV movie                 | 9 065                              | 40.3 |

(10) More and more often it can be seen that successful TV Movies are subsequently brought out in series form, with the same protagonist, provided the characters and context of the movie are suitable.

## Analysis by programme standard and by channel

| Channel  | Format                  | Quantity per cost code | Financial volume (in EUR thousand) |
|----------|-------------------------|------------------------|------------------------------------|
| TF 1     | Mini-series             | 2 (3A++)               | 3 960                              |
|          |                         | 9 (3A+)                | 13 725                             |
|          | Series                  | 2 (3A=)                | 2 440                              |
|          |                         | 1 (3A++)               | 1 980                              |
|          |                         | 39 (3A+)               | 59 475                             |
|          |                         | 2 (3A=)                | 2 440                              |
|          |                         | 6 (2A+)                | 4 560                              |
|          |                         | 9 (2A=)                | 4 815                              |
|          |                         | 77 (2B=)               | 29 260                             |
|          |                         | 3 (2B-)                | 690                                |
|          |                         | 12 (1B+)               | 2 760                              |
|          |                         | 68 (1B=)               | 8 160                              |
|          | 73 (1B-)                | 6 570                  |                                    |
|          | <i>including sitcom</i> | 68 (1B=)               | 8 160                              |
|          |                         | 18 (1B-)               | 1 620                              |
|          | TV movie                | 1 (3A++)               | 1 980                              |
| 13 (3A+) |                         | 19 825                 |                                    |
| 3 (3A=)  |                         | 3 660                  |                                    |
| France 2 | Anthology               | 2 (3A=)                | 2 440                              |
|          | Mini-series             | 2 (3A++)               | 3 960                              |
|          |                         | 2 (3A+)                | 3 050                              |
|          |                         | 13 (3A=)               | 15 860                             |
|          | Serials                 | 160 (1C=)              | 9 600                              |
|          | Series                  | 14 (3A+)               | 21 350                             |
|          |                         | 15 (3A=)               | 18 300                             |
|          |                         | 34 (2A=)               | 18 190                             |
|          |                         | 27 (1C=)*              | 1 620                              |
|          | 13 (1B-)                | 1 170                  |                                    |
|          | <i>including sitcom</i> | 13 (1B-)               | 1 170                              |
|          | TV movie                | 1 (3A++)               | 1 980                              |
| 2 (3A+)  |                         | 3 050                  |                                    |
| 19 (3A=) |                         | 23 180                 |                                    |
| France 3 | Series                  | 13 (3A=)               | 15 860                             |
|          |                         | 12 (2A=)               | 6 420                              |
|          | TV movie                | 3 (3A++)               | 5 940                              |
|          |                         | 4 (3A+)                | 6 100                              |
|          |                         | 21 (3A=)               | 25 620                             |
| M6       | Anthology               | 10 (3A-)               | 7 600                              |
|          | Mini-series             | 2 (3A=)                | 2 440                              |
|          | Series                  | 48 (2B+)               | 32 880                             |
|          | TV movie                | 3 (3A-)                | 2 280                              |
|          |                         | 6 (3C=)                | 3 210                              |
| Arte     | Series                  | 6 (3A=)                | 7 320                              |
|          |                         | 5 (3A=)                | 6 100                              |
|          | TV movie                | 5 (3A-)                | 3 800                              |
|          |                         | 1 (2A=)                | 535                                |
| CANAL+   | Series(sitcom)          | 44 (1A=)               | 13 420                             |
|          | TV movie                | 1 (3A++)               | 1 980                              |
|          |                         | 2 (3A+)                | 3 050                              |
|          |                         | 1 (3A=)                | 1 220                              |
|          |                         | 3 (3A-)                | 2 280                              |
|          | 1 (2A=)                 | 535                    |                                    |



## UNITED KINGDOM

### Summary of the weight of each format for all channels taken together

|              | Financial volume (in EUR thousand) | %           |
|--------------|------------------------------------|-------------|
| Mini-series  | 98 587                             | 10.9%       |
| Serials      | 356 532                            | 39.4%       |
| Series       | 415 476                            | 45.9%       |
| TV movie     | 34 797                             | 3.8%        |
| <b>Total</b> | <b>905 392</b>                     | <b>100%</b> |

Figures for the United Kingdom show series and serials leading the way. There is a bigger difference between serial and series levels on BBC1 than on ITV, the latter channel showing about the same amounts of each.

TV Movies do not get much of a look-in on British TV. Like in Spain, the programmers prefer domestically-made cinema movies. Mini-series, as in France, are very popular, especially on the 2 main channels.

### Format breakdown in percentage terms by channel

|              | BBC 1       | BBC 2       | ITV         | Channel 4   | Channel 5   |
|--------------|-------------|-------------|-------------|-------------|-------------|
| Mini-series  | 10.3%       | 30.2%       | 12.4%       | 2.6%        | 4%          |
| Serials      | 24.5%       | -           | 41.7%       | 75.7%       | 69.5%       |
| Series       | 62.4%       | 54.5%       | 43.4%       | 13.4%       | 23.8%       |
| TV Movie     | 2.8%        | 15.3%       | 2.5%        | 8.3%        | 2.7%        |
| <b>Total</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> |

### Analysis by programme standard and by channel

| Channel   | Format      | Financial volume (in GBP thousand) | Financial volume (in GBP thousand) | %     |
|-----------|-------------|------------------------------------|------------------------------------|-------|
| BBC 1     | Mini-series | 21 000                             | 31 920                             | 10.3% |
|           | Serials     | 49 725                             | 75 582                             | 24.5% |
|           | Series      | 126 854                            | 192 818                            | 62.4% |
|           | TV Movie    | 5 725                              | 8 702                              | 2.8%  |
| BBC2      | Mini-series | 7 810                              | 11 871                             | 30.2% |
|           | Series      | 14 092                             | 21 420                             | 54.5% |
|           | TV Movie    | 3 950                              | 6 004                              | 15.3% |
| ITV       | Mini-series | 33 050                             | 50 236                             | 12.4% |
|           | Serials     | 111 330                            | 169 222                            | 41.7% |
|           | Series      | 115 943                            | 176 233                            | 43.4% |
|           | TV Movie    | 6 602                              | 10 035                             | 2.5%  |
| Channel 4 | Mini-series | 1 800                              | 2 736                              | 2.6%  |
|           | Serials     | 52 625                             | 79 990                             | 75.7% |
|           | Series      | 9 295                              | 14 128                             | 13.4% |
|           | TV Movie    | 5 790                              | 8 801                              | 8.3%  |
| Channel 5 | Mini-series | 1 200                              | 1 824                              | 4.0%  |
|           | Serials     | 20 880                             | 31 738                             | 69.5% |
|           | Series      | 7 156                              | 10 877                             | 23.8% |
|           | TV Movie    | 826                                | 1 255                              | 2.7%  |

## ITALY

### Summary of the weight of each format for all channels taken together

|              | Financial volume (in EUR thousand) | %          |
|--------------|------------------------------------|------------|
| Anthology    | 2 064                              | 0.8        |
| Mini-series  | 88 732                             | 35.6       |
| Serials      | 28 902                             | 11.6       |
| Series       | 114 687                            | 46.0       |
| TV movie     | 15 082                             | 6.0        |
| <i>Total</i> | <i>249 467</i>                     | <i>100</i> |

Even though it comes in below the series in terms of value, the mini-series is the defining feature of Italian television, especially seeing its low weight in the other countries.

### Format breakdown in percentage terms by channel

|              | RAI 1        | RAI 2        | RAI 3        | Canale 5     | Italia 1     | Rete 4       |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Anthology    |              | 3.7 %        |              |              |              |              |
| Mini-series  | 33 %         | 42.5 %       |              | 53.1 %       |              |              |
| Serials      |              |              | 80.6 %       | 12.8 %       |              |              |
| Series       | 55.7 %       | 48.5 %       | 14 %         | 30 %         | 65.4 %       | 100 %        |
| TV movie     | 11.3 %       | 5.3 %        | 5.4 %        | 4.1 %        | 34.6 %       |              |
| <i>Total</i> | <i>100 %</i> | <i>100 %</i> | <i>100 %</i> | <i>100 %</i> | <i>100 %</i> | <i>100 %</i> |

### Financial weight and percentage of total fiction

| Channel  | Format                 | Financial volume (in ITL thousand) | %    |
|----------|------------------------|------------------------------------|------|
| RAI 1    | Mini-series            | 18 904                             | 33.0 |
|          | Series                 | 31 956                             | 55.7 |
|          | TV Movie               | 6 456                              | 11.3 |
| RAI 2    | Anthology              | 2 064                              | 3.7  |
|          | Mini-series            | 23 652                             | 42.5 |
|          | Series                 | 26 930                             | 48.5 |
|          | <i>Of which sitcom</i> | <i>4 104</i>                       |      |
|          | TV Movie               | 2 944                              | 5.3  |
| RAI      | 3 Serials              | 17 787                             | 80.6 |
|          | Series                 | 3 096                              | 14.0 |
|          | TV Movie               | 1 188                              | 5.4  |
| Canale 5 | Mini-series            | 46 176                             | 53.1 |
|          | Serials                | 11 115                             | 12.8 |
|          | Series                 | 2 157                              | 30.0 |
|          | <i>Of which sitcom</i> | <i>4 773</i>                       |      |
|          | TV Movie               | 3 564                              | 4.1  |
| Italia 1 | Series                 | 1 756                              | 65.4 |
|          | TV Movie               | 930                                | 34.6 |
| Rete 4   | Series                 | 24 792                             | 100  |

**Analysis by programme standard and by Channel**

| <b>Channel</b>  | <b>Format</b>          | <b>Quantity per cost code</b> | <b>Financial volume<br/>(in ITL thousand)</b> |
|-----------------|------------------------|-------------------------------|---|
| <b>RAI 1</b>    | Mini-series            | 4 (3A++)                      | 8 264   |
|                 |                        | 6 (3A+)                       | 7 128   |
|                 |                        | 2 (3A=)                       | 1 860   |
|                 |                        | 2 (3A-)                       | 1 652   |
|                 | Series                 | 42 (2A-)                      | 9 744   |
|                 |                        | 6 (3A+)                       | 7 128   |
|                 |                        | 14 (3A=)                      | 13 020  |
|                 |                        | 4 (3B-)                       | 2 064   |
|                 |                        | 1 (3A++)                      | 2 066   |
|                 | TV Movie               | 1 (3A+)                       | 1 188   |
|                 |                        | 2 (3A=)                       | 1 860   |
|                 |                        | 1 (3A-)                       | 826   |
|                 |                        | 1 (3B-)                       | 516   |
| <b>RAI 2</b>    | Anthology              | 4 (3B-)                       | 2 064   |
|                 | Mini-series            | 10 (3A+)                      | 11 880  |
|                 |                        | 2 (3A=)                       | 1 860   |
|                 |                        | 12 (3A-)                      | 9 912   |
|                 | Series                 | 12 (3A+)                      | 14 256  |
|                 |                        | 20 (2A=)                      | 5 160   |
|                 |                        | 11 (2B-)                      | 3 410   |
|                 |                        | 38 (1C=)                      | 4 104   |
|                 | <i>of which sitcom</i> | <i>38 (1C=)</i>               | <i>4 104</i>                                  |
|                 | TV Movie               | 1 (3A=)                       | 930   |
|                 |                        | 1 (3A-)                       | 826   |
| 1 (3B+)         |                        | 1 188                         |   |
| <b>RAI 3</b>    | Serials                | 231 (1B-)                     | 17 787  |
|                 | Series                 | 6 (3B-)                       | 3 096   |
|                 | TV Movie               | 1 (3B+)                       | 1 188   |
| <b>Canale 5</b> | Mini-series            | 10 (3A++)                     | 20 660  |
|                 |                        | 2 (3C++)                      | 4 132   |
|                 |                        | 18 (3A+)                      | 21 384  |
|                 | Serials                | 195 (1C-)                     | 11 115  |
|                 | Series                 | 18 (3A+)                      | 21 384  |
|                 |                        | 37 (1B+)                      | 4 773   |
|                 | <i>of which sitcom</i> | <i>37 (1B+)</i>               | <i>4 773</i>                                  |
|                 | TV Movie               | 3 (3A+)                       | 3 564   |
| <b>Italia 1</b> | Series                 | 3 (2B-)                       | 930   |
|                 |                        | 2 (3C-)                       | 826   |
|                 | TV Movie               | 1 (3C=)                       | 930   |
| <b>Rete 4</b>   | Series                 | 12 (3A++)                     | 24 792  |



## **Part two**

# **The fiction production sector**



## Chapter 1 – The relationship between producers and broadcasters in each country

In this chapter, following a brief overview of the regulatory framework governing the relationship between producers and broadcasters<sup>11</sup>, we have looked at the rankings of production companies in each country, according to the value of fiction broadcast in 1999. These rankings should not, however be seen as league tables with the largest turnover winning the championship.

An important methodological difference makes it impossible for us to convert our figures into revenue figures. While it is possible to suppose that the value of a programme represents a similar amount of revenue for the production company<sup>12</sup>, there still remains the problem of the shared financing of international co-productions. We saw previously that international co-productions are not in the majority, but on the other hand, they do represent a non-negligible amount, except in Spain, and also involve the most expensive productions. Moreover, in most countries, some distributors might make part of the payment in the form of services rendered, with broadcasters charging a certain amount for the use of their technical resources and staff in making a film under the responsibility of an outside company. In a case like this, the broadcaster's contribution in kind cannot be considered as revenue for the producer.

The tables we have drawn up are only valid for the fiction production sector. Some companies and groups also work in other sectors such as magazines, entertainment, animation films and documentaries.

As fiction is the genre that requires the most financial sources on television, the reports that we have drawn up provide each country with details of the power struggles between the production companies, different categories of production companies and between producers and broadcasters.

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(11) This presentation sets out solely to outline the relationship between producers and broadcasters. It does not intend to propose a comprehensive analysis of all legal issues and facts that may apply on this topic. Legal information has not been compiled or checked by the Legal expert of the European Audiovisual Observatory. For an analysis from a legal angle, readers should refer to the European Audiovisual Observatory legal publications. *Legal Guide to Audiovisual in Europe*, European Audiovisual Observatory, Strasbourg, 1999 and for recent developments, the monthly newsletter *IRIS: Legal Observations of the European Audiovisual Observatory*.

(12) Which is far from being the general rule in some countries, especially France.

## GERMANY

### Regulatory framework

There are no specific regulations governing the relationships between broadcasters and production companies other than those laid down in German law following the adoption of the "Television without Frontiers" Directive.

### Fiction suppliers in 1999

Given the large number of German channels, we restricted our analysis to the five main national channels that account between them for 93% of broadcast fiction, in terms of production costs. An analysis of the channels' suppliers revealed 147 production companies (television channels included)

## ARD

### The 10 main fiction suppliers (based on financial values of the programmes)

| Production company             | Number of programmes supplied | Financial value of the programmes supplied (in EUR thousand) | % compared to total ARD fiction output |
|--------------------------------|-------------------------------|--|--|
| Bavaria Film                   | 265                           | 30 293   | 10.6                                   |
| Grundy                         | 242                           | 24 926   | 8.7                                    |
| Saxonia Media                  | 55                            | 24 340   | 8.5                                    |
| Studio Hamburg                 | 36                            | 22 966   | 8.0                                    |
| Colonia Media                  | 52                            | 20 192   | 7.0                                    |
| Neue Deutsche Filmgesellschaft | 38                            | 14 706   | 5.1                                    |
| Regina Ziegler                 | 6                             | 10 464   | 3.7                                    |
| GFF                            | 51                            | 10 455   | 3.7                                    |
| SWR (1)                        | 8                             | 10 256   | 3.6                                    |
| HR (1)                         | 5                             | 6 410  | 2.2                                    |

(1) SWR are HR are ARD regional stations (respectively in Rhine Palatinate/Baden-Württemberg and Hesse) The figures are therefore for in-house production.

The channel has 49 production companies

## Pro7

| Production company | Number of programmes supplied | Financial value of the programmes supplied (in EUR thousand) | % compared to total Pro7 fiction output |
|--------------------|-------------------------------|--|---|
| Grundy             | 174                           | 62 466   | 50.5                                    |
| Novafilm           | 6                             | 10 464   | 8.4                                     |
| FFP Entertainment  | 10                            | 7 488  | 6.0                                     |
| Allmedia           | 7                             | 6 052  | 4.9                                     |
| Akzente            | 2                             | 3 488  | 2.8                                     |

This channel has 23 production companies



**RTL**

| <b>Production company</b> | <b>Number of programmes supplied</b> | <b>Financial value of the programmes supplied (in EUR thousand)</b> | <b>% compared to total RTL fiction output</b> |
|---------------------------|--------------------------------------|---|---|
| Grundy                    | 551                                  | 57 239  | 29.0  |
| Action concept            | 22                                   | 17 848  | 9.0   |
| Phoenix                   | 40                                   | 17 836  | 9.0   |
| Endemol                   | 30                                   | 11 530  | 5.8   |
| MR (*)                    | 13                                   | 9 334   | 4.7   |
| Studio Hamburg            | 11                                   | 8 460   | 4.3   |
| Columbia                  | 53                                   | 8 166   | 4.1   |
| OPAL                      | 16                                   | 6 560   | 3.3   |

(\*) MR GmbH is an Austrian company

This channel has 34 production companies

**SAT.1**

| <b>Production company</b> | <b>Number of programmes supplied</b> | <b>Financial value of the programmes supplied (in EUR thousand)</b> | <b>% compared to total SAT.1 fiction output</b> |
|---------------------------|--------------------------------------|---|---|
| Janus                     | 16                                   | 14 104  | 11.5  |
| Bavaria                   | 14                                   | 11 744  | 9.6   |
| Novafilm                  | 35                                   | 8 960   | 7.3   |
| Beta                      | 4                                    | 6 976   | 5.7   |
| Multimedia                | 26                                   | 6 656   | 5.4   |
| ABC                       | 12                                   | 5 792   | 4.7   |
| Dream                     | 12                                   | 5 792   | 4.7   |

This channel has 36 production companies

**ZDF**

| <b>Production company</b>      | <b>Number of programmes supplied</b> | <b>Financial value of the programmes supplied (in EUR thousand)</b> | <b>% compared to total ZDF fiction output</b> |
|--------------------------------|--------------------------------------|---|---|
| Ufa                            | 43                                   | 22 042  | 8.8   |
| Neue Deutsche Filmgesellschaft | 25                                   | 15 124  | 6.0   |
| Novafilm                       | 32                                   | 14 864  | 5.9   |
| Aspekt                         | 24                                   | 14 662  | 5.8   |
| Polyphon                       | 14                                   | 13 184  | 5.2   |
| Regina Ziegler                 | 9                                    | 11 950  | 4.8   |
| Terranova                      | 23                                   | 9 430   | 3.7   |
| Westdeutsche Universum Film    | 7                                    | 8 974   | 3.6   |
| Studio Hamburg                 | 10                                   | 8 257   | 3.3   |
| Neue Münchner                  | 20                                   | 8 200   | 3.3   |

This channel has 60 production companies.

***A large number of companies in contrast with a relatively high sector integration***

There is still a number of reminders in Germany of the time when ARD production used to be almost completely integrated (which was never the case with ZDF). Some of ARD's regional stations still supply fiction programmes, either to the main ARD channel or to their regional channel within the ARD third network. In the next table, we shall see that the SWR station (based in Stuttgart and in Mainz) is the ninth biggest German production company, with fiction made for ARD 1 and for its regional channel, SWR. Five other regional stations [BR (Bavaria), HR (Hesse), WDR (Northern Rhineland), RB (Bremen) and NDR (North)] have also produced fiction for the ARD national channel or for their third-network regional channel.

The public-service corporation also has two large production subsidiaries. Bavaria, a subsidiary of WDR, the Cologne station, encompasses ten production companies (Colonia Media, Saxonia Media, Odeon Film, Askania Media, Monaco Film, etc.). Studio Hamburg is a subsidiary of the Hamburg station, NDR, which has just under ten companies (Videoscope, Polyphon, DOM, etc.).

ARD also sometimes commissions fiction from a completely independent company which in turn produces the programme using the facilities of a regional station, which itself becomes a sort of service company operating at the other end of the production line.

Before the Kirch group became a television proprietor, it was involved in distribution and production, owning a group of ten different production companies. The best known outside of Germany are Beta and Taurus, which are regularly part of major European co-productions, especially with France and Italy. Other Kirch production companies include Janus, Constantin, NDF and Akzente Film.

With the successive mergers between RTL, Bertelsmann and Pearson, the RTL Group has become a major player in the German production scene. The oldest and the biggest company is the UFA, which is involved in several different areas of production and sports rights management. Other companies worth mentioning include Trebitsch, Grundy, Action concept and HDTV.

One way or another, public and private broadcasters have gained a firm foothold in the production sector.

Except in international co-productions, German broadcasters pay the whole of a programme's production costs (or more even, to cover the production company's overheads) and hold the broadcasting rights for the country and usually share the international rights with the production company.

## Ranking of the 15 leading production companies, all commissioning channels included

This ranking includes orders from all 15 of the channels listed in the country

| Production company             | Number of commissioning channels | Value of all the fiction broadcast, for all Channels (in EUR thousand) | % of total for the country |
|--------------------------------|----------------------------------|--|----------------------------|
| Grundy                         | 3                                | 144 631  | 13.7%                      |
| Bavaria                        | 4                                | 51 678   | 4.9%                       |
| Studio Hamburg                 | 5                                | 42 043   | 4.0%                       |
| Novafilm*                      | 4                                | 39 058   | 3.7%                       |
| Regina Ziegler*                | 3                                | 33 074   | 3.1%                       |
| Saxonia Media                  | 2                                | 25 622   | 2.4%                       |
| Ufa                            | 1                                | 22 042   | 2.0%                       |
| Colonia Media                  | 2                                | 21 936   | 2.0%                       |
| SWR**                          | 3                                | 21 430   | 2.0%                       |
| Neue Deutsche Filmgesellschaft | 2                                | 21 072   | 2.0%                       |
| Phoenix*                       | 3                                | 20 862   | 2.0%                       |
| Action concept                 | 1                                | 17 848   | 1.7%                       |
| Polyphon                       | 4                                | 16 928   | 1.6%                       |
| Neue Filmproduktion tv GmbH*   | 2                                | 15 988   | 1.5%                       |
| FFP*                           | 4                                | 15 746   | 1.5%                       |

\* Companies not part of a large group

\*\* ARD regional stations: Palatinate and Baden Wurtemberg (Stuttgart).

In all, for all the channels, there are 147 production companies.

Of the 15 biggest fiction production companies, only 5 are not part of a group belonging to a broadcaster.

It can also be seen that there is considerable dispersion within the sector. The second biggest production company, Bavaria, only accounts for 5% of the total value of fiction for the year. The perspective changes, however, if we look at the results in terms of groups.

## Ranking by large groups

|                |         |        |
|----------------|---------|--------|
| RTL/ CLT-UFA   | 221 601 | 21.0 % |
| Bavaria        | 136 256 | 12.9 % |
| Studio Hamburg | 88 134  | 8.4 %  |
| Kirch          | 76 815  | 7.3 %  |
| Endemol        | 16 971  | 1.6 %  |

If the results of the four main broadcaster-linked groups are added together, we get a total of 49.6%. The dispersion we mentioned before therefore only involves half the fiction production market, where a hundred or so production companies are in competition. The only group that is involved solely in the production sector is the Endemol group, with its 4 separate German companies. Endemol only accounts for 1.6% of the fiction market, most of its business being in the light entertainment sector.

It should also be noted that while the four groups are linked to a German broadcaster, they also supply programmes to rival channels. Neither the production company nor the broadcaster have any compunctions about which companies they do business with. The production company's link with a broadcaster or a broadcasting group is designed only to provide that company with the security it needs to provide a firm basis for its business and to help it get through any difficult times.

## SPAIN

### Regulatory framework

Law 25/1994, of 12 July, revised by law 22/1999, of 7 June, made the "Television without Frontiers" Directive part of Spanish law. The Directive requires channels to give 10% of viewing time over to independent production (art.6). Law 22/1999 added a clause stipulating that television channels have to invest 5% of their revenue into producing European feature-length films or European TV-Movies<sup>2</sup>.

### Fiction suppliers in 1999

In 1999, the reference year, 30 different production companies in Spain (including two broadcasting companies) had produced at least one fiction programme.

#### TVE 1

##### The main fiction suppliers (in financial value of the programmes)

| Production company       | Number of programmes supplied | Financial value of the programmes supplied (in EUR thousand) | % compared to total TVE 1 fiction output |
|--------------------------|-------------------------------|--|--|
| Star line TV             | 25                            | 8 414  | 31.0%                                    |
| Zeppelin                 | 191                           | 6 316  | 23.0%                                    |
| Prime time Communication | 15                            | 4 688  | 17.5%                                    |
| Frade P C                | 8                             | 2 951  | 11.0%                                    |
| 5 Films S A              | 2                             | 2 554  | 9.5%                                     |

There were 7 production companies for this channel

#### La 2

| Production company        | Nombre de programmes supplied | Financial value of the programmes supplied (in EUR thousand) | % compared to total La 2 fiction output |
|---------------------------|-------------------------------|--|---|
| Ancora Visual Productions | 6                             | 1 683  | 96.5%                                   |

There were 2 production companies for this channel

#### Tele 5

| Production company* | Nombre de programmes supplied | Financial value of the programmes supplied (in EUR thousand) | % compared to total Tele 5 fiction output |
|---------------------|-------------------------------|--|---|
| Globo Media         | 93                            | 24 901   | 38.5%                                     |
| Zeppelin            | 234                           | 16 262   | 25.0%                                     |
| Boca TV             | 263                           | 13 221   | 20.5%                                     |
| Fernando Trueba     | 22                            | 5 950  | 9.0%                                      |
| Lola Films          | 13                            | 3 486  | 5.5%                                      |
| Cartel TV           | 1                             | 1 010  | 1.5%                                      |

(\*) Except for 2 series, all fiction ordered by tele 5 was co-produced by Estudios Picasso, a production subsidiary (facilities and production staff) of the channel.

There were 6 production companies for this channel

(2) Article 5.1. «Los operadores de televisión deberán reservar el 51 % de su tiempo de emisión anual a la difusión de obras audiovisuales europeas»

«Para el cumplimiento de esta obligación, deberán destinar como mínimo, cada año, el 5 % de la cifra total de ingresos devengados durante el ejercicio anterior, conforme a su cuenta de explotación, a la financiación de largometrajes cinematográficos y películas para televisión europeas.»

### Antena 3

| Production company              | Nombre de programmes supplied | Financial value of the programmes supplied (in EUR thousand) | % compared to total Antena 3 fiction output |
|---------------------------------|-------------------------------|--|---|
| Acanto cina y video             | 59                            | 14 183   | 29.0%                                       |
| Cartel TV                       | 33                            | 9 321  | 19.0%                                       |
| Video voz                       | 126                           | 8 329  | 17.0%                                       |
| Globo Media                     | 28                            | 6 731  | 13.5%                                       |
| Arpegio                         | 29                            | 2 614  | 5.5%  |
| Star line                       | 8                             | 2 500  | 5.0%  |
| Lotus Films                     | 8                             | 2 404  | 5.0%  |
| Golden Productions and Cheyenne | 3                             | 2 043  | 4.0%  |

There were 9 production companies for this channel

### TV 3

| Production company | Number of programmes supplied | Financial value of the programmes supplied (in EUR thousand) | % compared to total TV 3 fiction output |
|--------------------|-------------------------------|--|---|
| TVC (1)            | 254                           | 10 436   | 61.5%                                   |
| Ovideo TV          | 26                            | 3 750  | 22.0%                                   |
| El terrat          | 30                            | 2 163  | 12.5%                                   |
| In vitro           | 1                             | 625  | 4.0%                                    |

(1) TVC: Televisio de Catalunya is the Catalan television corporation that broadcasts the two autonomic channels, TV3 and C 33. It is therefore the broadcaster's in-house production company.

There were 4 production companies for this channel

### C 33

| Production company | Number of programmes supplied | Financial value of the programmes supplied (in EUR thousand) | % compared to total C 33 fiction output |
|--------------------|-------------------------------|--|---|
| TVC (1)            | 9                             | 12 019   | 99.5%                                   |

(1) TVC: Televisio de Catalunya is the Catalan television corporation that broadcasts the two autonomic channels, TV3 and C 33. It is therefore the broadcaster's in-house production company.

There were 2 production companies for this channel

### C Sur

| Production company | Number of programmes supplied | Financial value of the programmes supplied (in EUR thousand) | % compared to total C Sur fiction output |
|--------------------|-------------------------------|--|--|
| Zeppelin           | 204                           | 6 130  | 100%                                     |

There were 1 production companies for this channel

## TVG

| Production company   | Number of programmes supplied | Financial value of the programmes supplied (in EUR thousand) | % compared to total TVG fiction output |
|----------------------|-------------------------------|--|--|
| Editorial Compostela | 84                            | 4 543  | 51.5%                                  |
| Video voz            | 55                            | 4 297  | 48.5%                                  |

There were 2 production companies for this channel. The first one is an publishing group and the second the audiovisual production subsidiary of an editorial group.

## ETB 1

| Production company | Number of programmes supplied | Financial value of the programmes supplied (in EUR thousand) | % compared to total ETB 1 fiction output |
|--------------------|-------------------------------|--|--|
| Pausoka            | 212                           | 3 305  | 65.0%                                    |
| Igeldo Telebista   | 50                            | 1 352  | 26.5%                                    |

There were 3 production companies for this channel

## ETB 2

| Production company | Number of programmes supplied | Financial value of the programmes supplied (in EUR thousand) | % compared to total ETB 2 fiction output |
|--------------------|-------------------------------|--|--|
| Pausoka            | 114                           | 3 394  | 51.0%                                    |
| Euskal Telebista*  | 4                             | 2 103  | 31.5%                                    |
| Igeldo Telebista   | 39                            | 1 172  | 17.5%                                    |

\* Broadcasting company for the 2 Basque channels, ETB 1 and ETB 2

There were 3 production companies for this channel

## The 10 main production companies based on the value of fiction output

| Production company | Number of episodes | Number commissioning channels | Value of all fiction broadcast, for all channels (in EUR thousand) | % of the total for the country |
|--------------------|--------------------|-------------------------------|--|--------------------------------|
| Globo Media        | 121                | 2                             | 31 632   | 16.0%                          |
| Zeppelin           | 629                | 3                             | 28 708   | 14.5%                          |
| TVC *              | 263                | 2                             | 22 455   | 11.5%                          |
| Boca TV            | 263                | 1                             | 13 221   | 6.5%                           |
| Video voz          | 181                | 2                             | 12 636   | 6.5%                           |
| Star line          | 33                 | 2                             | 10 914   | 5.5%                           |
| Cartel TV          | 34                 | 2                             | 10 331   | 5.0%                           |
| Pausoka            | 326                | 2                             | 6 699  | 3.5%                           |
| Fernando Trueba    | 22                 | 1                             | 5 950  | 3.0%                           |
| Prime time         | 15                 | 1                             | 4 638  | 2.5%                           |

\* Broadcasting corporation for the TV3 and Canal 33 channels

### **Strong focus on external production, except for the autonomic channels**

Two genuinely in-house production companies are to be found in the list of Spanish production companies. These are TVC, the Catalan television corporation that broadcasts the two autonomic channels, TV3 and Canal 33 and Euskal Telebista the broadcasting company for the 2 Basque channels, ETB 1 et ETB 2. It is significant that the only two in-house production companies are those of two autonomic channels, mainly financed by their respective Communities.

TVC, the largest in terms of output, manages its production expenditure in a variety of ways:

- production is sometimes completely in-house, with no outside help.
- production may be partly contracted out to an independent production company. TVC provides all the financing and keeps the broadcasting rights. Part of the payment may come "in kind", with TVC supplying technical and production facilities.
- TVC also works in co-production.

Zeppelin, the company ranked second in the table above, is part of the Gestmusic-Endemol group, the only group to be involved solely in the production market. Gestmusic-Endemol had no other company supplying fiction in 1999.

## FRANCE

### Regulatory framework

The regulatory framework of the terrestrial channels lays down investment requirements for the production of cinematographic and audiovisual works. These obligations and commitments are set out in several regulations, based on article 27 ( § 3) of law no.86-1067 of 30 September 1986, relating to<sup>3</sup> the freedom to communicate. The implementation of the law is regulated by decrees<sup>4</sup> and acts (decisions or agreements for the private channels) decided by the *Conseil Supérieur de l'Audiovisuel* (CSA). The CSA meets each year to monitor compliance with these obligations and publishes a detailed report on each channel.

The level of expenditure channels are required to invest in independent production is generally computed as a percentage of the channel's revenue. In 1999, this percentage came out at between 15 to 20%, according to the channel concerned, except for CANAL +, for which the level is much lower (3.5%), but which also has specific obligations with regard to investment in cinematographic production. For audiovisual works, there are 3 kinds of possible requirement :

- requirements for the production of works made in French (*expression originale française* – EOF)
- requirements for ordering works from independent production companies
- productions or co-productions relating to a specific genre (animation)

For a commission for an independent production company to be accepted, it has to meet three criteria:

- the contracts have to be drawn up with a production company that is wholly independent of the company or service
- the company or department may not take any personal or joint initiative or financial, technical or artistic responsibility for making the works in question nor provide a performance bond
- the duration of the broadcasting rights ceded to the company or service may not exceed 4 years as from the hand-over date of the work. The duration may reach 5 years should there be several companies or services involved in financing the work.<sup>5</sup>

To be accepted as an independent company, a production company has to meet the following criteria:

- the broadcaster may not hold either directly or indirectly more than 5% of the company's share capital,
- a shareholder of the broadcaster holding more than 5% of the broadcaster's share capital may not hold more than 20% of the share capital,
- the production company may not hold either directly or indirectly more than 5% of the broadcasting company's share capital

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(3) *Journal Officiel*. of 1 October 1986. Following the amendments brought about by law 2000-719 of 1 August 2000, article 3 now reads as follows: The contribution of service providers to the development of production, especially by independent production companies, of cinematographic and audiovisual works, as well as the portion of this contribution or the amount allocated to acquiring broadcasting rights to these works on the services they provide, by setting, where necessary, different rules for cinematographic works and for audiovisual works according to the kind of works broadcast and the degree of exclusivity under which they are broadcast (...). A 4th para. was introduced dealing with the acquisition of broadcasting rights: "the acquisition of broadcasting rights, according to the different means of distribution and the actual duration of these rights should they be exclusive (...)".

(4) The formulation of decrees for the application of the provisions of the law of 1 August 2000 should come about in 2001. The definition of the scope and duration of the rights should be at the centre of the discussions.

(5) Decree no.90-67 of 17 January 1990 for the application of the 3rd para. of article 27 of amended law no.86-1067 of 30 September 1986 relating to the freedom to communicate and laying down the guidelines for the contribution to cinematographic and audiovisual production as well as to the independence of production companies with regard to broadcasters (Amended by decrees no. 92 of 27 March 1992 and no.95-1162 of 6 November 1995).

Decret no 94-813 of 16 September 1994 approving the broadcasting content remit and responsibilities of France 2 and France 3



## Channels' commitments with regard to audiovisual production requirements

|                                |   |   |  |   |
|--------------------------------|---|---|--|---|
| <b>TF 1</b>                    | Production of EOF works                                     | Decree n.90-67 amended by Decree n.95-1162<br>Decision n.96-614 | Article 9<br><br>Article 31                            | 15 % of revenue<br><br>120 hours of EOF or European between 20.00 and 21.00   |
|                                | Independent production                                      | Decree n.90-67 amended by Decree n.95-1162                      | Articles 10-1 and 11                                   | 10 % of revenue   |
|                                | Special commitments for animation                           | Decision n.96-614   | Article 29   | 0.6 % of revenue  |
|                                | Improvement of production company/broadcaster relationships | Décision n.96-615   | Articles 32 to 36                                      | Transparency of contracts   |
| <b>M6</b>                      | Production of EOF works                                     | Decree n.90-67 amended by Decree n.95-1162                      | Article 9  | 20 % of turnover<br><br>of which 15 % orders of EOF works and 5 % European co-productions, purchase of EOF works script commissioning   |
|                                | Independent production                                      | Decree n.90-67 amended by Decree n.95-1162                      | Articles 10-1 and 11                                   | 2/3 of the contributions to production  |
|                                | Animation Programming Young French creative talents         | Convention<br>Convention  | Article 32<br>Article 27                               | 1 % of revenue  |
|                                | Improvement of relationships with the production companies  | Convention  | Articles 35 to 39                                      | Transparency of contracts   |
| <b>France 2 &amp; France 3</b> | Overall contribution to production of EOF works             | Decree n.90-67 amended  | Title III - Article 9-1                                |   |
|                                |   | Decree n.94-813   | Article 22 for France 2<br><br>Article 23 for France 3 | 17 % of revenue dont 11.33 % EOF works 5.67 % European co-productions. Rights to EOF works. scenarios<br><br>17.5 % of revenue dont 11.66 % œuvres EOF 5.84 % European co-productions. droits œuvres EOF, scenarios |
|                                | Independent production                                      | Decree n.90-67 amended<br>Decree n.94-813                       | Articles 10-1 and 11<br>Articles 22-V and VI           | 11.5 % of revenue   |
|                                | Relationships with the audiovisual production companies     | Remit   | Article 22-III, IV, V, VI<br><br>Article 34            | Transparency of contracts   |
|                                | Co-productions of animation works                           | Remit   | Article 28 for France 2<br><br>Article 30 for France 3 | 80 hours of co-production in 1999<br><br>85 hours of co-production in 1999  |
| <b>La Cinquième</b>            | Overall contribution to production of EOF works             | Decree n.90-67 amended  | Title III - Article 9-1                                | 15 % of revenue   |
|                                | Independent production                                      | Decree n.90-67 amended  | Articles 10 and 11                                     | 10 % of revenue   |
|                                | Relationships with the audiovisual production companies     | Remit   | Article 19   | Transparency of contracts   |
| <b>CANAL+</b>                  | Overall contribution to the production of EOF works         | Decision 95-199   | Article 15   | 3.5 % of ressources   |
|                                | Independent production                                      | Decision 95-199   | Article 15   | 2.25 % of ressources  |

## Fiction suppliers in 1999

In 1999, 74 different production countries had at least one of their fiction programmes broadcast by one of the 6 French channels programming first-run fiction.

### TF 1

#### The 10 main fiction suppliers (according to the financial value of the programmes)

| Production company | Number of programmes supplied | Financial value of the programmes supplied (in EUR thousand) | % compared to total fiction output of TF1 |
|--------------------|-------------------------------|--|---|
| Marathon           | 105                           | 30 450   | 18.5%                                     |
| Telfrance          | 11                            | 16 775   | 10.0%                                     |
| GMT                | 9                             | 14 730   | 9.0%                                      |
| DEMD               | 12                            | 13 735   | 8.5%                                      |
| Hamster            | 6                             | 9 450  | 5.5%                                      |
| AB Productions     | 44                            | 8 150  | 5.0%                                      |
| Alya               | 6                             | 7 550  | 4.5%                                      |
| Gaumont TV         | 10                            | 6 340  | 4.0%                                      |
| Banco              | 4                             | 6 100  | 3.5%                                      |
| Via Productions    | 4                             | 6 100  | 3.5%                                      |

There were 28 production companies for this channel

### France 2

#### The 10 main fiction suppliers (according to the financial value of the programmes)

| Production company | Number of programmes supplied | Financial value of the programmes supplied (in EUR thousand) | % compared to total fiction output of France 2 |
|--------------------|-------------------------------|--|--|
| Téléimages         | 161                           | 10 820   | 9.0%   |
| Hamster            | 7                             | 10 065   | 8.5%   |
| Gaumont TV         | 6                             | 8 840  | 6.5%   |
| Son et lumière     | 9                             | 7 785  | 7.0%   |
| Telfrance          | 13                            | 7 640  | 6.0%   |
| Alya               | 6                             | 7 320  | 6.0%   |
| Le Sabre           | 9                             | 6 870  | 5.5%   |
| GMT                | 5                             | 6 100  | 5.0%   |
| Image et Cie.      | 5                             | 6 100  | 5.0%   |
| Progefi            | 4                             | 6 100  | 5.0%   |

There were 30 production companies for this channel

## France 3

### The main fiction suppliers (according to the financial value of the programmes)

| Production company | Number of programmes supplied | Financial value of the programmes supplied (in EUR thousand) | % compared to total fiction output of France 3 |
|--------------------|-------------------------------|--|--|
| Alya               | 8                             | 10 065   | 17.5%  |
| BFC Productions    | 8                             | 5 650  | 9.5%   |
| Eural/MFP          | 4                             | 4 880  | 8.5%   |
| Neria              | 4                             | 4 880  | 8.5%   |
| Pearson TV         | 7                             | 4 430  | 7.5%   |
| MIP                | 2                             | 3 200  | 5.5%   |

There were 24 production companies for this channel

## M6

### The main fiction suppliers (according to the financial value of the programmes)

| Production company    | Number of programmes supplied | Financial value of the programmes supplied (in EUR thousand) | % compared to total fiction output of M6 |
|-----------------------|-------------------------------|--|--|
| Gaumont TV            | 36                            | 24 660   | 51.0%                                    |
| Dune                  | 12                            | 8 220  | 17.0%                                    |
| Capa Drama            | 4                             | 3 040  | 6.0%                                     |
| Métropole Productions | 2                             | 2 440  | 5.0%                                     |
| Alizés                | 3                             | 2 280  | 4.5%                                     |

There were 14 production companies for this channel

## Arte

### The main fiction suppliers (according to the financial value of the programmes)

| Production company | Number of programmes supplied | Financial value of the programmes supplied (in EUR thousand) | % compared to total fiction output of Arte |
|--------------------|-------------------------------|--|--|
| Tanais             | 7                             | 8 080  | 45.5%                                      |
| Cinétévé           | 2                             | 1 755  | 10.0%                                      |
| Gaumont TV         | 2                             | 1 520  | 8.5%                                       |
| Ognon Pictures     | 2                             | 1 520  | 8.5%                                       |

There were 8 production companies for this channel

**CANAL+****The main fiction suppliers  
(according to the financial value of the programmes)**

| <b>Production company</b> | <b>Number of programmes supplied</b> | <b>Financial value of the programmes supplied (in EUR thousand)</b> | <b>% compared to total fiction output of CANAL+</b> |
|---------------------------|--------------------------------------|---|---|
| Fit Productions           | 23                                   | 7 015   | 32%   |
| Alya                      | 11                                   | 3 355   | 15%   |
| Starling                  | 10                                   | 3 050   | 14%   |
| Gaumont TV                | 2                                    | 3 050   | 14%   |

There were 10 production companies for this channel

**The 15 main production companies according to value of fiction output**

| <b>Production company</b> | <b>Number of episodes</b> | <b>Number of commissioning channels</b> | <b>Value of all fiction broadcast, for all channels (in EUR thousand)</b> | <b>% of the total for the country</b> |
|---------------------------|---------------------------|---|---|---------------------------------------|
| Gaumont TV                | 56                        | 5                                       | 44 410  | 10.1%                                 |
| Marathon                  | 105                       | 1                                       | 30 450  | 6.9%                                  |
| Alya                      | 31                        | 4                                       | 28 290  | 6.4%                                  |
| Telfrance                 | 24                        | 3                                       | 26 395  | 6.0%                                  |
| GMT                       | 16                        | 3                                       | 23 270  | 5.3%                                  |
| Hamster                   | 14                        | 3                                       | 20 275  | 4.6%                                  |
| DEMD                      | 15                        | 3                                       | 17 395  | 4.0%                                  |
| Dune                      | 16                        | 3                                       | 14 320  | 3.3%                                  |
| Fit Production            | 31                        | 3                                       | 12 970  | 3.0%                                  |
| Téléimages                | 162                       | 2                                       | 12 040  | 2.7%                                  |
| AB Productions            | 57                        | 2                                       | 9 320   | 2.1%                                  |
| Son et lumière            | 10                        | 2                                       | 9 005   | 2.0%                                  |
| Image et Compagnie        | 7                         | 2                                       | 8 845   | 2.0%                                  |
| Progefi                   | 5                         | 2                                       | 8 080   | 1.8%                                  |
| Le Sabre                  | 10                        | 2                                       | 7 630   | 1.7%                                  |

## A large number of production companies, often within a single group

Production company groups in France include the following companies (only fiction-producing companies are listed here)

- AB: AB Productions, Hamster, BFC Productions
- Ellipse: Ellipse Programme, Alya, Point du jour, Le Sabre, Ellipsanime (animation)
- Expand: Anabase, CSM, MIP, Starling, Alizée, Kien Production, Zen
- Hachette: DEMD, GMT, Cipango, Images et Compagnie, Atlantique
- Telfrance: Telfrance, Néria, Télécip

### Ranking of the groups according to the financial value of their output in 1999

|           | <b>Value of all fiction broadcast,<br/>for all channels<br/>(in EUR thousand)</b> | <b>% of<br/>total for the<br/>country</b> |
|-----------|---|---|
| Hachette  | 52 560  | 12.0%                                     |
| Ellipse   | 40 190  | 9.2%                                      |
| AB        | 35 245  | 8.0%                                      |
| Telfrance | 34 635  | 7.9%                                      |
| Expand    | 16 765  | 3.8%                                      |

Two important mergers took place in early 2000 in French production. Gaumont TV, which had a few months previously left its parent company, the Gaumont cinema group, joined the Téléimages group and is now known as GTV. The merger was also announced of Ellipse and the Expand group.

There was, however, a move in the opposite direction in the AB group in the second half of 1999, with most of the group's production business splitting off to form a separate company, JLA Production. The two companies maintain close links and Jean-Luc Azoulay, the head of the production division, is still a shareholder of the AB group.

The apparent dispersion in the French production sector does not seem so large once we look at the influence of the groups. The table above shows that the 5 groups involved account for some 41% of the fiction market. The situation is not quite as advantageous as in Germany, but it could quickly catch up with a 50/50 group / separate company proportion<sup>6</sup> If we include in the table the two mergers we mentioned just above, the Téléimages group would move slightly ahead of Ellipse, with the two groups each hovering around the 13% mark.

(6) We have avoided using "independent" here as it will be referred to later in a different context.

## UNITED KINGDOM

### *The regulatory framework with regard to the use of independent production*<sup>7</sup>

#### *Terrestrial channels.*

Apart from the adoption of the "Television without Frontiers" directive in British law, the main British regulatory provision to come within the scope of this study is the "25% rule" for programming material from independent production companies, which was incorporated in the 1990 *Broadcasting Act*<sup>8</sup>

This law was adopted in 1990 following the emergence of the independent sector, which had received a boost in the shape of the 1982 launch of Channel 4. Channel 4 programming has been for the main part, made up of programmes bought in or commissioned from independent production companies. In 1986, the Peacock Commission report on the financing of the BBC came up with the recommendation that both the BBC and ITV should make increasing use of independent production. In 1988, the Independent Broadcasting Authority published *The terms of trade agreement for independent productions on ITV*, which asked ITV stations to broadcast 25% of qualifying programmes from independent production companies. In 1992, total broadcasting time allocated to independent production on ITV had reached 22%, through a voluntary policy adopted by the broadcasters

The provisions relating to Channel 3 (ITV), Channel 4, Channel 5 and the BBC are put in similar terms<sup>9</sup>, with 25% of programming time to be allocated to qualifying programmes from independent production companies.

The terms "qualifying programmes" and "independent productions" were set out in the *Broadcasting (Independent Productions) Order SI 1991/1408 (amended by SI 1995/1925)*.

the idea of qualifying programmes applies to:

- programmes produced or commissioned by the broadcaster,
- programmes produced or commissioned by the broadcaster at the same time as another person, with no more than 25% of the actual production costs being paid by the broadcaster,
- programmes made up of pictures or pictures and sounds supplied by a person other than the broadcaster (or a person commissioned by him, when these pictures and sounds provide direct coverage of an event and that they do not exceed 75% of the programme length and that the rest of the programme is made by the producer or someone commissioned by him.

(7) See also *Independent Productions*, Note No.13, ITC web site, November 1997.

(8) *Broadcasting Act 1990* - Chapter 41, HSMO, London, 1990.

(9) The model used here is the regulations of Channel 3 programming Section 16 (2)(h).

"Where the service to be provided under the licence is a regional Channel 3 service, the requirements referred to in subsection (1)(a) are:

...

(h) that in each year not less than 25 per cent of the total amount of time allocated to the broadcasting of qualifying programmes in the service is allocated to the broadcasting of a range and diversity of independent productions ».

...

Section 16 (5)

In subsection (2)(h)-

(a) «qualifying programmes» and independent production» mean, in each case, programmes of such description as the Secretary of State may by order specify for the purpose; and

(b) the reference to a range of independent productions is a reference to a range of such production in terms of cost of acquisition as well as in terms of the types of programme involved.»

Section 16 (6)

The Secretary of State may by order amend subsection (2)(h) by substituting a different percentage for the percentage for the time being specified there.

Section 16 (7) Before making an order under subsection (5) or (6) the Secretary of State shall consult the Commission; and no such order shall be made unless a draft of it has been laid before and approved by a resolution of each House of Parliament.

Section 16 (8) In this section "programme" does not include an advertisement."

For Channel 4, see Section 25(2)(f).

For Channel 5, see Section 29(2)(a).

For the BBC, see Section 186 et 187.

the term *independent productions* encompasses all the programmes made by the independent producers, subject to certain variations and conditions. The definition of the *independent producer* uses different criteria to ensure that the producers or production companies involved in the obligatory 25% of independent production really are independent. To qualify as an independent producer, a producer or production company may not hold more than 25% of the share capital of a broadcasting company and may not be a corporate body in which the broadcaster holds over 25% of the share capital or in which two or more broadcasters together hold over 25% of the share capital. The contract between an independent producer and a broadcaster cannot require a production company to use the broadcaster's technical facilities.

The statutory obligations for Channel 3, Channel 4 and Channel 5 concerning the 25% rule are included in the licences granted by the ITC.

The Independent Television Commission is responsible for ensuring Channel 3 (ITV), Channel 4 and Channel 5 comply with this provision, while the Office of Fair Trading monitors the BBC<sup>10</sup>.

#### *Specific provisions for Channel 3*

Section 39 of the *Broadcasting Act* requires Channel 3 licence holders to make networking arrangements that have to be approved by the ITC and sent in to the Director General of Fair Trading (DGFT). In 1992, the DGFT came to the conclusion that the arrangements did not meet fair trading rules and the case was passed on to the Merger and Monopolies Commission (MMC), which ruled that the arrangements could abuse fair competition, as an independent producer was supposed to contract out to one of the companies from within the network, without being able to deal directly with the ITV Network Centre, while the broadcasting company could be a potential competitor in programme production. The MMC recommended that in future, an independent producer should be able to negotiate directly with the ITV Network Centre, which draws up the programme schedules and commissions the programmes. After signing an agreement with the Centre, the company could then make a three-way contract with the Centre and one of the Channel 3 companies. Channel 3's role would be to ensure the programme was in line with ITC codes and licence terms.

#### *Satellite television services*

The same provisions as those laid down under Section(16)(2)(h) for Channel 3 also apply to channels that are given a "domestic satellite service" licence (See section 44 (4)(b)).

However, these provisions do not apply to "non-domestic satellite service".

#### *Terrestrial digital television services*

The *Broadcasting Act 1996* (Section 19(2)(b)) requires that each year not less than 10 per cent of the total amount of time allocated to the broadcasting of qualifying programmes in the service is allocated to the broadcasting of a range and diversity of independent productions.

#### *Office of Fair Trading enquiry*

In 1998, the Producers Alliance for Cinema and Television (PACT) complained to the Office of Fair Trading (OFT) that it was not receiving competitive terms from the broadcasters for independent production due to what it alleged to be an imbalance of bargaining power. In November 1998, the OFT launched an informal enquiry and met an number of producers and broadcasters. Once it had taken a first look through the data, the OFT asked PACT for more details to back up its complaint. As far as we know, the OFT has not yet made any ruling on the issue<sup>11</sup>.

(10) In November 1999, the BBC published a paper called "Guidance for Commissioners on the safety of Independent productions (<http://www.bbc-safety.co.uk/Policy/commiss-ind.htm>)". This document sets out the definition for an independent production as the BBC sees it, in application of article 3 of the 1991 Broadcasting (Independent Productions) Order. "An independent production is a programme, series of programmes or part of a programme commissioned by the BBC from a producer or production company operating as a separate business. The BBC retains final editorial control over the production, but managerial control rests with the production company or producer."

(11) OFT 1999 Annual Report <http://www.of.gov.uk/html/ar1999/policy/action.htm>

## Fiction suppliers in 1999

In 1999, 71 production companies (including 4 broadcasting companies) supplied at least one fiction programme by a channel.

### BBC 1

#### The 10 main fiction suppliers (in financial value of the programmes)

| Production company       | Number of programmes supplied | Financial value of the programmes supplied (in EUR thousand) | % compared to total fiction output of the channel |
|--------------------------|-------------------------------|--|---|
| BBC                      | 459                           | 205 768  | 66.5%   |
| Valentine Productions    | 11                            | 10 108   | 3.3%  |
| Ballykea Productions     | 12                            | 9 424  | 3.0%  |
| Tiger Aspect Productions | 17                            | 8 877  | 2.9%  |
| Pearson Television       | 24                            | 7 205  | 2.3%  |
| Company Television       | 10                            | 6 992  | 2.2%  |
| Fair Game Films          | 6                             | 5 472  | 1.8%  |
| GMG Endemol              | 12                            | 5 472  | 1.8%  |
| Wall to Wall             | 7                             | 5 320  | 1.7%  |
| Feelgood Ficton          | 6                             | 5 168  | 1.6%  |

There were 25 production companies for this channel

### BBC 2

#### The 10 main fiction suppliers (in financial value of the programmes)

| Production company       | Number of programmes supplied | Financial value of the programmes supplied (in EUR thousand) | % compared to total fiction output of the channel |
|--------------------------|-------------------------------|--|---|
| World Productions        | 10                            | 8 664  | 22.0%   |
| Tiger Aspect Productions | 11                            | 5 882  | 15.0%   |
| Talkback Productions     | 13                            | 4 849  | 12.3%   |
| BBC                      | 6                             | 4 140  | 10.5%   |
| Euphoria Films           | 4                             | 3 648  | 9.3%  |
| Grant Naylor             | 10                            | 3 192  | 8.0%  |
| Comedy Unit              | 6                             | 1 915  | 4.9%  |
| Kensington Films         | 6                             | 1 368  | 3.5%  |
| Company Pictures         | 1                             | 1 368  | 3.5%  |

There were 15 production companies for this channel



## ITV

### The main fiction suppliers (in financial value of the programmes)

| Production company         | Number of programmes supplied | Financial value of the programmes supplied (in EUR thousand) | % compared to total fiction output of the channel |
|----------------------------|-------------------------------|--|---|
| Granada Television         | 515                           | 206 156  | 50.8%   |
| Carlton Television         | 90                            | 49 394   | 12.2%   |
| Pearson Television         | 108                           | 43 916   | 10.8%   |
| United Film                | 23                            | 14 300   | 3.5%  |
| Chrysalis Television       | 15                            | 11 856   | 2.9%  |
| Shed Productions           | 10                            | 9 120  | 2.2%  |
| Sally Head Productions     | 5                             | 5 700  | 1.4%  |
| Bronson Knight Productions | 6                             | 5 472  | 1.3%  |
| Line Street Productions    | 6                             | 5 472  | 1.3%  |
| Hartwood Films             | 7                             | 5 244  | 1.3%  |

There were 25 production companies for this channel

The ITV network is made up of 15 regional licences that share the channel's programming and advertising revenue. Granada (6 licences)<sup>12</sup> and Carlton (3 licences) are the main ITV companies, sharing over half the television advertising market between them.

## Channel 4

### The main fiction suppliers (in financial value of the programmes)

| Production company       | Number of programmes supplied | Financial value of the programmes supplied (in EUR thousand) | % compared to total fiction output of the channel |
|--------------------------|-------------------------------|--|---|
| Mersey Television        | 283                           | 79 990   | 75.6%   |
| Red Production           | 14                            | 5 563  | 5.3%  |
| Kudos                    | 6                             | 4 560  | 4.3%  |
| Tiger Aspect Productions | 4                             | 3 648  | 3.4%  |
| Paramount UK             | 7                             | 2 234  | 2.0%  |

There were 19 production companies for this channel

## Channel 5

### The main fiction suppliers (in financial value of the programmes)

| Production company       | Number of programmes supplied | Financial value of the programmes supplied (in EUR thousand) | % compared to total fiction output of the channel |
|--------------------------|-------------------------------|--|---|
| Pearson Television       | 268                           | 39 034   | 85.5%   |
| 2 Hats Productions       | 32                            | 3 697  | 8.0%  |
| Chrysalis Television     | 2                             | 1 824  | 4.0%  |
| Working Title Television | 1                             | 1 140  | 2.5%  |

There were 4 production companies for this channel

(12) Before taking over United News & Media in July 2000, Granada controlled 4 regional licences (Granada TV, LWT, Tyne Tees TV et Yorkshire TV). United News & Media controlled Anglia TV, Meridan TV et HTV.

### The 15 main production companies according to value of fiction output

| Production company      | Number of episodes | Number of commissioning channels | Value of all fiction broadcast, for all channels (in EUR thousand) | % of the total for the country |
|-------------------------|--------------------|----------------------------------|--|--------------------------------|
| BBC                     | 465                | BBC                              | 209 908  | 23.2%                          |
| Granada                 | 528                | 2                                | 209 667  | 23.2%                          |
| Pearson Television      | 400                | 3                                | 90 155   | 9.9%                           |
| Mersey Television Group | 283                | 1                                | 79 990   | 8.8%                           |
| Carlton                 | 90                 | 1                                | 49 394   | 5.5%                           |
| Tiger Aspect            | 32                 | 3                                | 18 407   | 2.0%                           |
| United Film             | 23                 | 1                                | 14 300   | 1.6%                           |
| Chrysalis               | 18                 | 2                                | 13 908   | 1.5%                           |
| Valentine Production    | 11                 | 1                                | 10 108   | 1.1%                           |
| Ballykea Production     | 12                 | 1                                | 9 424  | 1.0%                           |
| Shed Production         | 10                 | 1                                | 9 120  | 1.0%                           |
| Company Television      | 10                 | 1                                | 6 992  | 0.8%                           |
| GMG Endemol             | 20                 | 3                                | 6 743  | 0.7%                           |
| Sally Head              | 5                  | 1                                | 5 700  | 0.6%                           |
| Red Production          | 14                 | 1                                | 5 563  | 0.6%                           |

### The predominance of in-house production

One of the main features of the United Kingdom is the importance of in-house production, with BBC for the BBC, Granada and Carlton for the ITV network and Pearson Television for Channel 5. Outside production is extremely dispersed. The exception to the rule is Channel 4, which has no in-house production company and which outsources three-quarters of the value of its fiction output to the Mersey production company (or its associated companies, Brookside Ltd and Hollyoaks Limited).

Granada is also a supplier to the BBC, but there are far fewer productions commissioned from outside production companies than in Germany, for example, where the broadcasters have their own production subsidiaries that supply the market in general. In the United Kingdom, the BBC supplies only the BBC and Carlton only supplies the ITV channels. The structure consists of a number of large production units that are part and parcel of their parent broadcasting company, with the outsourcing to Granada an exception to the rule.

Pearson is in a somewhat special position inasmuch as it only recently moved into broadcasting (1993), after it had established itself in production. The Pearson Group also contains two independent production companies: Little Pond (no fiction programmes in 1999) and Witzend Production, with an output of 6 episodes, valued at EUR 2 736,000. The two companies have no effect on Pearson's position in the table or its market share (about 10%)? Pearson also owns Grundy and the American production company All American Communications (*Baywatch*). The Pearson Television – RTL Group merger underpinned its position as a production company integrated in a broadcasting group.

## ITALY

### The Regulatory framework

The Legge 31 Luglio 1997, n.249, *relativi all'Autorità per le garanzie nelle comunicazioni, nonché norme in materia di programmazione e di interruzione pubblicitarie televisive*<sup>13</sup> provides the new legal framework for Italian television. The Legge 30 Aprile 1998, NO.122, *Differimento dei termini previsti della legge 31 Luglio 1997, n.249, relativi all'Autorità per le garanzie nelle comunicazioni, nonché norme in materia di programmazione e di interruzioni pubblicitarie televisive*<sup>14</sup> adds to this regulatory environment.

La Legge 31 Luglio 1997 provided for a new regulatory body, the Authority for the Protection of Communications. The Authority was officially set up on 22 July 1998 and among its duties, is responsible for ensuring broadcasters comply with the programming standards (*Promozione della distribuzione e della produzione di opere europee*), as laid down in article 2 of the Legge 30 Aprile 1998.

Article 2 introduces the provision of articles 4 to 6 of the Television Without Frontiers Directive (programming should include a majority of European audiovisual works, 10% of broadcasting time reserved for works produced by independent production companies) into Italian law. The article also includes a number of specific points:

- the quota for broadcasting works produced by independent production companies should represent at least 20% of broadcasting time for the public-service channels (art. II, § 3)
- for the application of these provisions, independent production companies are defined as “all European communication operators involved in audiovisual production and who are not controlled or bound to people or bodies holding broadcasting authorisations or licences or which have not supplied at least 90% of their output to a single broadcaster over a period of three years. Independent production companies are also granted residual rights resulting from the time limited television broadcasting rights acquired by the broadcasters according to the criteria drawn up by the Authority for the Protection of Communication.
- broadcasters operating under Italian law are obliged to set aside at least 10% of their annual advertising-related income for the acquisition of audiovisual programmes (including at least 40% of this for films) and for children’s programmes, of European origin. (art II, § 5)
- the public-service broadcaster has to set aside part of the licence-fee revenue for the production of European works. The amount is set out in the service contract and, as from 1999, cannot go under 20%. Part of this amount, in the service contract, has to be used to make a reserve for the production or the purchase from Italian or European independent production companies of animated programmes made specifically for child education (art II, § 5).
- the Authority makes a yearly review of daytime and prime-time programming to ensure the broadcasters are complying with the provisions of the article. (art II, § 6) ;

The Decreto 8 marzo 1999 *Disciplinare per il rilascio delle concessioni per la radiodiffusione privata televisiva su frequenze terrestri, in ambito nazionale*<sup>15</sup> includes the broadcasting of independently-produced programmes (art. 3.1) and investment in independent production (art. 3.2) as two criteria to be taken into consideration when attributing broadcasting licences.

#### *Provisions concerning broadcasters as a whole*

The Authority adopted two regulations for implementing these provisions in 1998 and 1999<sup>16</sup>.

The provisions relating to independent production are to be found in article 3 of the *Delibera 9/99 Approvazione del regolamento concernente la promozione della distribuzione e della produzione di opere europee*. They lay down how the nationality of an independent production company is to be defined.

(13) Istituzione dell'Autorità per le garanzie nelle comunicazioni e norme sui sistemi delle telecomunicazione e radiotelevisione, Gazzeta Ufficiale, n.177, 31 Luglio 1997.

(14) Differimento di termini previsti della legge 31 luglio 1997, n.249, relativi all'Autorità per le garanzie nelle comunicazioni, nonché norme in materia di programmazione e di interruzioni pubblicitarie televisive, Gazzeta Ufficiale n.99, 30 Aprile 1998.

(15) Gazzetta.Ufficiale, Serie generale n.59 del 12-3-99.

(16) Allegato I alla delibera n. 78 del 1° dicembre 1998 Regolamento per il rilascio delle concessioni per la radiodiffusione televisiva privata su frequenze terrestri .

*Delibera 9/99 Approvazione del regolamento concernente la promozione della distribuzione e della produzione di opere europee.*

### Provisions concerning RAI

RAI's obligations with regard to investment in independent production were set out in the service contract signed by RAI and the Ministry of Communications<sup>17</sup>. RAI is required to invest the following percentages of revenue from licence fees in the production of Italian and European audiovisual works (*per produzione italiana ed europea di audiovisivi*) 10 % in 1997, 15 % in 1998, 20 % in 1999 (art.9).

The production of Italian and European audiovisual works is defined (art.9, 2b) as "the rights to films, fiction, documentaries, animated works, lyric works, music, theatre produced or co-produced in Italy or within the European Union, with particular focus on independent production companies. Independent production companies are considered to be European communication operators involved in audiovisual production and which are not controlled or otherwise bound to people or bodies holding a licence for radio and television broadcasting."<sup>18</sup>

## Fiction suppliers in 1999

In all, 39 production companies supplied at least one programme, including RAI and Mediaset.

### RAI 1

#### The main fiction suppliers (in financial value of the programmes)

| Production company | Number of programmes supplied | Financial value of the programmes supplied (in EUR thousand) | % compared to total fiction output of the channel |
|--------------------|-------------------------------|--|---|
| Lux                | 11                            | 13 638   | 23.9%   |
| Titanus            | 10                            | 11 880   | 20.7%   |
| Publispei          | 42                            | 9 744  | 17.0%   |
| Imagine e cinema   | 8                             | 7 232  | 12.6%   |
| Mastro Film        | 4                             | 4 236  | 7.4%  |
| Filmalpha          | 2                             | 4 132  | 7.2%  |

11 companies supplied at least one programme to RAI 1.

### RAI 2

#### The main fiction suppliers (in financial value of the programmes)

| Production company | Number of programmes supplied | Financial value of the programmes supplied (in EUR thousand) | % compared to total fiction output of the channel |
|--------------------|-------------------------------|--|---|
| Faso Film          | 6                             | 7 128  | 12,8%   |
| Solaris            | 6                             | 7 128  | 12.8%   |
| TPI                | 20                            | 5 160  | 9.3%  |
| Pequod             | 6                             | 4 956  | 8.9%  |
| Bibi Film          | 4                             | 4 752  | 8.5%  |
| Pixel              | 38                            | 4 104  | 7.4%  |
| Sidecar Films      | 11                            | 3 410  | 6.1%  |

16 companies supplied at least one programme to RAI 2.

(17) *Approvazione del contratto di servizio tra il Ministero delle comunicazioni e la RAI - Radiotelevisioni italiani S.p.a., D.P.R., 29 ottobre 1997.*

(18) Unofficial translation

### RAI 3

#### The main fiction suppliers (in financial value of the programmes)

| Production company         | Number of programmes supplied | Financial value of the programmes supplied (in EUR thousand) | % compared to total fiction output of the channel |
|----------------------------|-------------------------------|--|---|
| Pearson Television (Italy) | 231                           | 17 787   | 80.6%   |
| Atomicfe                   | 6                             | 3 096  | 14.0%   |

3 companies supplied at least one programme to RAI 3.

### RAI group

#### The main fiction suppliers (in financial value of the programmes)

| Production company         | Number of programmes supplied | Financial value of the programmes supplied (in EUR thousand) | % compared to total fiction output of the channel |
|----------------------------|-------------------------------|--|---|
| Pearson Television (Italy) | 231                           | 17 787   | 13.2%   |
| Lux Vide                   | 11                            | 13 638   | 10.0%   |
| Titanus                    | 11                            | 13 068   | 9.7%  |
| Publispei                  | 42                            | 9 744  | 7.2%  |
| Imagine e cinema           | 8                             | 7 232  | 5.4%  |
| Faso Film                  | 6                             | 7 128  | 5.3%  |
| Solaris                    | 6                             | 7 128  | 5.3%  |

RAI itself produced 24 programme units (4 for RAI 1, 20 for RAI 2) which were also made with its production facilities.

The value of these programmes amounted to EUR 7 224 thousand (about 5.4% of RAI's fiction output).

28 different companies supplied at least one programme to RAI, for all channels.

### Canale 5

#### The main fiction suppliers (in financial value of the programmes)

| Production company | Number of programmes supplied | Financial value of the programmes supplied (in EUR thousand) | % compared to total fiction output of the channel |
|--------------------|-------------------------------|--|---|
| Aran               | 215                           | 16 872   | 19.4%   |
| Mediaset           | 6                             | 12 396   | 14.2%   |
| ET Fiction group   | 8                             | 9 504  | 10.9%   |
| Titanus            | 16                            | 20 764   | 8.3%  |
| Anfri              | 4                             | 8 264  | 9.5%  |
| Solaris            | 6                             | 7 128  | 8.2%  |
| Faso Film          | 4                             | 4 752  | 5.5%  |
| Video 80           | 4                             | 4 752  | 5.5%  |

15 different companies (including Mediaset) supplied at least one programme to Canale 5.

## Italia 1

### The main fiction suppliers (in financial value of the programmes)

| Production company | Number of programmes supplied | Financial value of the programmes supplied (in EUR thousand) | % compared to total fiction output of the channel |
|--------------------|-------------------------------|--|---|
| Faso Film          | 1                             | 930  | 34.6%   |
| Filmauro           | 3                             | 930  | 34.6%   |
| Aran               | 2                             | 826  | 30.8%   |

The only series broadcast on Rete 4 was directly coproduced by Mediaset without any Italian partner.

## Mediaset group

### The main fiction suppliers (in financial value of the programmes)

| Production company | Number of programmes supplied | Valorisation financière des programmes supplied (in EUR thousand) | % compared to total fiction output of Mediaset |
|--------------------|-------------------------------|---|--|
| Mediaset           | 18                            | 37 188  | 32.5%  |
| Aran               | 217                           | 17 698  | 15.4%  |
| ET Fiction group   | 8                             | 9 504   | 8.3%   |
| Titanus            | 6                             | 8 884   | 7.8%   |
| Anfri              | 4                             | 8 264   | 7.2%   |
| Solaris            | 6                             | 7 128   | 6.2%   |
| Faso Film          | 5                             | 5 682   | 5.0%   |
| Video 80           | 4                             | 4 752   | 4.1%   |

Mediaset directly participated in international co-productions for 18 programme units (6 for Canale 5, 12 for Rete 4). These operations should be counted as co-financing. In each case, they involved international co-productions with a producer who was always based outside Italy. The difference between these co-productions and a pre-purchase appears tenuous, except for the fact that Mediaset appears in the Copy-right credits.

17 different companies supplied at least one programme to any of the channels in the Mediaset group.

### The 12 main production companies according to value of fiction output

| Production company | Number of episodes | Number of commissioning channel | % of the total for the country | Value of all fiction broadcast, for all channel (in EUR thousand) |
|--------------------|--------------------|---------------------------------|--------------------------------|---|
| Mediaset           | 18                 | 2                               | 14.9%                          | 37 188  |
| Titanus            | 16                 | 3                               | 8.3%                           | 20 764  |
| Pearson            | 231                | 1                               | 7.1%                           | 17 787  |
| Aran               | 217                | 2                               | 7.1%                           | 17 698  |
| Lux Vide           | 12                 | 2                               | 5.9%                           | 14 826  |
| Solaris            | 12                 | 2                               | 5.7%                           | 14 256  |
| Faso Film          | 11                 | 3                               | 5.1%                           | 12 810  |
| Publispei          | 42                 | 1                               | 3.9%                           | 9 744   |
| Mastrofilm         | 24                 | 2                               | 3.4%                           | 8 572   |
| Anfri              | 4                  | 1                               | 3.3%                           | 8 264   |
| Imagine e cinema   | 8                  | 1                               | 2.9%                           | 7 232   |
| RAI                | 24                 | 2                               | 2.9%                           | 7 224   |

Aran is part of the Endemol group (which, in 2000, also took over Palomar – 2 fiction units on RAI 2), while Mastrofilm is part of the Pearson group. The acquisition of Mastrofilm brought Pearson's worth in the fiction production sector up to EUR 26 359 thousand, giving it a 10% "market share".

### Dispersed production and a broadcasting duopoly

Production in Italy is highly dispersed. While there is a certain amount of in-house production by the channels, it is on a very small scale and is focused on two distinct areas: Mediaset, when it is financially involved in international co-productions, while RAI uses its own facilities and staff to produce low-cost fiction.





## Chapter 2 – Overview of the production companies in the 5 countries

361 companies, including 13 broadcasting companies, supplied at least one fiction programme in 1999 in the five countries involved in the study.

Number of companies supplying at least one fiction programme in 1999

|              |            | no. of broadcasting<br>companies included: |
|--------------|------------|--|
| DE           | 147        | 5  |
| ES           | 30         | 2  |
| FR           | 74         | 0  |
| GB           | 71         | 4  |
| IT           | 39         | 2  |
| <b>Total</b> | <b>361</b> | <b>13</b>                                  |

It is even more delicate to draw up a list of the production companies in the 5 countries than a list of channels. Apart from the usual differences in standards of living and the diversity of the audiovisual sector, there is also the question of how dispersed programme commissioning is in each country.

We decided to draw up 5 different tables showing the main production companies in each country, in terms of the financial value of fiction supplied in 1999. For information purposes, we have also shown the European ranking of the top 20 production companies.

### GERMANY

| Rank | Company          | Financial value of the<br>fiction output<br>(EUR thousand) | % of the<br>country's<br>total fiction |
|------|------------------|--|--|
| 3    | Grundy *         | 144 631  | 13.7%                                  |
| 6    | Bavaria *        | 51 678   | 4.9%                                   |
| 9    | Studio Hamburg * | 42 043   | 4.0%                                   |
| 10   | Nova film        | 39 058   | 3.7%                                   |
| 12   | Regina Ziegler   | 33 074   | 3.1%                                   |
| 18   | Saxonia Media *  | 25 622   | 2.4%                                   |

### SPAIN

| Rank | Company     | Financial value of the<br>fiction output<br>(EUR thousand) | % of the<br>country's<br>total fiction |
|------|-------------|--|--|
| 13   | Globo Media | 31 632   | 16.0%                                  |
| 15   | Zeppelin    | 28 708   | 14.5%                                  |
| 20   | TVC *       | 22 455   | 11.5%                                  |

### FRANCE

| Rank | Company    | Financial value of the<br>fiction output<br>(EUR thousand) | % of the<br>country's<br>total fiction |
|------|------------|--|--|
| 8    | Gaumont TV | 44 410   | 10.2%                                  |
| 14   | Marathon   | 30 450   | 6.9%                                   |
| 16   | Alya *     | 28 290   | 6.4%                                   |
| 17   | Telfrance  | 26 395   | 6.0%                                   |
| 19   | GMT        | 23 270   | 5.3%                                   |

| <b>UNITED KINGDOM</b> |                         |   |   |
|-----------------------|-------------------------|---|---|
| <b>Rank</b>           | <b>Company</b>          | <b>Financial value of the fiction output (EUR thousand)</b> | <b>% of the country's total fiction</b> |
| 1                     | BBC *                   | 209 908   | 23.2%                                   |
| 2                     | Granada *               | 209 667   | 23.2%                                   |
| 4                     | Pearson *               | 90 155  | 9.9%                                    |
| 5                     | Mersey Television Group | 79 990  | 8.8%                                    |
| 7                     | Carlton *               | 49 394  | 5.5%                                    |

| <b>ITALY</b> |                          |   |   |
|--------------|--------------------------|---|---|
| <b>Rank</b>  | <b>Company</b>           | <b>Financial value of the fiction output (EUR thousand)</b> | <b>% of the country's total fiction</b> |
| 11           | Mediaset *               | 37 188  | 14.9%                                   |
|              | Titanus                  | 21 952  | 8.8%                                    |
|              | Pearson Television Italy | 17 787  | 7.1%                                    |
|              | Lux Vide                 | 14 826  | 5.9%                                    |
|              | Aran                     | 17 698  | 7,1 %                                   |

\* Companies with an asterisk are integrated companies or those bound in one or another way to a broadcaster. These do not therefore meet our criteria (as described below) for being classified as production companies

The previous rankings only included individual companies. It is also worth drawing up a table to include the groups incorporating several different production companies (as we saw in the previous chapter).

| <b>GERMANY</b> |                |   |   |
|----------------|----------------|---|---|
| <b>Rank*</b>   | <b>Company</b> | <b>Financial value of the fiction output (EUR thousand)</b> | <b>% of the country's total fiction</b> |
| 1              | RTL/CLT/UFA    | 221 601   | 21.0%                                   |
| 4              | Bavaria        | 136 256   | 12.9%                                   |
| 6              | Studio Hamburg | 88 134  | 8.4%                                    |
| 6              | Kirch          | 74 765  | 7.1%                                    |
|                | Endemol        | 16 971  | 1.6%                                    |

| <b>SPAIN</b> |                  |   |   |
|--------------|------------------|---|---|
| <b>Rank*</b> | <b>Company</b>   | <b>Financial value of the fiction output (EUR thousand)</b> | <b>% of the country's total fiction</b> |
| 15 (id)      | Zeppelin/Endemol | 28 708  | 14.5%                                   |

| <b>FRANCE</b> |                |   |   |
|---------------|----------------|---|---|
| <b>Rank*</b>  | <b>Company</b> | <b>Financial value of the fiction output (EUR thousand)</b> | <b>% of the country's total fiction</b> |
| 7             | Hachette       | 52 560  | 12.0%                                   |
| 8             | Ellipse        | 40 190  | 9.2%                                    |
| 12            | AB             | 35 245  | 8.0%                                    |
| 12            | Telfrance      | 34 765  | 7.9%                                    |

| <b>UNITED KINGDOM</b> | <b>Rank*</b> | <b>Company</b> | <b>Financial value of the fiction output (EUR thousand)</b> | <b>% of the country's total fiction</b> |
|-----------------------|--------------|----------------|---|---|
|                       | 4 (id)       | Pearson        | 92 900  | 10.0%                                   |

| <b>ITALY</b> | <b>Rank*</b> | <b>Company</b>        | <b>Financial value of the fiction output (EUR thousand)</b> | <b>% of the country's total fiction</b> |
|--------------|--------------|-----------------------|---|---|
|              | 18           | Pearson               | 26 359  | 10.6%                                   |
|              |              | Aran (Groupe Endemol) | 17 698  | 7,1 %                                   |

\* This is the rank that the group would in theory hold if placed in the production companies table.

There are only two groups with transnational corporate presence in our European zone. These are the RTL Group (CLT/UFA/Pearson) and the Endemol group. Only the latter can be considered as a “pure” production company with no concomitant broadcasting activity<sup>19</sup>. RTL, on the other hand, broadcasts in 4 out of the 5 countries.

|                                    | <b>Germany</b> | <b>Spain</b> | <b>France</b> | <b>United Kingdom</b> | <b>Italy</b> |
|------------------------------------|----------------|--------------|---------------|-----------------------|--------------|
| <b>Endemol</b>                     |                |              |               |                       |              |
| Endemol Production value (EUR M)   | 16 971         | 28 708       | –             | 6 743                 | 17 698       |
| % in the country                   | 1.6%           | 14.5%        |               | 0.7%                  | 7.1%         |
| <b>RTL Group</b>                   |                |              |               |                       |              |
| RTL Group Production value (EUR M) | 221 601        | –            | 4 430         | 90 155                | 26 359       |
| % in the country                   | 21%            |              | 1%            | 10%                   | 10%          |

If the results for the different countries are added up, the following results are obtained:

|                  |                      |
|------------------|----------------------|
| <b>Endemol</b>   | EUR 70 120 thousand  |
| <b>RTL Group</b> | EUR 342 545 thousand |

When all five countries are taken together, but only for their fiction output, the RTL Group turns out to be by far the biggest production group.

To understand how the different production “markets” work, it is worth considering how Channels give out commissions for fiction programmes. The following tables show the percentage of orders given to the three main programme suppliers (all orders included) for the main channels in the different countries.

## **GERMANY**

|   | <b>ARD</b> | <b>ZDF</b> | <b>Pro 7</b> | <b>RTL</b> | <b>Sat 1</b> |
|---|------------|------------|--------------|------------|--------------|
| 1 | 10.6%      | 1 8.8%     | 1 50.5%      | 1 29%      | 1 11.5%      |
| 2 | 8.7%       | 2 6.0%     | 2 8.4%       | 2 9%       | 2 9.6%       |
| 3 | 8.5%       | 3 5.9%     | 3 6.0%       | 3 9%       | 3 7.3%       |

(19) It should be noted, however, that Endemol was taken over in Spring 2000 by the public telecommunications company Telefonica, itself the main shareholder in Antena 3.

**SPAIN**

| <b>TVE 1</b> |       | <b>Tele 5</b> |       | <b>Antena 3</b> |     |
|--------------|-------|---------------|-------|-----------------|-----|
| 1            | 31.0% | 1             | 38.5% | 1               | 29% |
| 2            | 23.0% | 2             | 25.0% | 2               | 19% |
| 3            | 17.5% | 3             | 20.5% | 3               | 17% |

**FRANCE**

| <b>TF 1</b> |       | <b>France 2</b> |      | <b>France 3</b> |       | <b>M 6</b> |     |
|-------------|-------|-----------------|------|-----------------|-------|------------|-----|
| 1           | 18.5% | 1               | 9.0% | 1               | 17.5% | 1          | 51% |
| 2           | 10.0% | 2               | 8.5% | 2               | 9.5%  | 2          | 17% |
| 3           | 9.0%  | 3               | 6.5% | 3               | 8.5%  | 3          | 6%  |

**UNITED KINGDOM**

| <b>BBC 1</b> |       | <b>ITV</b> |       | <b>Channel 4</b> |       |
|--------------|-------|------------|-------|------------------|-------|
| 1            | 66.5% | 1          | 50.8% | 1                | 75.6% |
| 2            | 3.3%  | 2          | 12.2% | 2                | 5.3%  |
| 3            | 3.0%  | 3          | 10.8% | 3                | 4.3%  |

**ITALY**

| <b>RAI 1</b> |       | <b>RAI 2</b> |       | <b>Canale 5</b> |       |
|--------------|-------|--------------|-------|-----------------|-------|
| 1            | 23.9% | 1            | 12.8% | 1               | 19.4% |
| 2            | 20.7% | 2            | 12.8% | 2               | 14.2% |
| 3            | 17.0% | 3            | 9.3%  | 3               | 10.9% |

To give a fuller picture, this channel-by-channel approach needs to be set alongside a country-by-country table, comparing the number of companies in that country with the total value of its fiction output.

|       | <b>Value of fiction output,<br/>(in EUR thousand)</b> | <b>Number of<br/>companies *</b> | <b>Average value of each<br/>company's fiction output</b> |
|-------|---|----------------------------------|---|
| DE    | 1 052 429   | 147                              | 7 159   |
| ES    | 198 547   | 30                               | 6 618   |
| FR    | 438 640   | 74                               | 5 928   |
| GB    | 905 392   | 71                               | 12 752  |
| IT    | 249 467   | 39                               | 6 397   |
| EUR 5 | 2 844 475   | 361                              | 7 879   |

\* Broadcasters producing in-house included.

France and Spain have the lowest "potential market shares" for fiction, based on production company fiction value, while the United Kingdom has the highest. However, the use of an average value can also hide important distortions in national practices, as will be seen later for the United Kingdom.

It is also worth looking at the room for manoeuvre that production companies enjoy, with regard to the amount of customers they have and also the number of programmes supplied. By number of programmes, we mean titles and not episodes. A 200-episode series will count as a single title, in the same way as a TV Movie. The actual aim is to measure the variety of programmes offered by a production company.

The following tables show the number (and their percentage in the country) of production companies that only had one channel as a customer and those that had only one programme broadcast in 1999. To have just one channel as a customer and, especially, to be contracted for just one programme, could be seen as signs of fragility.

|                | <b>Number of production companies supplying one channel only</b> | <b>% compared to total number of production companies</b> | <b>Number of production companies supplying just one programme</b> | <b>% compared to total number of production companies</b> |
|----------------|--|---|--|---|
| Germany        | 102  | 69.0%   | 84   | 57.0%   |
| Spain          | 22   | 73.0%   | 20   | 67.0%   |
| France         | 47   | 63.5%   | 33   | 44.5%   |
| United Kingdom | 61   | 86.0%   | 54   | 76.0%   |
| Italy          | 29   | 74.4%   | 26   | 66.7%   |

The information given in this table gives further insight into the real situation and shows the previous tables in a new light. The United Kingdom turns out to have a somewhat unbalanced market, with a small number of companies working for a single broadcaster, but with considerable fiction output, while three quarters of the production companies only had a single programme (title) broadcast in 1999.

At the other end of the spectrum, France has the smallest number of production companies supplying just one programme and is also the only country where the so-called fragile companies are in a minority.

Germany is in a fairly similar position to France, but with a higher percentage of single-programme production companies. Spain and Italy come out between Germany and the United Kingdom.



## Chapter 3 - Independent production

There are a number of problems involved in trying to define an independent producer or production company and there is no real agreement between the countries on the issue or even within the countries themselves.

The European Union's "Television without Frontiers" Directive in its original version of October 1989, laid down quotas to encourage independent production. Article 5 stipulates that:

*Member States shall ensure, where practicable and by appropriate means, that broadcasters reserve at least 10 % of their transmission time, excluding the time appointed to news, sports events, games, advertising and teletext services, or alternately, at the discretion of the Member State, at least 10 % of their programming budget, for European works created by producers who are independent of broadcasters.*

There was no indication in the Article as to what actually constitutes an "independent producer"

The "Suggested Guidelines for the Monitoring of the Implementation of Articles 4 and 5 of the "Television without Frontiers" Directive addressed the question. The latest version was published by the Commission on 11 June 1999 ([http://europa.eu.int/comm/dg10/avpolicy/twf/art45/control45\\_en.pdf](http://europa.eu.int/comm/dg10/avpolicy/twf/art45/control45_en.pdf)). These guidelines came into force on 1 January 1999 and were worded as follows:

« 6. *The Concept of Independence*

6.1. *This concept should be understood in the light of recital N°31 of the Directive.*

*A producer with interests in television broadcasting will be regarded as an independent producer only if the interests in question do not constitute his main activity.*

6.2. *To put it more precisely, in the definition they apply to the wording of Article 5, Member States may take account of the following three indicative criteria, which are not exhaustive:*

- *Who owns the production company;*

*The objective is to make sure that a broadcasting organisation does not hold too large a share in the capital of a production company (and vice-versa)). The term "broadcaster" should be understood here as meaning the broadcasting organisation in its entirety, not each channel which comes under the organisation.*

- *How many programmes are supplied to the same broadcasting organisation;*

*The purpose of this criterion is to measure independence in terms of the amount of programming supplied, basing the analysis on a period long enough to allow conclusions to be drawn, and bearing in mind any special characteristics of the broadcasting organisation in question.*

- *Who holds the secondary rights;*

*This criterion enables the independence of a producer to be assessed in the event that all his rights, including secondary rights, have been bought by broadcasters, leaving the independent producer in a position where he cannot put together a catalogue of material with secondary rights which can be sold on other markets.»*

It should be stressed that while the first proposal mentions only equity-based links, the second is much more stringent, as it involves tracking a production company's business over a 3-year period. When one counts up the number of production companies working with only a single channel<sup>21</sup> it is a bit of a puzzle to try and work out exactly how the proposal aims to carry out sophisticated statistical monitoring of broadcasters' activity. At the moment, this is only feasible in France and the United Kingdom. It could therefore be concluded that given the definition of the terms (which had only an indicative value), this part of the Directive was more a reflection of political expediency than of market reality.

French law set out a definition of the independent production company / producer in 1990, within the framework of regulations governing channels' production obligations. The definition depends in fact on each individual channel.

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(21) See country-by-country table above

The law requires broadcasters to invest 10% of their annual revenue in works filmed in French and meeting the 3 following conditions:

- the contracts are signed with a production company that is independent of the broadcaster;
- the broadcaster may not share any financial, technical or artistic responsibility with the production company for making the work in question, nor provide a performance bond;
- broadcasting rights should not be signed over to the broadcaster for a period exceeding 4 years, or 5 years should several broadcasters be involved in financing the work.

A production company is independent when a broadcaster holds no more than 5% of its equity and when no shareholder with a 5% stake in the broadcaster holds more than 5% of its equity. Conversely, the production company may not hold more than 5% of the broadcaster's equity.

French legislation therefore examines independence on a channel-by-channel basis and even programme-by-programme when the duration of the rights are involved. Ellipse, for example, a CANAL+ subsidiary, is considered as an independent when it supplies fiction to France 2 or TF1. However, when it supplies fiction to CANAL+, it is no longer regarded as an independent production company.

In the United Kingdom, the BBC and ITV have been required since 1987 (although the law has actually only been enforced since 1993) to give 25% of their programming (news not included) over to programmes made by independent production companies. Channel 4 (which started up in 1982) has always been well above the quota and as it has never had any in-house production structure, it always commissions programmes from production companies. Channel 5, set up in 1997, is also subject to the 25% quota.

A production company is considered to be independent if under 15% of its equity is owned by a broadcaster. Conversely, an independent may not own more than 15% of a broadcaster's equity. Granada, Carlton and Pearson are therefore not independent production companies

The Legge 30 Aprile 1998 requires private broadcasters to reserve 10% of their programming slots (20% for RAI) for independent production companies, in compliance with the Television without Frontiers Directive<sup>22</sup>. Up to May 2001, the only criterion for determining if a production company is independent is that of equity holdings. Subsequently, the volume of programmes (90%) supplied to a single broadcaster over 3 years will also be included. As neither RAI or Mediaset own any real production companies, especially for fiction, any order for fiction given to an outside company will come within the equity requirement. The problem will become a lot more complicated if Italy decides in the future to apply the criterion of the volume of programmes contracted with the same broadcaster.

The Television without Frontiers Directive was made part of Spanish law in 1994. The 10% quota for independent production companies, as described above, was due to be phased in over 4 years and the requirements of the Directive fully applicable by 1998. However, the lack of any reliable statistical information as to the channels' programming and outside orders means that it is difficult to say whether the law is applied in theory only or not. A number of statistical sources indicate that the autonomic channels are far from meeting the 10% quota<sup>23</sup>.

In Germany, there is no legislation, either national or regional, governing the contracts drawn up between the broadcasters and production companies. The very idea of legislating in the area often appears as anathema to German politicians and sector professionals, with its connotations of inappropriate State interference in the independence of the media with regard to the political authorities.

To simplify the processing of the statistics and to set out a single, easily understandable definition, we have defined an independent production company as:

- a company or group that, along with its main shareholders, is involved in no broadcasting activity in the country concerned. It should also be specified that broadcasting here means within the field of the big terrestrial channels. There are, especially in France, production companies, or companies involved in production, working with the cable or satellite theme channels. Examples of the latter include the AB group and the Hachette group (which itself is owned by the Lagardère group).

(22) The legislation in question is the *Decreto 8 marzo 1999 Disciplinare per il rilascio delle concessioni per la radiodiffusione privata televisiva su frequenze terrestri, in ambito nazionale; Allegato lalla delibera n. 78 del 1° dicembre 1998 Regolamento per il rilascio delle concessioni per la radiodiffusione televisiva privata su frequenze terrestri*, as well as the law implementing these provisions in 1999, passed by the Authority on 16 March 1999 *Delibera 9/99, "Approvazione del regolamento concernente la promozione della distribuzione e della produzione di opere europee"*.

(23) which ties in with our own statistics, with the volume of fiction produced by TVC for broadcast by the 2 Catalan channels, TV 3 and C 33.



The main purpose of this criterion is to exclude from the definition of independent production any production company working within a broadcaster-owned structure. As the channels' financial clout in Europe is much greater than that of the production companies, any production activity directly linked to broadcasting could be considered as a complement to the broadcasting business, rather than as an economically independent activity. This also explains why we do not count the connections between production companies and cable and satellite theme channels, given the weak financial situation of these channels.

Any channel commissioning even a single original fiction programme (in Germany, for example) is considered as a big channel and its shareholders are therefore not included in the independent production sector.

The table below shows the value of independent production in each country and its market share.

| Country        | Value of total production (EUR thousand) | Value of independent production | Market share of independent production |
|----------------|--|---------------------------------|--|
| Germany        | 1 052 429                                | 487 836                         | 46.3%                                  |
| Spain *        | 198 547                                  | 173 989                         | 87.6%                                  |
| France         | 438 640                                  | 380 030                         | 86.6%                                  |
| United Kingdom | 905 392                                  | 343 532                         | 37.9%                                  |
| Italy          | 249 467                                  | 205 055                         | 82.2%                                  |

\* Globomedia belongs to a consortium applying for a Spanish terrestrial digital licence (in 2000). In 1999, this production company produced EUR 31 632 of fiction, making 16% of the total amount of fiction broadcast.

If this criterion is taken, then there is a clear difference between the Latin countries, where independently-produced fiction is over 80%, and Germany and the United Kingdom, where it is under 50%. It can also be seen that the difference in economic terms between the independent production sectors of the five countries is significantly less than for the other indicators for television in general or for the narrower field of fiction. The figures for Germany, France and the United Kingdom are fairly close, while the gap between the leading country, Germany, and the last-placed country, Spain, is only 2.8 whereas the figure for the total value of fiction production for the two countries was 5.

### The "dependent" production

While we have adopted a common definition for independent production for all five countries, it is also necessary to show the heterogeneous nature of dependent production, its opposite. Dependent production is, generally speaking, production that is directly dependent on the broadcaster. However, the term does cover three highly different situations.

- In-house production structures that include highly sophisticated facilities and which could be styled "self-sufficient" production. The BBC is a typical example.
- Co-financing companies. The broadcaster acts as a co-production company for its own country and works with foreign production companies, without really getting involved in the production process itself. A typical example is Mediaset
- Production companies that are relatively independent of the broadcaster, subsidiaries, for example. The companies' objective is to become fully-fledged production companies, working for all the broadcasters. This kind of set-up is to be found mainly in Germany (Bavaria) but also in France (Ellipse) and the United Kingdom (Granada).

A broadcaster can also act as a production company by providing production facilities. This kind of situation occurs in Italy (RAI), Spain (Tele 5), Germany (ARD) and France (France 3). In this case, the broadcaster acts more like a service company than a production company, with consequently little input as to the content and artistic side of the programme

After looking at fiction production from the different angles taken in this report, it can be seen that independent production is a political, economic and cultural issue that becomes much less sensitive when a television channel, and consequently its programme industry, has significant resources.



## **POSTFACE**

# **INFORMATION SOURCES AND CONCEPTS FOR ANALYSING THE ECONOMY OF TELEVISUAL PRODUCTION**

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## **Broadcasters' investment in audiovisual production: the difficulties of making a comparative European analysis**

The analysis of programme costs and broadcasters' expenditure on audiovisual production is of considerable importance if we want to gain a full understanding of the whole of the audiovisual market. It is essential to analyse this expenditure to get a clear picture of the economy of audiovisual production, television channel programming and also the financing of cinematographic production.

It is no easy task carrying out such an analysis. While a table analysing television company revenue can be drawn up without too much trouble, such as in the *Statistical Yearbook*, published by the European Audiovisual Observatory<sup>1</sup>, analysing companies' expenditure and costs of these on a European scale poses quite a different problem.

This chapter sets out to chart the various attempts that have been made over the past few years to try to address the problem. What it actually often consists of is a description of the difficulties and dead-ends that are met when attempting to unravel the threads of an extremely complex and fragmented situation.

1. The obstacles to gathering information
2. The absence of any definition of "programming budget" in the "Television without Frontiers" Directive and the monitoring of the implementation of articles 4 and 5 of the same Directive.
3. The difficulties corporate surveys have finding broadcaster investment levels – the EUROSTAT methodological manual for corporate statistics and pilot surveys
4. Programme costs and production expenditure: a terminological difference between the two broadcaster organisations (ACT and EBU)
5. The IDATE proposal: analysing expenditure through reading broadcasters' balance sheets
6. The financial analysis of the independent production sector
7. National surveys

### **1. The obstacles to gathering information**

The companies trying to collect data on broadcaster investment in production always come up against the same obstacles. These can be related to:

- The diverse ways in which television is organised throughout European Union, involving highly different production, programme commissioning and purchasing policies;
- The different accounting methods that the various broadcasters in each country use, even within the same country
- The reluctance of some companies to publish their accounts. This situation arises in certain countries, especially Germany, where there is no requirement in commercial or broadcasting law to publish. It can also happen when television is just one of the activities of a diversified group, which only publishes consolidated accounts.
- When the accounts are actually published, there is normally a problem of clarity that makes analysis difficult. This can come from the lack of any explanation as to the accounting practices used, or of details needed to interpret the published figures correctly. This might be because the company is seeking to restrict the amount of strategic information that could be used by its rivals, its suppliers or even by the Authorities. The difficulties could also derive from the lack of any published detailed cost accounting to enable the accounts to be read in the right context. Cash-flow tables, which would show the flows relating to investments (especially the acquisition of intangible assets and the acquisition of or increase in equity holdings in production subsidiaries) are almost never published in business reports.

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(1) Latest edition available: *Statistical Yearbook 2000*, European Audiovisual Observatory, Strasbourg, 2000.

The provisional report issued by the Observatory in October 1998 highlighted the difference in the kind of information that was immediately accessible through business reports or regular surveys:

- a vast quantity of information in France, available both from business reports and other sources (CSA, CNC, INSEE/SJTI,...)
- substantial information (even if not fully satisfactory) in the reports published by the German, Austrian, Belgian, British, Swiss public channels and certain private channels (Mediaset, ITV channels)
- Lack of transparency in the German, British and Spanish private channels.

The European Audiovisual Observatory is forbidden by its statutes to carry out any legislative or monitoring activity and cannot comment on the appropriateness of legislation (or the lack of it) that aims to establish corporate transparency for broadcasters or on the actions of certain companies that help, whether voluntarily or not, keep economic operations shrouded in a certain mystery. It has to be said, though, that the Observatory's avowed mission, to facilitate transparency in the audiovisual market, is severely hampered, although to varying degrees according to each country, by the difficulties encountered in obtaining strategic data or, sometimes, any data at all.

## **2. The absence of any definition of "programming budget" in the "Television without Frontiers" Directive and the monitoring of the implementation of articles 4 and 5 of the same Directive**

The European Union "Television without Frontiers" Directive, adopted in 1989 and amended in 1997, contains two provisions, articles 4 and 5<sup>2</sup> which provide a source of information on programming of the television channels referred to by this Directive.

These articles involve drawing up statistics relating mainly to programming volumes in hours, rather than to economic streams, but they clearly play a pivotal role in the economic analysis of the relationships between producers and broadcasters. The implementation of the articles has so far given rise to 4 statistical reports published by the Commission, which provide interesting tools for understanding the economy of production and programming<sup>3</sup>.

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### (2) Article 4

1. Member States shall ensure where practicable and by appropriate means, that broadcasters reserve for European works, within the meaning of Article 6, a majority proportion of their transmission time, excluding the time appointed to news, sports events, games, advertising and teletext services. This proportion, having regard to the broadcaster's informational, educational, cultural and entertainment responsibilities to its viewing public, should be achieved progressively, on the basis of suitable criteria.

2. Where the proportion laid down in paragraph 1 cannot be attained, it must not be lower than the average for 1988 in the Member State concerned

(...)

3. From 3 October 1991, the Member States shall provide the Commission every two years with a report on the application of this Article and Article 5. That report shall in particular include a statistical statement on the achievement of the proportion referred to in this Article and Article 5 for each of the television programmes falling within the jurisdiction of the Member State concerned, the reasons, in each case, for the failure to attain that proportion and the measures adopted or envisaged in order to achieve it. The Commission shall inform the other Member States and the European Parliament of the reports, which shall be accompanied, where appropriate, by an opinion. The Commission shall ensure the application of this Article and Article 5 in accordance with the provisions of the Treaty. The Commission may take account in its opinion, in particular, of progress achieved in relation to previous years, the share of first broadcast works in the programming, the particular circumstances of new television broadcasters and the specific situation of countries with a low audiovisual production capacity or restricted language area.

(...)

### Article 5

Member States shall ensure, where practicable and by appropriate means, that broadcasters reserve at least 10 % of their transmission time, excluding the time appointed to news, sports events, games, advertising and teletext services, or alternately, at the discretion of the Member State, at least 10 % of their programming budget, for European works created by producers who are independent of broadcasters. This proportion, having regard to broadcasters' informational, educational, cultural and entertainment responsibilities to its viewing public, should be achieved progressively, on the basis of suitable criteria; it must be achieved by earmarking an adequate proportion for recent works, that is to say works transmitted within five years of their production.

(3) The reports are available on the Commission's web site: [http://europa.eu.int/comm/dg10/avpolicy/twf/art45/art45-intro\\_fr.html](http://europa.eu.int/comm/dg10/avpolicy/twf/art45/art45-intro_fr.html)

The Commission's fourth report (COM (2000) 442 (01) was adopted on 17.07.2000. The Commission noted that the number of television broadcasters in Europe had increased considerably. Compliance with the rules of the Directive on broadcasting of European and independent producers' works was generally satisfactory. The objectives of the Directive had, by and large, been achieved. Between the period 1997/98 and the preceding period there had been an increase in the broadcasting of European programmes. The report nevertheless drew up a list of 32 channels that had failed to comply with the independent production quota in 1998, along with 20 channels that had not supplied various pieces of information.

Article 5 proposes quantifying independent production volume on the basis of programming budgets. However, neither the Directive, nor the document published by the Commission indicating how to draw up the statistics, supplied any definition of "programming budget". In its first draft Directive, amending the TVSF Directive, the Commission gave a definition of programming budget:

"The programming budget, as used in this directive, is taken to mean the book cost of the purchase and pre-purchase of televised broadcasting rights and of the production and co-production of all those programmes broadcast by the channel in question throughout the reference year;"

The definition was not included in the version finally adopted by Parliament and the Council and so article 4 remained virtually unchanged compared to the 1989 Directive

Only the French terrestrial channels provide data expressed as a percentage of their revenue. Some French cable/satellite channels give the data expressed as a percentage of their programming budget.

### **3. The difficulties corporate surveys have finding broadcaster investment levels the EUROSTAT methodological manual for corporate statistics and pilot surveys**

In 1993, EUROSTAT, the European Commission's statistical unit, in conjunction with national statistical offices, carried out a pilot survey on European audiovisual companies as part of its analysis of the audiovisual service sector. The questionnaire sent out to companies was based on the *Methodological Manual of Statistics on Service Enterprises, amended version for audiovisual enterprises*.

*The Methodological Manual of Statistics on Service Enterprises* sets out an overall framework that can in theory be applied to any service company. However, a specific chapter was written dealing with audiovisual service company flows. The questionnaire featured a detailed breakdown of the "revenue" and "purchase of goods and services" variables.

With regard to the problematic of broadcasting companies' production expenditure and programming costs, version 1.4 of the manual (September 1995), contains the following provisions:<sup>4</sup>

- Code 12 Fixed production.

*Definition:* Fixed production includes all those goods kept by the production companies for eventual viewing or as own-account investments. This includes both tangible fixed assets (buildings, etc.) and intangible assets (software, audiovisual works, etc.) (adapted from SEC. 1995 3.08)

*Observations:*

Fixed production is unsold production that is considered as programme rights or stocks. Its valuation is based on the estimated value of similar products or, failing this, on "production costs"

It is used to place "production" within the framework of national accounting systems

Moreover, cinematographic films and audiovisual works recorded under fixed production assets, belong, as far as the SNA is concerned, in intangible assets. (see code 94).

For national accounting reasons, film, video and televisual fixed production needs to be broken down into:

12.1 - Wages and salaries (including welfare benefits) relating to fixed production, including wages and salaries of temporary staff involved in shooting, (for the definitions, see code 22).

12.2. - Purchase of goods and services relating to fixed production, excluding variations in user stocks.

12.3. - Tax relating to fixed production.

12.4. - Amortisation expense for fixed production.

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(4) Unofficial translation

- Code 20b Purchase of audiovisual products (part of 20).

*Definition:* The purchase of audiovisual products by units within the audiovisual sector from other units is entered as the value of these products purchased during the reference period, to be used in the production process.

The products are:

(...)

20b.3 - Purchases by the television channels of rights for the broadcasting and repeat of cinematographic works

20b.4 - Purchases by the television channels of rights for the broadcasting and rebroadcasting of TV fiction, cultural and documentary works.

20b.5 - Purchases by the television channels of broadcasting rights for sports events.

20b.6 - Purchases by the television channels of rights for the broadcasting and repeat of "studio" programmes (news and variety programmes, game-shows).

*Observations:*

(...) Items 20b.3 to 20b.5 are used for posting the purchase of rights by television companies. The purchaser does not become the owner of the work. For 20b.6, the purchaser may become the owner of the work.

- Code: 94 Intangible investments.

*Definition:* Intangible investments are generally made up of information, specialist know-how, etc. and cover

- mining and oil prospecting,

- the software and large data bases used for production activities, over a period of at least one year.

- original literary and artistic works: manuscripts, translations, artwork, sound recordings, etc." (Adapted from SEC. 3.100).

*Observations:*

Intangible investments in original literary or artistic works are valued as follows: "the price paid by the purchaser when they are sold, or failing this, the basic price paid for the originals, production costs or the updated value of anticipated future revenue" (Adapted from SEC. 3.104).

*The 1992 pilot survey<sup>5</sup>.*

To test out the Methodological Manual, Eurostat invited the national statistics offices to carry out a pilot survey for 1992.

All the Member States of the Union took part in the pilot survey. Some of them produced independent surveys, while others, notably France, incorporated the pilot survey into existing data-collection operations.

In some countries, the survey was exhaustive and covered all the sector companies, while others restricted the scope to a representative sample of companies. Various methods were also used, according to each country. In most countries, the questionnaires were mailed out, sometimes with a telephone follow-up when initial results were disappointing. In Greece, the survey was handled by specially-trained staff from the National Statistics Office, who carried out interviews with corporate accounts departments in various branches of the sector. In some countries, answering the questionnaire was voluntary, while in others it was compulsory. Addresses were generally taken from the registers in the national statistics offices, which also provided the basis for the representative samples. In Germany and Greece, however, other sources were used to draw up the samples.

### **Conclusions:**

The way in which the pilot survey was handled in each country gave results of varying usefulness:

Eurostat came up with the following conclusions regarding rights purchases, expenditure and intangible investments:

"The conclusions of the pilot survey show that depending on the country the purchasing of rights by TV enterprises are either considered as expenditures or intangible investments. Furthermore even within the same country the accounting method varies from one enterprise to another. In the absence of a

(5) "Eurostat audio-visual Pilot Survey" in Audio-visual statistics. report 1995, Eurostat, Luxembourg 1996.

standard accounting or fiscal method, each enterprise adopts the accounting method which best suits it from a fiscal point of view. This problem has been the subject of much discussion. The following solutions have been retained:

- *One should ask the enterprise to give the data as it is in their accounts : one can not ask the accountant of an enterprise to do national accounts or to elaborate satellite accounts. It is not his/her job. We can, however, ask for the elementary data needed to set up such accounts.*
- *Three elementary figures need to be obtained: purchasing of rights (expenditure), intangible investments of rights and fixed production of works. These three variables are in the questionnaire.*
- *With these three variables one can, either in the analysis of the results of the survey or in a satellite account, or indeed in both, figure out the acquisitions of rights as a whole and thus obtain a homogeneous presentation.*

*Here the problem of what is included in value added and its comparability is raised again. »*

No synthetic data for investments or rights purchases were published by Eurostat following the pilot survey. New pilot studies are due to be carried out by the national statistics offices in conjunction with EUROSTAT in 2001.

#### **4. Programme costs and production expenditures: a terminological difference between the two broadcaster organisations (ACT and EBU)**

To a certain extent, the easiest programme data to obtain from broadcasters are those relating to a widely accepted category, such as "programme costs". The two broadcaster organisations, the ACT and the EBU, use different terms, however, to describe fairly similar notions.

The EBU's 1996 statistical questionnaire offers the following definition of programme costs:

*"All the current expenses attributable to the planning, preparation, production and acquisition of programmes, including the technical production of programmes and related staff expenses, but not including fixed operating costs of the facilities"*

A questionnaire used by the ACT for its members in 1998, used the "investment" heading to include expenditure on:

- in-house production
- commissioned production
- co-productions
- purchases

The EBU's definition of "programming costs", as opposed to "overheads", is a notion that is widely used in channel's accounting systems, even if the wording does sometimes differ ("costs of programmes"). Difficulties do, however, crop up when it comes to entering overheads, in particular staff costs and published data may or may not include certain line items. In France, the idea of a "schedule cost" is becoming more and more widely used, without the actual scope being precisely defined. In practice, the CSA uses a different definition for analysing each channel's accounts.

The more restrictive notion of "production expenditure" is harder to nail down, both in theory and practice. Certain items need to be excluded from the definition of "production expenditure", such as acquisitions of programmes for immediate viewing, the so-called "flow programmes" such as game shows, news programmes, sport, etc, in other words the kinds of programme excluded from the definition of "audiovisual work", as put forward by the "Television without Frontiers" Directive. However, certain rights purchases (particularly the purchase several years ahead of the rights to major sports events) tend to blur the dividing line between "flow programmes" and "stock programmes"

Furthermore, the notion of "costs" as it might appear in annual profit and loss accounts, does not tie in with that of "expenditure", which means that the balance-sheets need to be approached from a cost-analysis angle, while at the same time adopting a more diachronic approach.

Generally speaking, the inclusion or non-inclusion of staff costs poses a problem (especially for the public-service channels). Profit and loss accounts usually separate staff costs and operational expenditure. The EBU statistical unit's questionnaire or, in certain cases additional data supplied by the channels, generally provides more analytical information.



#### 4.1. *The work of the European Broadcasting Union (EBU)*

##### 4.1.1 *The work of the EBU statistical unit*

The EBU statistical network is made up of correspondents from each member organisation and is co-ordinated from EBU headquarters in Geneva, by the Statistical Information Service (SIS). Each year, the correspondents receive a questionnaire covering areas such as audience figures, radio and TV output and broadcasting, complementary and on-line services, financing and staff. An annual report is issued for EBU members only, but some data are given to the European Audiovisual Observatory for publication in the *Statistical Yearbook*.

The EBU commissioned the Arthur Andersen consultancy to carry out a survey in 1998 on revenues and expenditure of the television channels in the European Union<sup>6</sup>.

#### 4.2. *The work of the Association of Commercial Television (ACT)*

In November 1994, the ACT brought out a document entitled "The commercial broadcasters' contribution to the European Production industry". Among the information it provided, the document gave a number of graphs drawn by the BIPE, showing broadcasters' expenditure on fiction production. The document did not, however, give any methodological indications as to how the data were worked out;

In 1998, the ACT sent its members a questionnaire on programming and programme costs. The results have not yet been made available.

### **5. The IDATE proposal: analysing investments by reading broadcasters' balance sheets**

Following a request made by the European Audiovisual Observatory, the IDATE prepared a report on broadcasters' expenditure on audiovisual production<sup>7</sup>.

The IDATE proposal was based on building a model for analysing expenditure on production and the different ways it was entered in company balance sheets. The method used a theoretical analytical schedule with the advantage that it could be used within the framework of European standardisation of accounting practices.

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(6) ARTHUR ANDERSEN, *Television revenues and programme expenditure in the European Union: Current models of programming supply*, March 1998; ARTHUR ANDERSEN, *The impact of digital television on the supply of programmes*, A report for the European Broadcasting Union, December 1998.

(7) G. FONTAINE ET J.M. CRANTOR, *Les investissements des diffuseurs européens dans la production*, Analysis report for the European Audiovisual Observatory, IDATE, Montpellier, September 1998.

### 5.1. The different ways channels invest in production

Channels' expenditure on production comes in several different forms, which can, however, be separated into broadcasting rights and exploitation rights. In all the cases studied, the biggest difficulty met was working out the position of the two categories in the various accounting systems.

The acquisition of **broadcasting rights**, which contribute to the financing of production, can take place in several different ways and may or may not be linked to the acquisition of exploitation rights.

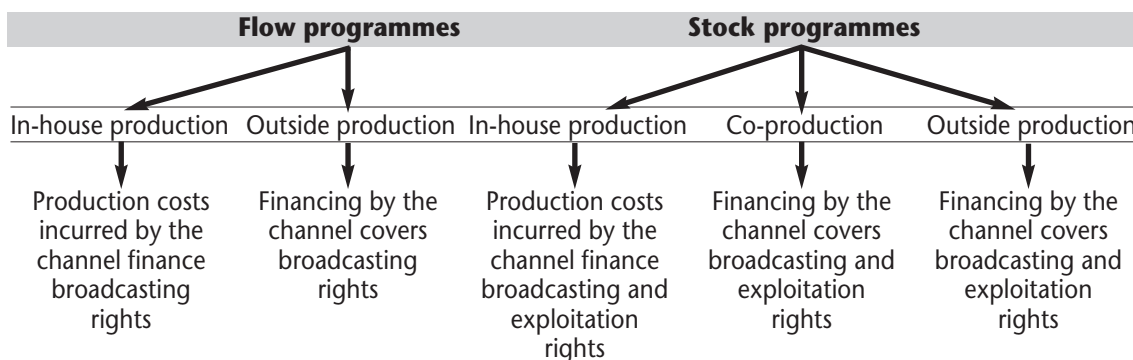
- Pre-purchasing is not, in itself, any different to a simple rights purchase, except for the period during which the programme is being made, when the channel has already committed itself to purchase the programme but where there is still a risk that the programme will not be delivered.
- For "commissioned" programmes on the British or German model, the purchase of broadcasting rights goes hand in hand with the acquisition of the programme's exploitation rights.
- For in-house production, the company holds both the broadcasting and exploitation rights.

The broadcaster can also hold all or part of the exploitation rights for broadcasting a programme on other channels. This means the broadcaster receives a share of the exploitation revenue. There are a number of different examples:

- For a channel investing in a co-production<sup>8</sup> with an outside production company, the very fact the co-production exists means the respective contributions to the financing of the work are given a value thereby defining who holds the broadcasting rights of the work.
- For "commissioned" programmes, exploitation and broadcasting rights, as explained above, are one and the same thing

The same applies to in-house production.

#### Channel expenditure, type of programmes and acquired rights:



Source: IDATE

### 5.2. How channels' expenditure is shown in their accounts: theoretical model

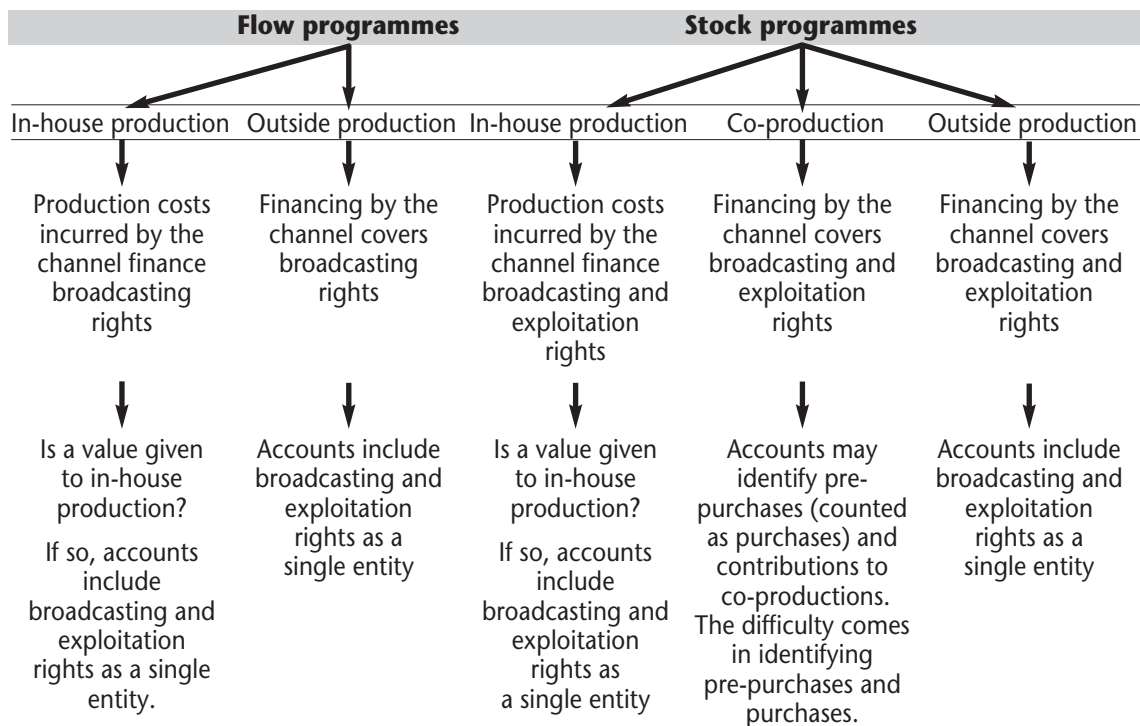
#### General methodology

Exploitation rights (holding part of the economic rights of the work) and broadcasting rights both belong to the category of intangible rights, within the company's assets and balance sheet.

If, as previously indicated, the working practices of the channels do not show the difference between expenditure on the acquisition of broadcasting and of exploitation rights, this non-differentiation will be reflected in the balance-sheet. On the other hand, when there is a clear difference made between pre-purchasing and contributions to a co-production (in other words, broadcasting rights and exploitation rights, respectively), the elements can be identified within sub-categories of the intangible assets.

(8) While pre-purchasing is not always linked to a channel's investment in a co-production (such, for example as in CANAL+ France's investment in film), conversely, co-production operations always go hand in hand with the acquisition of exploitation rights.

*How expenditure is shown in broadcasters' balance-sheets*



Expenditure in broadcasters' balance-sheets: applications according to type of expenditure

- *Co-production*

The main difficulty comes when co-production goes together with pre-purchasing. The theoretical accounting treatment for this example is as follows:

- Pre-purchase

Pre-purchases are included as purchases once the production is finished.

1. *In the production phase*

The amounts contributed to the outside production company are posted in "fixed production" (broadcasting rights) or in stock, according to the broadcasters.

2. *Following the production phase*

The amounts contributed are transferred to "fixed programme rights (gross)" or the equivalent, or to stock, according to the broadcasters.

- Co-production contributions

1. *In the production phase*

The amounts contributed by the broadcaster to the production company are considered as "fixed production or stock" ..

2. *Following the production phase,*

The amounts are transferred to the "fixed programme rights (gross)" line item or the equivalent

Compared to the theoretical model, the main difference is that broadcasting and exploitation rights are included as a single entity, and are posted in the same line item, either in fixed assets, or in inventory.

- *Outside production*

For outside production, all the amounts contributed are considered as fixed production or stock during the production phase and then when production is finished, as programme-rights or stock.

Compared to the theoretical model, the main difference is how programmes are treated according to their type: programmes with no residual value are given separate treatment to those that will bring in revenue.

- *In-house production*

For in-house production, if it is included in the accounts as such, all the amounts contributed are considered as fixed production or stock during the production phase and then when production is finished, as programme-rights or stock.

### **5.3. Observatory comment: the difficulties implementing the model solely by reading published balance sheets**

The 'IDATE study is based on the assumption that it should theoretically be possible to put a value to expenditure on the production of original works by reading channels' balance-sheets. After coming up with a coherent analytical model. IDATE then tried to check that the model was workable by taking the balance-sheets of a number of television channels. However, any attempt to use the television companies' business reports to identify accounting data that could be used make European comparisons and syntheses fell short of expectations as most of the balance-sheets, in their published form, fail to provide interpretable data for these purposes.

The resources available for the IDATE study were not sufficient for contact to be made with the financial and production departments of the channels involved to shed light on the data.

However, certain doubts could be expressed as to the general applicability of the model proposed, which appears to be strongly influenced by the French approach. The practice of entering production expenditure under intangible investments seems to be used by a certain number of countries only. As EUROSTAT noted in its pilot-study, practices vary from one country to another.

In the United Kingdom, for example, the amounts entered by broadcasters in the "Intangible Assets" line item systematically come to zero. In the Grand Duchy of Luxembourg, the consolidated balance-sheet of CLT S.A. contains the "Audiovisual rights and (co)productions" line item (rights acquired for granting licences to broadcasters) under "Intangible assets", along with a specific line item for "Programmes and broadcasting rights", an item half-way between fixed assets and current assets. In this instance, the net value entered in this line is the total obtained by subtracting programme consumption and provisions from purchases and fixed production in stock. The balance-sheets of ZDF and of the public channels belonging to ARD also contain a similar half-way line item *Programmvermögen*, which is between fixed assets (*Anlagevermögen*) and current assets (*Umlaufvermögen*).

Taking all this into consideration, reading the balance-sheets would not appear to be an adequate solution by itself. Apart from the information on production in stock and on intangible assets, it would also appear necessary to have detailed information on programming costs, broken down into own production (and co-production), commissioned production and purchases.

At this point in time, we think the only way to move forward is to conduct a series of interviews with the accounts departments of the main channels in Europe so as to gain a better picture of their accounting practices and to obtain more detailed information for drawing up a European synthesis.

### **5.4. Investment as the creation of assets – comparative information from the balance-sheets**

The comparison of accounting practices shows wide diversity, which can probably be put down both to differences in accounting tradition and also to how broadcasters consider the channels both as to their actual roles and their strategy as producers.

Four points can be made:

- amortisation methods are not always made clear and can vary considerably according to each channel.

The ways in which programme amortisations are entered in the accounts are important factors in analysing programme costs and the posting of expenditure and which have not yet been studied in much depth. A study carried out by Morgan Stanley Dean Witter<sup>9</sup> showed a number of items enabling comparisons to be made between the main European private channels.

(9) MORGAN STANLEY DEAN WITTER, "Pro Sieben Group: In the Frame", *U.K. and Europe Investment Research*, Morgan Stanley Dean Witter, London, 14 August 1998.

### Amortisation of programme rights

|    |                     |                      | Year 1<br>1 <sup>st</sup> broadcast | Year 2-3<br>2 <sup>nd</sup> broadcast | Year 3-10<br>3 <sup>rd</sup> broadcast |
|----|---------------------|----------------------|-------------------------------------|---------------------------------------|--|
| DE | Pro Sieben          |                      | 55                                  | 35                                    | 10                                     |
| FR | M6                  | Films                | 80                                  | 20                                    | 0                                      |
| FR | M6                  | Co-productions       | 100                                 | 0                                     | 0                                      |
| FR | TF1                 | Films                | 50                                  | 50                                    | 0                                      |
| FR | TF1                 | Others               | 80                                  | 20                                    | 0                                      |
| GB | Carlton             |                      | 100                                 | 0                                     | 0                                      |
| GB | United News & Media |                      | 100                                 | 0                                     | 0                                      |
| IT | Mediaset            | Films                | 65                                  | 35                                    | 0                                      |
| IT | Mediaset            | Sports / News        | 90                                  | 10                                    | 0                                      |
| SE | MTG                 | In-house production  | 65                                  | 35                                    | 0                                      |
| SE | MTG                 | Purchased production | 20                                  | 20                                    | 60                                     |
| SE | TV4                 |                      | 90                                  | 10                                    | 0                                      |

Source: Morgan Stanley Dean Witter

This study claims “it is clear broadcasters can be split into 2 categories: those companies that amortise most of the value of the programmes after the first broadcast (Carlton, TV4, M6, United News & Media) and those companies that amortise the programmes over a longer period (Mediaset, MTG, Pro Sieben)”.

- The use of the category "intangible assets" to put a value on production is not standard practice and is not used by British broadcasters, for example
- The actual position of programme stocks in assets can vary: it can be
  - a sub-category of stocks (French and British channels),
  - an intermediate category between fixed and circulating capital (German channels, the CLT-UFA)
  - a sub-category of intangible assets (RAI).
- Programme assets can be presented in three different ways:
  - according to the type of rights (purchased broadcasting rights, rights to own productions)
  - according to the type of programme (films, audiovisual programmes)
  - according to programme status (productions under way, finished programmes ready for broadcasting, pre-purchases)

The widely-varying situation, especially the “accounting heresy” of setting up a category of intermediate assets between fixed capital and floating capital, is probably a reflection of the difficulty encountered in measuring the difference between keeping a programme in stock for use the following year and keeping it in stock for use at least 2 years later.

However, when examining the balance sheets, it generally becomes clear that the information available is not sufficient to analyse this creation of assets, especially inasmuch as data on programme assets (whether entered in intangible assets, stocks or in an intermediate category between fixed capital and current capital) do not give enough information on the rights’ ownership. The channels need to be asked to see if there are more detailed breakdowns available.

It is also not possible when reading the balance-sheet to find out about the costs for programmes for immediate viewing (especially “flow programmes”, but also “stock programmes”<sup>10</sup>, whether produced in-house, commissioned or bought in during the year and which, as they were consumed in the year, do not figure in the balance sheet).

It does, nevertheless, appear possible to draw up tables giving a pan-European synthesis of “programme assets” (intangible assets and stocks). The higher the “programme assets”, the fuller the channel’s programme stock and the better it is prepared for its broadcasting activities over the coming years. It would therefore appear to be significant that TF1 includes change in programme stocks as one of the indicators of the health of the company, as featured at the beginning of its shareholders report

(10) “Flow programmes” and “stock programmes” refers to a classical French distinction between programmes not repetables (such as news, sports, games,...) and programmes that could be repeated several time and sold on the programmes market (such as fiction, animation, documentaries,...).

*Data published by the channels in the "investment tables"*

Some channels (TF1, CANAL+, ZDF, France 2) publish "investment tables" notably for "programme expenditure". There is no explanation given for the category, however, and it probably does not have the same criteria across the channels.

It needs a questionnaire to clarify how the figures were drawn up and to check that similar data can be obtained from the other channels.

## **6. Analysing production companies' revenue**

As it is not possible to carry out a systematic analysis of broadcasters' investment through their published accounts, it might be worthwhile estimating production volume through analysing the accounts of production companies. The data for this exercise should be based on the corporate surveys carried out by the national statistics offices of the countries concerned. Apart from France, where audiovisual companies are covered by the general INSEE survey, few countries have carried out a survey within the scope of the EUROSTAT pilot survey (see above).

Given this lack of data from the national statistics offices, the compilations of balance sheets collected by specialist companies could be used as sources of information. The European Audiovisual Observatory has been using Bureau Van Dijk's Amadeus 3 million DVD-ROM since December 2000 and as far as we know, this is the most comprehensive collection of audiovisual company balance-sheets currently available. Analysis of the companies included in the NACE9211 category (Cinematographic and audiovisual production) gives some idea of the methodological limits and difficulties involved in trying to get an accurate picture of the audiovisual production industry. The collection lists 12,471 cinematographic and audiovisual production companies from 29 of the 34 Member States of the European Audiovisual Observatory, including 9,957 from the European Union.

The following observations need to be taken into account:

- the number of companies listed is either under the actual figure (as for Ireland, where there are only 7 companies listed), or considerably inflated (1,930 companies in Rumania)
- minimum information on operating revenue is not available for 2,519 companies (20% of the total). This can mean either a reluctance on behalf of the company to give out revenue figures or that the company is dormant.
- apart from companies producing cinematographic works and television programmes, the category also includes companies making advertising films and those making institutional or corporate films.
- countries apply different criteria for placing the companies in the NACE9211 category. In Germany, for example, the video distribution subsidiaries of the great American distributors are included in NACE9211, while other countries put them in another NACE category.
- Some companies, which should have been listed in NACE9211, might be included in neighbouring categories.
- the breakdown of operating revenue into revenues coming directly from production activities and those from other activities (international distribution, services, etc.) is not visible.

Allowing for these points, it is possible, solely in order to draw up a provisional order of size, to estimate the operating revenues of the cinematographic and audiovisual production companies that come under category NACE9211 at USD 34 billion, 33 Bn of which comes from the European Union. As a comparison, the European Audiovisual Observatory put the operating revenue in 1998 for radio and television broadcasting companies at EUR 48 billion.

The European Audiovisual Observatory will be carrying out a more in-depth analysis using this data base in 2001.

**Breakdown of companies in NACE 9211** (cinematographic and audiovisual production)  
**listed in the Amadeus 3 million data base, by operating revenue bracket**  
 (1998 or last year available)

**Operating revenue (in USD million)**

|   | < 10         | 10 to 20   | 20 to 50   | > 50      | Info. N/A    | Total         |
|---|--------------|------------|------------|-----------|--------------|---------------|
| AT - Austria  | 95           | 3          | 0          | 0         | 16           | 114           |
| BE - Belgium  | 416          | 2          | 0          | 0         | 502          | 920           |
| BG - Bulgaria   | 0            | 0          | 0          | 0         | 0            | 0             |
| CH - Switzerland                                      | 0            | 0          | 0          | 0         | 0            | 0             |
| CZ - Czech Republic                                   | 26           | 2          | 0          | 1         | 2            | 31            |
| DE - Germany  | 1 291        | 42         | 35         | 26        | 154          | 1 548         |
| DK - Denmark  | 71           | 1          | 5          | 1         | 193          | 271           |
| ES - Spain  | 214          | 13         | 8          | 2         | 0            | 237           |
| IE - Ireland  | 0            | 0          | 0          | 0         | 7            | 7             |
| EE - Estonia  | 60           | 0          | 0          | 0         | 4            | 64            |
| FI - Finland  | 149          | 0          | 0          | 0         | 10           | 159           |
| FR - France   | 3 736        | 52         | 38         | 12        | 404          | 4 242         |
| GB - United Kingdom                                   | 285          | 21         | 19         | 14        | 353          | 692           |
| GR - Greece   | 104          | 2          | 0          | 0         | 1            | 107           |
| HU - Hungary  | 1            | 0          | 0          | 0         | 2            | 3             |
| IS - Iceland  | 0            | 1          | 0          | 0         | 0            | 1             |
| IT - Italy  | 180          | 14         | 8          | 5         | 4            | 211           |
| LT - Lithuania  | 0            | 0          | 0          | 0         | 0            | 0             |
| LU - Luxembourg                                       | 1            | 0          | 0          | 0         | 0            | 1             |
| LV - Latvia   | 1            | 0          | 0          | 0         | 0            | 1             |
| MK -<br>"The ex-Yugoslavian Republic<br>of Macedonia" | 0            | 0          | 0          | 0         | 0            | 0             |
| NL - Netherlands                                      | 24           | 3          | 0          | 5         | 494          | 526           |
| NO - Norway   | 403          | 1          | 0          | 0         | 63           | 467           |
| PL - Poland   | 9            | 0          | 1          | 0         | 3            | 13            |
| PT - Portugal   | 61           | 0          | 1          | 0         | 0            | 62            |
| RO - Romania  | 1 682        | 3          | 1          | 0         | 244          | 1 930         |
| SE - Sweden   | 794          | 3          | 1          | 0         | 62           | 860           |
| SI - Slovenia   | 0            | 0          | 0          | 0         | 1            | 1             |
| SK - Slovakian Republic                               | 3            | 0          | 0          | 0         | 0            | 3             |
| <b>Total EUR 15</b>                                   | <b>7 421</b> | <b>156</b> | <b>115</b> | <b>65</b> | <b>2 200</b> | <b>9 957</b>  |
| <b>Total EUR 29</b>                                   | <b>9 606</b> | <b>163</b> | <b>117</b> | <b>66</b> | <b>2 519</b> | <b>12 471</b> |

Source: BVD / Observatoire européen de l'audiovisuel

It is possible to make more comprehensive use of a balance-sheet data base, such as AMADEUS once more precise identification can be made as to the companies. Of the 348 fiction suppliers identified by the INA and excluding the broadcasting companies, AMADEUS provides the accounts for 264 (76% of the companies). This seems to us to provide a large enough basis for giving an initial estimate of operating revenue trends for fiction production companies<sup>11</sup>.

(11) The figures were extrapolated by modeling the missing data using the median values obtained from data available for each of the five countries involved. As no data is available for previous years, we based our estimates on the working assumption that the comprehensive list of fiction producers listed in the 1999 Eurofiction data base meant we were able to identify the companies that were active in the period 1995-1998.

The following points need to be taken into consideration:

- these companies' operating revenue might include revenues from other activities (production of other types of audiovisual programmes, production of cinematographic films in a few cases, international distribution income, services provided, etc.)
- the data supplied by AMADEUS for certain German companies is less accurate than that for the four other countries as there is no requirement to publish accounts in Germany. This is especially true for the two main players in Germany, the Kirch group and UFA.
- the rankings cannot be directly compared with those drawn up by the INA in its survey of the financial value of production. One point that should be noted is that the production subsidiaries of the German channels are included in the table below. This is not the case for the other countries, which explains why the total operating revenue of the British production companies, where there is far less use of external production companies than in France, is lower than the total operating revenue of the French companies, although the financial value of the production is higher in the United Kingdom.

### Estimation of the operating revenue of fiction production companies (1995-1998)

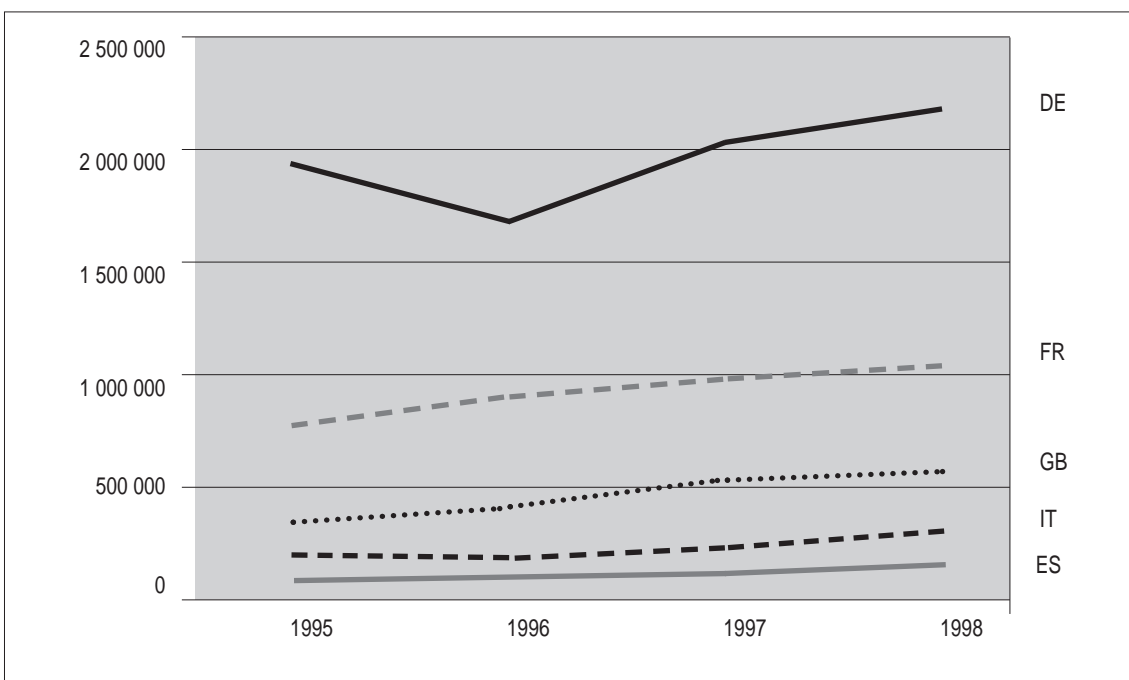
(broadcasting companies not included) – in EUR thousand

|       | Number of companies | 1995      | 1996      | 1997      | 1998      | 1998/97 | 1998/95 |
|-------|---------------------|-----------|-----------|-----------|-----------|---------|---------|
| DE    | 142                 | 1 926 582 | 1 711 507 | 2 025 047 | 2 189 757 | 8%      | 14%     |
| FR    | 74                  | 803 586   | 922 394   | 995 829   | 1 030 997 | 4%      | 28%     |
| GB    | 67                  | 361 102   | 419 833   | 505 825   | 537 187   | 6%      | 49%     |
| IT    | 37                  | 192 051   | 179 497   | 244 105   | 336 203   | 38%     | 75%     |
| ES    | 28                  | 104 653   | 120 446   | 137 587   | 207 963   | 51%     | 99%     |
| Total | 348                 | 3 387 974 | 3 353 677 | 3 908 394 | 4 302 107 | 10%     | 27%     |

Source: European Audiovisual Observatory

### Estimation of the operating revenue of fiction production companies (1995-1998)

in EUR thousand



Source: European Audiovisual Observatory



## GERMANY

### Operating revenue of the 20 leading fiction production companies (1995-1999)

#### Ranking based on 1998 operating revenue

in EUR thousand

|   | 1995    | 1996    | 1997    | 1998    | 1999    |
|---|---------|---------|---------|---------|---------|
| 1 UFA FILM- UND FERNSEH-GMBH & CO. KG                               | 971 455 | 971 455 | 974 011 | 974 267 | n.a.    |
| 2 BAVARIA FILM GMBH   | 85 897  | 85 897  | 114 529 | 124 244 | 108 394 |
| 3 BETA FILM GESELLSCHAFT<br>MIT BESCHRAENKTER HAFTUNG               | n.a.    | n.a.    | n.a./   | 76 694  | 76 694  |
| 4 CONSTANTIN FILM AG  | n.a.    | n.a.    | 58 390  | 57 623  | 64 474  |
| 5 NEUE DEUTSCHE FILMGESELLSCHAFT<br>MIT BESCHRAENKTER HAFTUNG       | 51 129  | 53 686  | n.a.    | n.a.    | n.a.    |
| 6 STUDIO HAMBURG PRODUKTION<br>FUER FILM UND FERNSEHEN GMBH         | 29 144  | 34 461  | 45 249  | 49 135  | n.a.    |
| 7 GRUNDY UFA TV PRODUKTIONS GMBH                                    | 15 339  | 30 678  | 40 903  | 51 129  | 51 129  |
| 8 TAURUSPRODUKTION GMBH   | n.a.    | n.a.    | n.a.    | 40 031  | n.a.    |
| 9 ALLMEDIA FILM & FERNSEH GMBH                                      | n.a.    | n.a.    | 41 466  | n.a.    | n.a.    |
| 10 POLYPHON FILM-<br>UND FERNSEHGESELLSCHAFT MBH                    | 977     | 3 609   | 38 422  | 35 970  | n.a.    |
| 11 ACTION CONCEPT FILM-<br>UND STUNT-PRODUKTION GMBH                | n.a.    | 3 323   | 9 203   | 20 452  | 40 903  |
| 12 ODEON FILM AG  | n.a.    | 2 045   | 2 045   | 31 598  | 33 813  |
| 13 UNIVERSUM FILM GMBH & CO. KG                                     | –       | –       | 2 045   | 25 565  | n.a.    |
| 14 PHOENIX FILM KARLHEINZ BRUNNEMANN<br>GMBH & CO. PRODUKTIONS KG   | n.a.    | 25 565  | 25 565  | 25 565  | 25 565  |
| 15 COLONIA MEDIA<br>FILMPRODUKTIONSGESELLSCHAFT MBH                 | 21 474  | 20 452  | 20 452  | 20 452  | n.a.    |
| 16 TELEFILM - SAAR GMBH   | n.a.    | 10 226  | 17 895  | 17 895  | n.a.    |
| 17 FFP ENTERTAINMENT GMBH   | n.a.    | 18 918  | 20 452  | 17 895  | 17 895  |
| 18 NEUE FILMPRODUKTION TV GESELLSCHAFT<br>MIT BESCHRAENKTER HAFTUNG | 12 782  | 12 782  | 16 873  | 16 873  | 17 895  |
| 19 REGINA ZIEGLER FILMPRODUKTION                                    | 12 782  | 13 294  | 15 339  | 15 339  | 17 895  |
| 20 SATEL FERNSEH- UND<br>FILMPRODUKTIONSGESELLSCHAFT M.B.H.         | 10 901  | 9 011   | 11 700  | 12 439  | 14 772  |

Source: European Audiovisual Observatory

**SPAIN****Operating revenue of the 20 leading fiction production companies (1995-1999)**

|  | 1995   | 1996   | 1997   | 1998   | 1999   | 1998/97 |
|--|--------|--------|--------|--------|--------|---------|
| 1 GLOBO MEDIA S.A.   | 8 655  | 16 890 | 29 602 | 43 902 | 59 258 | 48,3%   |
| 2 ZEPPELIN TELEVISION SA   | 6 296  | 7 901  | 8 205  | 28 282 | 40 233 | 244,7%  |
| 3 VIDEOMEDIA SA  | 11 617 | 11 174 | 10 866 | 16 418 | n.a.   | 51,1%   |
| 4 JOSE FRADE PRODUCCIONES<br>CINEMATOGRAFICAS SA                         | 16 446 | 14 547 | 5 991  | 15 268 | n.a.   | 154,8%  |
| 5 LOLA FILMS SA  | 3 409  | 5 996  | 5 206  | 12 249 | n.a.   | 135,3%  |
| 6 STAR LINE TV PRODUCCIONS SL  | 476    | n.c.   | 2 065  | 12 102 | n.a.   | 486,2%  |
| 7 OVIDEO TV SA   | 7 881  | 7 929  | 6 639  | 8 385  | n.a.   | 26,3%   |
| 8 BOCABOCA PRODUCCIONES S.A.   | 2 727  | 3 654  | 11 504 | 7 537  | n.a.   | -34,5%  |
| 9 PRIME TIME COMUNICACION SA   | 1 953  | 6 985  | 16 344 | 7 302  | n.a.   | -55,3%  |
| 10 PAUSOKA SA  | 3 402  | 3 239  | 4 241  | 4 095  | n.a.   | -3,4%   |
| 11 FERNANDO COLOMO<br>PRODUCCIONES CINEMATOGRAFICAS<br>SOCIEDAD LIMITADA | 4 160  | 3 828  | 4 069  | n.a.   | n.a.   | n.a.    |
| 12 DTV PRODUCCIONES S.L.   | n.c.   | 592    | 1 311  | 3 361  | n.a.   | 156,2%  |
| 13 EL TERRAT DE PRODUCCIONS S.L.   | 664    | 958    | 1 583  | 3 098  | n.a.   | 95,7%   |
| 14 5 FILMS SA  | 153    | 741    | 319    | 2 773  | n.a.   | 769,4%  |
| 15 LOTUS FILMS INTERNACIONAL S.L.  | 2 354  | 1 754  | 2 209  | 1 891  | n.a.   | -14,4%  |
| 16 FERNANDO TRUEBA PRODUCCIONES<br>CINEMATOGRAFICAS SA                   | n.a.   | n.a.   | 869    | 1 539  | n.a.   | 77,2%   |
| 17 ORIGEN PRODUCCIONES<br>CINEMATOGRAFICAS SA                            | 3 233  | 1 554  | 1 092  | 1 399  | n.a.   | 28,1%   |
| 18 FAIR PLAY PRODUCCIONS SA  | 278    | 56     | 459    | 1 083  | n.a.   | 135,7%  |
| 19 ANCORA AUDIOVISUAL SA   | 319    | 237    | 375    | 533    | n.a.   | 42,0%   |
| 20 ARPEGIO PRODUCCIONES<br>SOCIEDAD LIMITADA                             | 1 169  | 319    | 1 036  | 467    | n.a.   | -54,9%  |

Source: European Audiovisual Observatory

## FRANCE

### Operating revenue of the 20 leading fiction production companies (1995-1999)

#### Ranking based on 1998 operating revenue

in EUR thousand

|  | 1995   | 1996    | 1997    | 1998    | 1999   | 1998/97 |
|--|--------|---------|---------|---------|--------|---------|
| 1 ELLIPSE PROGRAMME  | 72 065 | 95 598  | 125 951 | 132 116 | 93 492 | 4,9%    |
| 2 TELFRANCE  | 26 856 | 42 200  | 50 141  | 58 932  | 57 902 | 17,5%   |
| 3 AB PRODUCTIONS   | 74 824 | 131 088 | n.a.    | 48 482  | n.a.   | n.a.    |
| 4 ANABASE PRODUCTION                                       | 14 807 | 9 517   | 45 245  | 47 810  | n.a.   | 5,7%    |
| 5 GMT PRODUCTIONS  | 43 728 | 26 713  | 31 557  | 41 113  | n.a.   | 30,3%   |
| 6 GAUMONT<br>(C.A. Activités télévision)                   | 29 566 | 25 315  | 30 075  | 32 058  | 12 072 | 6,6%    |
| 7 FLACH FILM   | 28 501 | 28 711  | n.a.    | n.a.    | n.a.   | n.a.    |
| 8 MARATHON   | 19 297 | 17 644  | 24 956  | 26 702  | n.a.   | 7,0%    |
| 9 CARRERE GROUP  | 16 242 | 18 665  | 37 406  | 34 442  | 30 262 | -7,9%   |
| 10 STARLING  | 16 211 | 20 268  | 19 487  | 25 225  | n.a.   | 29,4%   |
| 11 AGAT FILMS & CIE  | 6 464  | 8 437   | 12 705  | 17 299  | 27 675 | 36,2%   |
| 12 FILM INTERNATIONAL<br>TELEVISION<br>PRODUCTION (F.I.T.) | 14 464 | 8 136   | 15 432  | 25 785  | 27 043 | 67,1%   |
| 13 DEMD PRODUCTIONS  | 20 446 | 20 433  | 12 448  | 22 787  | n.a.   | 83,1%   |
| 14 IMAGE ET CIE  | 16 137 | n.a.    | 11 289  | 18 597  | n.a.   | 64,7%   |
| 15 PRODUCTIONS<br>RASPAIL ET ASSOCIES                      | 16 867 | 16 302  | n.a.    | n.a.    | n.a.   | n.a.    |
| 16 EURAL MFP   | 5 232  | 9 727   | 12 695  | 17 739  | 22 369 | 39,7%   |
| 17 METROPOLE PRODUCTION                                    | 14 935 | 15 478  | 12 316  | 17 561  | n.a.   | 42,6%   |
| 18 NERIA PRODUCTIONS                                       | 15 860 | 18 601  | 8 160   | 20 608  | 20 289 | 152,6%  |
| 19 STUDIOS 107   | 8 316  | 18 627  | 21 370  | 16 090  | 20 060 | -24,7%  |
| 20 PM AUDIOVISUEL  | 2 396  | 2 767   | 2 223   | 17 183  | n.a.   | 672,9%  |

Source: European Audiovisual Observatory

## UNITED KINGDOM

### Operating revenue of the 20 leading fiction production companies (1995-1999)

#### Ranking based on 1998 operating revenue

in EUR thousand

|  | 1995    | 1996   | 1997   | 1998   | 1999   | 1999/1998 |
|--|---------|--------|--------|--------|--------|-----------|
| 1 PEARSON TELEVISION PRODUCTIONS LIMITED   | 123 606 | 83 830 | 78 460 | 82 274 | n.a.   | 4,9%      |
| 2 ENDEMOL ENTERTAINMENT UK PLC             | 31 913  | 38 720 | 49 777 | 68 877 | n.a.   | 38,4%     |
| 3 TIGER ASPECT HOLDINGS LIMITED            | 11 143  | 16 787 | 19 261 | 23 633 | 47 289 | 22,7%     |
| 4 PARAMOUNT BRITISH PICTURES LIMITED       | 1 584   | 4 918  | 92 185 | 22 325 | 45 645 | -75,8%    |
| 5 TALKBACK PRODUCTIONS LIMITED             | 9 999   | 12 400 | 16 426 | 30 076 | n.a.   | 83,1%     |
| 6 ZENITH ENTERTAINMENT LIMITED             | -       | 8 819  | 39 235 | 22 489 | 29 164 | -42,7%    |
| 7 WORLD PRODUCTIONS LIMITED                | 2 361   | 24 514 | 27 334 | 25 205 | n.a.   | -7,8%     |
| 8 CHRYSALIS TELEVISION LIMITED             | 10 544  | 9 050  | 12 713 | 19 444 | 20 460 | 52,9%     |
| 9 CARNIVAL (FILMS AND THEATRE) LIMITED     | 13 061  | 25 835 | 22 638 | 16 854 | 21 432 | -25,6%    |
| 10 ECOSSE FILMS LIMITED                    | n.a.    | n.a.   | n.a.   | 10 877 | n.a.   | n.a.      |
| 11 OXFORD FILM COMPANY (JACKIE) LIMITED    | -       | -      | -      | n.a.   | 7 688  | n.a.      |
| 12 SHED PRODUCTIONS (JAILBIRDS) LIMITED    | -       | -      | -      | -      | 7 611  | -         |
| 13 THE MERSEY TELEVISION COMPANY LIMITED   | 1 981   | 2 803  | 3 097  | 4 280  | 6 042  | 38,2%     |
| 14 GRANT NAYLOR PRODUCTIONS LIMITED        | 2 761   | 4 206  | 1 699  | 4 645  | n.a.   | 173,5%    |
| 15 WORKING TITLE FILMS LIMITED             | 4 376   | 2 578  | 4 092  | n.a.   | n.a.   | n.a.      |
| 16 PORTMAN ENTERTAINMENT GROUP LIMITED     | 486     | 548    | 2 586  | 3 665  | 3 801  | 41,7%     |
| 17 BROOKSIDE Ltd                           | n.a.    | 898    | n.a.   | 2 143  | 3 671  | 71,3,5%   |
| 18 KENSINGTON FILMS AND TELEVISION LIMITED | n.a.    | n.a.   | 124    | 2 142  | 2 299  | 1623,5%   |
| 19 BLUE HEAVEN PRODUCTIONS LIMITED         | 7 378   | 3 885  | 6 895  | 1 984  | n.a.   | -71,2%    |
| 20 COMPANY PICTURES LIMITED                | -       | -      | 605    | 1 527  | n.a.   | 152,6%    |

Source: European Audiovisual Observatory

The Mersey Television Group, which is ranked fourth in the INA table, was classified by taking the operating income of its three main production subsidiaries (Mersey Television, Brookside Productions and Hollyoaks Productions).

|                                | 1995  | 1996  | 1997  | 1998  | 1999   | 1999/1998 |
|--------------------------------|-------|-------|-------|-------|--------|-----------|
| MERSEY TELEVISION Ltd          | 1 981 | 2 803 | 3 097 | 4 280 | 6 042  | 41,2%     |
| BROOKSIDE PRODUCTIONS LIMITED  |       | 898   |       | 2 143 | 3 671  | 71,3%     |
| HOLLYOAKS PRODUCTIONS LIMITED  |       | 535   | 509   | 618   | 780    | 26,2%     |
| MERSEY TELEVISION GROUP (est.) |       | 4 235 |       | 7 041 | 10 493 | 49,0%     |

## ITALY

### Operating revenue of the 20 leading fiction production companies (1995-1999)

#### Ranking based on operating revenue for the last year available

in EUR thousand

|  | 1995   | 1996   | 1997   | 1998   | 1999   | 1999/98 |
|--|--------|--------|--------|--------|--------|---------|
| 1 FILMAURO   | 32 061 | 34 660 | n.a.   | 62 839 | 58 641 | -6,7%   |
| 2 LUXVIDE FINANZIARIA PER<br>INIZIATIVE AUDIOVISIVE<br>E TELEMATICHE | 22 374 | 35 747 | n.a.   | 32 288 | 53 477 | 65,6%   |
| 3 ARAN 5   | 946    | 7 488  | 18 283 | 26 855 | 21 705 | -19,2%  |
| 4 TITANUS SOCIETA PER AZIONI   | n.a.   | 13 600 | 15 348 | 11 946 | 22 178 | 85,7%   |
| 5 TPI S.R.L.   | 5 487  | 9 167  | 16 097 | 14 496 | n.a.   | n.a.    |
| 6 PEARSON TELEVISION (ITALY)   | 3 161  | 7 977  | 24 730 | 18 111 | n.a.   | n.a.    |
| 7 PALOMAR  | n.a.   | 1 260  | 2 738  | 4 096  | 12 466 | 204,4%  |
| 8 IMMAGINE E CINEMA  | n.a.   | 203    | 2 042  | 8 840  | n.a.   | n.a.    |
| 9 FASO FILM  | n.a.   | 2 534  | 7 575  | 8 529  | n.a.   | n.a.    |
| 10 FILMALPHA   | n.a.   | 3 884  | 2 326  | 7 841  | n.a.   | n.a.    |
| 11 VIDEA PRODUZIONI  | n.a.   | 404    | n.a.   | n.a.   | 9 105  | n.a.    |
| 12 SOLARIS CINEMATOGRAFICA S.R.L.                                    | n.a.   | 4 077  | 6 111  | 7 776  | n.a.   | n.a.    |
| 13 MASTROFILM  | n.a.   | 1 582  | 7 000  | 6 376  | n.a.   | n.a.    |
| 14 PEQUOD  | -      | -      | -      | -      | 7 378  | -       |
| 15 RED FILM GROUP  | n.a.   | 3 547  | 3 215  | 6 479  | n.a.   | n.a.    |
| 16 PUBLISPEI PUBBLICITA<br>SPETTACOLI ITALIANI                       | 2 075  | 1 765  | 4 303  | 8 595  | 7 305  | -15,0%  |
| 17 VIDEO 3   | n.a.   | 3 239  | 2 051  | 6 107  | n.a.   | n.a.    |
| 18 DANIA FILM .  | n.a.   | 2 685  | 4 872  | 6 191  | 6 003  | -3,0%   |
| 19 VIDEO 80  | n.a.   | 3 339  | 2 937  | 4 834  | n.a.   | n.a.    |
| 20 SIDECAR FILMS & TV  | -      | 7      | 3 223  | 4 965  | 4 903  | -1,2%   |

Source: European Audiovisual Observatory

## 7. National monographs and studies

A number of national monographs have been published on audiovisual production, on a more or less regular basis by various public and private organisations. We will be restricting ourselves here to giving the main sources for the five countries covered by the INA report<sup>12</sup>.

### 7.1. GERMANY

- *Beschäftigte und wirtschaftliche Lage des Rundfunks in Deutschland 1997/1998*, Vistas, Berlin, 2000

Every two years since 1996, the Deutsche Institut für Wirtschaft (DIW - Berlin) and the Hans-Bredow Institut have been carrying out a survey commissioned by the Direktorenkonferenz der Landesmedienanstalten (Conference of Regional Bodies for Media Regulation), on the radio/television sector in Germany. The survey involves a macro-economic study of the broadcasting sector (radio and television) and is based on a questionnaire, which has managed to achieve an excellent rate of return. The survey also provides an assessment of overall broadcaster expenditure and puts a figure on the flows between private broadcasters and independent producers. Unfortunately, it does not give a similar breakdown for public-service channel expenditure.

- *The MediaPerspektiven surveys on the relationships between the television channels and the independent production sector.*

*MediaPerspektiven* magazine periodically publishes a survey on the relationships between the German television channels and the independent production sector, in particular the cinematographic industry<sup>13</sup>. The survey provides some of the information that is missing in the DIW survey of public-service channel expenditure on programmes. The survey is, however, restricted to fiction (cinematographic films and made-for-TV fiction)

- *The FORMATT surveys on media holdings in Germany*

The FORMATT institute specialises in mapping the equity holdings within Germany media companies. A report including an analysis of broadcasters' and production companies' cross-holdings is published annually by *MediaPerspektiven*<sup>14</sup>

FORMATT also carries out studies on the TV production companies.<sup>15</sup>

(12) The draft report on European television channels' programme costs and expenditure on audiovisual production, *Les coûts de programme et les investissements dans la production audiovisuelle des chaînes de télévision européennes*, European Audiovisual Observatory, Strasbourg, October 1998, gives statistical information for the various indicators available through the publications mentioned here, for the different countries involved and for the years 1992-1997, The report may be obtained on request from the Observatory .

(13) Marlene WÖSTE, "ARD und ZDF wichtigste Partner des Filmwirtschaft. Aufwendungen des Fernsehens für Leistungen der Filmwirtschaft 1993/94 - Eine Umfrage beim öffentlich-rechtlichen und privaten Fernsehen", *MediaPerspektiven*, 12/1995, pp.622-630

Joachim ZIMMER "Auftrieb für fiktionale Fernsehproduktion in Deutschland - Aufwendungen des Fernsehens für Leistungen der Filmwirtschaft 1995/96", *MediaPerspektiven*, Frankfurt-am-Main, 1/98. (The English translation of this article is available on the European Audiovisual Observatory internet site: "Boost for Made-for-Television Production in Germany. Expenditure by Television on Services Provided by the Film Industry, 1995/96". <http://www.obs.coe.int/oea/docs/00001587.htm>)

See also:

Enno FRICCIUS, "Fernsehen und Filmförderung in Deutschland. Beteiligung der Fernsehsender an den Filmförderungsinstitutionen von Bund und Ländern", *MediaPerspektiven*, 9/1999, pp;488-491.

(14) Horst RÖPER, "Formation deutscher Multis 1998/99. Entwicklung und Strategien der größten deutschen Medienunternehmen", *MediaPerspektiven*, 7/1999.

(15) Ulrich PATZOLD und Hörst RÖPER, "Fernsehproduktionsvolumen in Deutschland 1998. FORMATT-Studie über Konzentration und regionale schwerpunkte der Auftragsproduktionsbranche", *Mediaperspektiven*, 9/1999, pp. 447-468.

*Zur Lage mittelständischer Fernsehproduzenten in Deutschland* im Auftrag der Landesanstalt für Rundfunk Nordrhein-Westfalen für die DLM, Formatt-Institut, Dortmund, November 1999

## 7.2. SPAIN

- *The CEC study for the European Audiovisual Observatory*

The CEC, within the framework of the general interest study led by the Observatory, has produced a monograph on Spanish broadcasters' expenditure on audiovisual production<sup>16</sup>.

- *The FAPAE reports*

The Producers' Federation (FAPAE) publishes an annual assessment of broadcasters' expenditure on audiovisual production<sup>17</sup>.

## 7.3. FRANCE

Compared to other countries, France produces a large number of surveys on the economic aspects of cinematographic and audiovisual production and on the relationships between broadcasters and production companies. The list we give here contains the most important of the regularly-published surveys.

- *The publications of the Conseil supérieur de l'audiovisuel (CSA)*

The CSA's mission involves checking that of French channels with terrestrial broadcasting licences (except ARTE) comply with their licence terms.

The CSA publishes yearly reports on broadcasters' activities, with particular regard to their compliance with commitments for expenditure on cinematographic and audiovisual production. The summary of these reports is published in the *Lettre du CSA*<sup>18</sup>.

On top of the individual reports for each channel, the CSA also publishes an annual summary entitled *La production d'oeuvres audiovisuelles d'expression originale française*<sup>19</sup>.

This publication provides detailed information on the time and money invested by the channels on the different programme genres and also on average costs by genre.

- *Information published by the CNC*<sup>20</sup>

The CNC regularly publishes statistical syntheses of expenditure on cinematographic and audiovisual production. The two main publications are *Les chiffres clés du CNC* and *CNC Info* (see the annual report, published every May).

(16) E. BUSTAMANTE RAMIREZ et J.M. ALAVAREZ MONZOCILLO, Rapport sur les investissements des chaînes de télévision dans la production en Espagne, Centro de Estudios de La Comunicación, Madrid, March 2000. The report is available on the Observatory site at the following address: [http://www.obs.coe.int/oea/docs/TV\\_investments\\_ES.html](http://www.obs.coe.int/oea/docs/TV_investments_ES.html)

(17) "Las cadenas invirtieron 27.000 millones en series de ficción en 1999 Un informe de la FAPAE constata el auge de la producción propia", *El Mundo*, 23 de julio de 2000

(18) Latest publications available:

- *Bilan de la société nationale de programme France 2. Année 1999*, Les bilans du CSA, CSA, Paris, 2000.
- *Bilan de la société nationale de programme France 3. Année 1999*, Les bilans du CSA, CSA, Paris, 2000.
- *Bilan de la société privée CANAL+*, Année 1999 Les bilans du CSA, CSA, Paris, 2000.
- *Bilan de la société privée M6. Année 1999*, Les bilans du CSA, CSA, Paris, 2000.
- *Bilan de la société privée TF1. Année 1999*, Les bilans du CSA, CSA, Paris, 2000.
- *Bilan de la « Télévision du savoir, de la formation et de l'emploi ». LA CINQUIEME. Année 1999*, CSA, Paris, 2000.

Voir également la synthèse :

*Le bilan 1998 des chaînes nationales hertziennes*, CSA, Paris, 1999.

(19) Latest publication available: CSA, *La production d'oeuvres audiovisuelles d'expression originale française en 1997*, CSA, Paris, 1999. An analysis of trends studied between 1990 and 1995 has been published in the 1995 edition (CSA, Paris, 1997).

(20) Latest publication available: *Les chiffres clés du CNC*. Edition 1997, CNC, Paris, 1997; "Bilan 1999", in *CNC Info*, Paris, Mai 2000.

### *Cinematographic production*

A number of tables are available:

- trends in the financing of French-made films (including television channels' contributions through co-productions and pre-purchasing),
- annual participation of unencrypted television channels (number of films, total amount of pre-purchases, amount in contributions to co-productions)
- CANAL+ pre-purchases,
- Studio CANAL+ financing
- TPS financing of approved films.

### *Audiovisual production*

A number of tables are available:

- development of audiovisual production supported by the COSIP (including broadcasters' contributions)
- participation television channels in the financing of subsidised audiovisual production by channel and by genre)
- broadcasters' financial commitments in fiction, documentaries and animation.

### • **Information published by the SJTI on the basis of the corporate survey carried out by the INSEE**

The *Les entreprises de l'audiovisuel* survey, carried out by the CNC and the SJTI on the basis of data taken from the corporate survey carried out by the INSEE<sup>21</sup>, also constitutes a valuable source of information.

### *Methodology*

The annual corporate survey that the INSEE has carried out every year since 1983 encompasses about 100,000 companies, including some 3,000 to 4,000 in the audiovisual sector (producers, distributors, exhibitors, broadcasters, technical industries, etc.). This survey is a valuable source of information on sector activities and structures. It also plays an important role in establishing the satellite account for the audiovisual sector.

The survey involves practically all the major companies, and a lower proportion of smaller companies and is based on corporate accounts.

Since 1991, the CNC and the SJTI have been carrying out complementary surveys to get a more precise picture of items such as fixed production, sales, expenditure, financing and gearing. This survey involves some 300-400 of the largest companies in the production, distribution and televisual broadcasting sectors and is designed to complement and provide additional details for the annual survey.

The CNC and the SJTI also undertake an *ad hoc* processing of the data to highlight the various sub-sectors that make up the audiovisual sector as a whole.

In 1997, the complementary survey became part of the general survey.

The CNC and SJTI's survey can be used to analyse the export figures declared by the various branches within the audiovisual sector. These involve direct exports, especially the hire or sale of works abroad, the sale abroad of rights to films, televisual stock programmes, assignments, concessions or distribution of televisual or video works abroad and also technical services provided for films or programmes made for foreign companies.

(21) Latest publication available: *Les entreprises de l'audiovisuel*, SJTI-CNC, Paris, 1997. Voir également *Indicateurs statistiques de l'audiovisuel. Cinéma, télévision, vidéo*. Edition 1998, SJTI-CNC-CSA-INA, La Documentation française, Paris, 1998.



### *Assessing fixed production*

The corporate survey also provides the data for assessing fixed production. It asks companies to provide details of their fixed production in televisual programmes and cinematographic films. However, the widely varying accounting methods used in the companies mean that this indicator can only give an approximate figure for intangible investments, but it does, on the other hand, tie in with the profit and loss accounts of the tax declaration and with the company's estimation of its own expenditure.

In theory, production companies' fixed production should be valued according to the cost of the works produced (films and stock programmes). It should therefore match the French share in the estimates for films submitted to the SNC for approval and for programmes supported by the COSIP. However, the results revealed by the survey turn out to be considerably under this amount. For accounting reasons, certain production companies underestimate their fixed production and, even more so, they inflate their estimates so as to obtain increased financing, thereby offering a larger margin.

- ***Publications by professional organisations***

A number of producers' organisations (USPA, SPF,...) publish newsletters giving their members information on their relations with French broadcasters with regard to rights purchases and orders.

The French Animation Producers Union periodically brings out an economic survey of the sector that includes an analysis of animation programmes on the French television channels as well as the channels' contribution to the production of animation works<sup>22</sup>.

- ***Trade press publications***

Two magazines, *Ecran Total* and *Le Film français* produce regular reports on French broadcasters' expenditure on production.

*Ecran Total* also publishes a financial study of French production companies, including a chapter on commissions from television channels.<sup>23</sup>

La loupe financière, a company specialising in financial analysis, brings out a yearly report entitled *Les entreprises de production de films pour la télévision*<sup>24</sup>.

## **7.4. ITALY**

- ***An under-investigated area***

To the best of our knowledge, there has been very little investigation carried out by Italian researchers and consultants into Italian broadcasters' expenditure on cinematographic and audiovisual production.

Italian television is highly polarised and this, combined with the long period of uncertainty that reigned over the legislative framework of broadcasting, is probably why there is so little transparency with regard to production figures. It should also be pointed out that, apart from the difficulty in getting hold of the actual documents, the issue is compounded by problems encountered interpreting the figures given out by the broadcasters and production companies.

- RAI's accounts (balance sheet and profit and loss accounts published annually in *Bilancio e consolidato di gruppo*<sup>25</sup>) suffer from a lack of clarity, due mainly to the absence of functional information.
- Fininvest, the other major player on the Italian television has long been known for its reluctance to present transparent, readily accessible accounting documents. However, since the creation and stock-market flotation of Mediaset, which inherited most of Fininvest's audiovisual assets, detailed business reports have been made available.

(22) Latest publication available: S. LE BARS, *L'animation française face à la globalisation du marché*, SPFA, Paris, 1997.

(23) Latest publication available: A. DERGATCHEFF, *Comptes et bilans des producteurs de télévision*, Edition 1996, Ecran Total, Paris, 1996.

(24) <http://www.lif.fr/>

(25) Dernière édition disponible : *Bilancio e consolidato di gruppo 1999*, RAI, Roma, 2000.

- No statistical study had, until lately, been made of the cinematographic production financing industry. The Osservatorio dello Spettacolo, an official organisation set up within the Dipartimento dello Spettacolo, is trying to remedy the situation. The Osservatorio's report *The Film Industry in the Nineties: the State and the Market*, published by the European Audiovisual Observatory, gives a financial estimation of Italian broadcasters' expenditure on cinematographic production.<sup>26</sup>
- The audiovisual production sector as such has only been studied to a limited extent. As far as we know, the only statistical inventory to be made for audiovisual production companies was carried out in 1995 in the Garantor for Broadcasting and Publishing's second *Relazione al Parlament*<sup>27</sup>. In a pilot study carried out by the ISTAT in 1992, on the basis of the model put forward by EUROSTAT, the audiovisual production sector is hardly mentioned<sup>28</sup>.

The difficulty in obtaining a clear picture from broadcasters' internal accounts and the economic relations between broadcasters and production companies have meant that Italian research and studies have focused mainly on the financing of the television system<sup>29</sup>, channels' programming policies<sup>30</sup> and the strategic aspects of new technologies<sup>31</sup>.

The lack of regular data sources on the economic aspects of audiovisual production means that any observers of the Italian audiovisual system have to make do with fragmentary information published in the press or given out at professional symposia.

Mention must, however, be made of the work carried out by the Osservatorio della Fiction Italiana in the early 90's, under the direction of Milly Buonanno. The Osservatorio monitored Italian-made fiction broadcast by Italian television, mainly from a sociological angle, but the results do provide basic statistics for the number of hours broadcast, the suppliers of fiction programmes, etc.<sup>32</sup>. This Italian project was in fact at the origin of the Eurofiction project, which included the INA study that is presented in this report and which uses the data for the first time for an economic assessment.

## 7.5. UNITED KINGDOM

### • Sources of information on BBC expenditure

BBC business reports are among the most detailed available for overall programme costs and average hourly costs per programme category.

The BBC's programming of independent productions was described in an annual report issued by the Office of Fair Trading.

The report gives figures for volume in hours, but does not provide any financial data<sup>33</sup>.

(26) C. BODO, C. GUERRAGIO, F. PETROCCHI, C. SPADA, *The Film Industry in the Nineties, the State and the Market*, Report for the European Audiovisual Observatory, accessible sur le site de l'Observatoire: [http://www.obs.coe.int/oea/docs/cinerep\\_IT.pdf](http://www.obs.coe.int/oea/docs/cinerep_IT.pdf)

(27) Prof. G. SANTANIELLO, Garante per la Radiodiffusione et l'Editoria, *Relazione al Parlamento sull'attività svolta dal Garante per la Radiodiffusione e l'Editoria e sullo Stato di applicazione della Legge 6 Agosto 1990, N.223*, Ufficio del Garante per la Radiodiffusione e l'Editoria, Roma, 1995. See especially, in the second volume, "Le imprese di produzione e di distribuzione di programmi".

(28) *Il mercato degli audiovisivi in Italia. Un'analisi strutturale per il periodo 1980-96*, ISTAT, Roma, 1999.

(29) Should also be seen, M. GAMBARO e F. SILVA, *Economia della televisione*, Il Mulino, Bologna, 1992; F. DE VESCOVI, *Il mercato della televisione*, Il Mulino, Bologna, 1997; ITALMEDIA, *Il mercato della televisione in Italia*, Roma, 1997 ou encore le chapitre "Radio e televisione" de *L'industria della comunicazione in Italia*, Guerini e Associati, Milano, 1997.

(30) See also the statistical work of the *Verifica Qualita del Servizio e degli Programmi Televisivi*, published in the *Annuario RAI* and in the magazine *VQSPT*

(31) M. MICCIO e M. MELE, *Le televisioni del futuro. Gli sviluppi della comunicazione nell'era della tecnologia digitale*, Sperling & Kupfer Editori, Milano, 1997; G. RICHIERI, *La TV che conta*, Baskerville, Bologna, 1993; B. OLIVI et B. SOMALVICO, *La fine della comunicazione di massa. dal villaggio globale alla nuova Babele elettronica*, Il Mulino, Bologna, 1997.

(32) Latest publication available: BUONANNO, M. (a cura di), *Ricomposizioni. La fiction italiana. L'Italia nella fiction*. Anno undicesimo, RAI-VQPT, n.174, RAI-Nuova ERI, Roma, 2000.

(33) Latest edition available: *Independent productions transmitted by the BBC, sixth report*, Office of Fair Trading, London, October 2000. <http://www.of.t.gov.uk/html/rsearch/reports/oft318.htm>

- **Sources of information on Channel 4's programme commissioning from independent production companies**

Channel Four is a publishing channel rather than a production one and produces more details on programming costs and programme origin (especially those from independent production companies) than most European channels. Its business report gives information on:

- the breakdown of programming by genre and programme cost by genre,
- the volume in hours and programme cost  
(independent production companies / ITV & ITN / US programmes / Other purchases / Films)
- the number of suppliers for each price bracket of commissioned programmes,
- the number of companies supplying commissioned programmes,
- the broadcasting of own production by time slot.

- **Sources of information on private television**

The Independent Television Commission, in its 1998 *Annual Report*, published an overall assessment of programme costs and purchases from independent production companies for the whole of the ITV network. This chapter, taken from the "Economic Review", was not published in the 1999 and 2000 reports (relating to 1998 and 1999). The ITV report continues, on the other hand, to give data on the volume in hours that the various regional channels supply to the network.

To the best of our knowledge, there has been no official report or study published giving programming costs and expenditure on independent production by the private channels.

- **Financial study of broadcasting and production companies in the United Kingdom**

A financial study, entitled *Business Ratio. The Film and Television Industry*.<sup>34</sup> and based on the balance sheets and profit and loss accounts of 149 broadcasting companies, has been published each year since 1985. However, the same methodological problems crop up when it comes to using the data as with those from the AMADEUS data base.

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(34) Latest edition available: *Business Ratio. The Film and Television Industry*, Schober direct Marketing, London, 2000.

## CONCLUSIONS

The provisional report published by the European Audiovisual Observatory in October 1998, the findings of which have been summarised in this postface, highlighted the many methodological difficulties that came up in the initial project of the general interest study requested by the Observatory's Advisory Committee. This initial project involved providing a tool for measuring broadcasters' expenditure on audiovisual production in Europe. Apart from the pitfalls of methodological harmonisation, there is also the problem of the great disparity between the data supplied by national sources. This heterogeneity is a reflection of the very diverse audiovisual environments to be found across Europe and prompts the need for national monographs rather than for a pan-European synthesis.

The approach adopted by the INA for assessing the financial volume of fiction production does have the advantage, as can be seen when reading this report, of giving a common methodology that can be applied over a number of countries, provided national data bases are ready before the actual work starts and that certain precautions are taken with regard to modelling. It was only possible to carry out the survey over a single year, to provide a snapshot of the situation at a given moment. The Observatory hopes that it will be possible to continue this work, in order to provide an update of current trends. The professional organisations belonging to the steering committee have already expressed their interest in continuing.

A number of questions that were not dealt with in this report need to be looked into further, possibly in the form of specific studies:

- The situation of production in those European countries that were not covered in this survey.
- A comparative study of contractual practices between broadcasters and production companies
- A qualitative, interview-based study to draw up a comparison between broadcasters' production practices and accounting practices
- A survey of broadcasters' contributions to cinematographic and audiovisual production support funds.
- A survey of broadcasters' role in the production of other stock programme genres: films, documentaries, animation, etc.
- A study of the financial health of broadcasting companies and audiovisual production companies.

In short, there is still a lot of work remaining to be done and the European Audiovisual Observatory hopes to make a useful contribution over the years to come, along with its partners and its network.