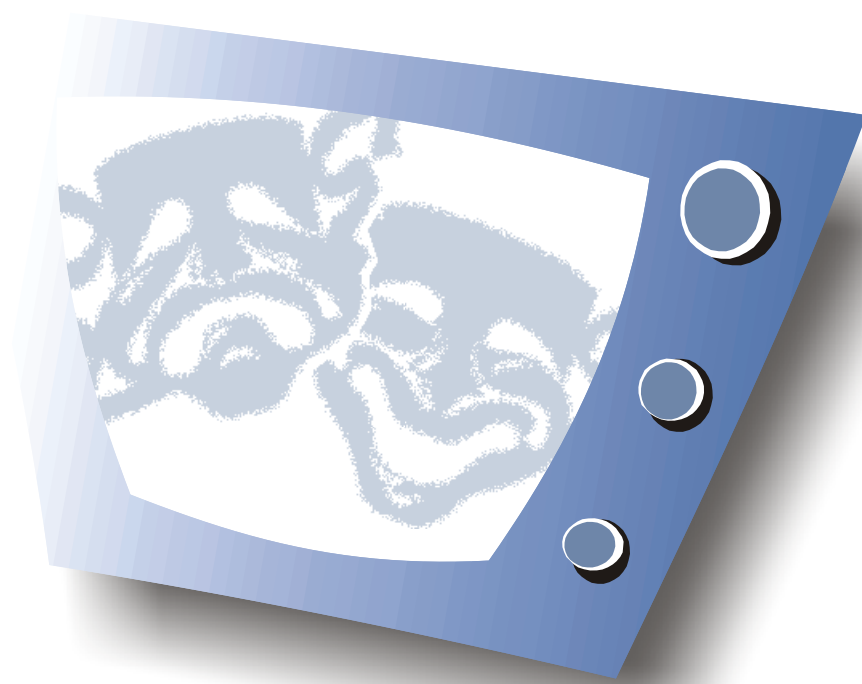


# *International TV Programming and Audience Trends 1996 - 2001*



*A report prepared for the CRTC*

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This report is available electronically at [www.crtc.gc.ca](http://www.crtc.gc.ca)

*Ce document est également disponible en français*

## Executive Summary

This report examines recent trends in TV programming and audiences in the U.S., U.K., Australia, France and Italy. The primary objective of the study is to examine changes in the scheduling of different categories of programming, such as drama/entertainment vs. reality shows in the period 1996-2001.

### Highlights

- In prime time drama<sup>1</sup> has remained the largest and most important program category in Europe, Australia and the U.S. In the past 5-6 years, reality/game shows have had little effect on the amount of drama scheduled by European or Australian broadcasters. In the United States, a substantial percentage of the comedy genre has been replaced by reality/game shows but there has been no effect on other drama. Domestic drama has actually increased or been stable overall in the past five years in Europe, while in Australia domestic drama has decreased. Audiences to prime time drama in all the countries we examined remain strong, although audience fragmentation by new TV channels is beginning to have an effect in almost all countries.
- In the period 1996 to 2001, European and U.S. broadcasting networks significantly increased the number of reality/game shows in their schedules and these programs have had major audience successes, especially in their first run. *Who Wants To Be a Millionaire?* is the most successful of the genre and has run in some 80 countries and met with huge audience success.

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<sup>1</sup> Drama in most countries and in this study includes feature films, made-for-TV movies, mini-series, series, serials (soaps) and anthology drama; in the U.S., sitcoms are considered a category in themselves.

- While there is a considerable amount of foreign, mostly U.S., drama on European and Australian TV screens, there is also a very substantial and growing domestic component, especially in prime viewing hours--first run domestic fiction programming in 2001 reached its highest level since 1996 in Europe. In countries such as the U.K., France and Germany *over 50%* of prime time drama is now of domestic origin. One estimate puts the annual value of European domestic drama at more than \$4 billion Canadian.
- The major European countries differ with regards to the drama formats each produces. In 2001, drama series were the most prevalent category in the U.K. and Spain, while Italy relied heavily on mini-series, and Germany and France had a preponderance of made-for-TV movies. This would seem to indicate that individual national circumstances drive the creative process that develops different program formats within each country.
- Foreign channels and foreign programs are viewing staples in several countries in Europe. U.S. drama, including movies and series, remain an important part of most TV schedules, especially private channels and especially outside of prime time. The U.S. currently generates over \$9 billion (U.S.) annually from program sales in Europe.
- Cable TV is not as popular in Europe as in North America--penetration ranges from the single digits (e.g., Italy, Turkey, Spain) to over 90% in some countries (e.g., Belgium, Lithuania, Netherlands) -- but on average is chosen by a minority of European households. DTH penetration has grown in the most recent past but is still subscribed to by a minority.\*
- DVD and 16:9 wide screen TVs have become very popular consumer items in the past 12 to 18 months, indicators that the potential for high definition digital TV may soon come to fruition.
- Time spent viewing TV has been trending upward during the past 4-5 years in most European countries. Viewing time varies country to country, although even the lowest viewing nations spend considerable time in the average day watching television.

- Public television channels compete for audience share and continue to be predominant in most European countries--in most of Europe public TV commands 30% or more of the viewing audience. A limited number of local private stations also capture a large audience share, while specialty channels account for a minority of the audience.
- The combined European public and private broadcasting net revenue in 2000 amounted to more than 60 billion euros, many times that of the Canadian broadcasting industry but smaller than the combined industry revenues in the United States (approx. \$80 billion U.S.).

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## Introduction

TV is a primary source of facts and information; it informs our opinions about politics, the family, sex, religion and most other areas of life. TV creates and promotes celebrity, fashion and trends of all types, some perhaps not so endearing nor enduring. TV is the primary means that cultures around the world use for story telling. It occupies an immense amount of individuals' time and has played a role, alongside the discovery of electricity and the invention of the computer, in changing the world's economy from a basic commodity market to the polymeric market of the twenty-first century.

This report examines recent trends in TV programming and audiences in the following countries: the U.S., U.K., Australia, France and Italy. The report also touches on a number of other European countries, where data are available. We examine mostly prime time data but in some instances only whole day research information was available. The primary objective of the study is to examine changes in the scheduling of different categories of programming, such as drama/entertainment vs. reality shows in the period 1996-2001. The basic question we address is whether traditional forms of fiction, such as dramatic series, situation comedies, movies, made-for-TV movies, etc. have been replaced by reality shows, such as *Big Brother* and *Survivor* and prime time quiz shows, such as *Who Wants To Be a Millionaire?* and *The Weakest Link*. [These latter programs have become a worldwide phenomenon and many believe that they have replaced more traditional drama formats on television.]

*Big Brother*, for example, has been broadcast in North America and at least 10 European countries, with basically the same format; the concept is comprised of watching ordinary people locked up in a house or an apartment 24 hours a day. When first broadcast, the concept was met with harsh criticism by the press and many interest groups everywhere but it has proven to be very successful. When *Big Brother* was first aired on CBS the VP of audience research cut short his annual vacation for the first time in his long career and returned home to New York just to verify the initial, abnormally high Nielsen numbers. The program has now had as many as three runs in some countries. Similar formats have been developed, for example, *Big Diet* in the Netherlands and Germany, in which a number of contestants live

together in a house for 100-odd days and the one who loses the most weight wins his/her weight in gold.<sup>2</sup>

*Survivor* represents a second type of the new reality programming which has features of the game show. It was first launched in Sweden as *Expedition Robinson*. Contestants work in teams and are challenged to complete assigned tasks until only one contestant remains; the winner takes home a large cash prize. Similar programs include *The Mole*, *Boat of Love* and *Temptation Island*. *Popstars*, also known as *Starmaker*, is a third type of reality-game show involving contestants vying to become rock stars. The same concept has been used in a number of countries. In Germany *Deine Band* was immensely successful and the winning rock group, *No Angels*, had a number one hit on the German charts.

The more traditional game shows that have emerged in prime time in many countries around the world include *Who Wants To Be a Millionaire?*, *The Weakest Link* and *Greed*. *Who Wants To Be a Millionaire?* is the most successful of the genre and has run in some 80 countries and met with huge audience success, although like many of these new reality/game shows, the large initial audiences declined after the first season.<sup>3</sup> Of late, it has shifted to the fringe of prime time, where game shows have traditionally appeared.

This report documents changes in program schedules in a variety of countries where these new program formats have been introduced in the past 5-6 years. The countries are examined as a group and individually. The report begins with an overview of the TV broadcasting systems and look at the basic statistics relating to TV, including population and TV households, VCR and DVD penetration, cable/satellite penetration, audience trends, TV revenues, etc. Following this, the five countries we have been asked to study are examined in detail, including trends in their TV schedules and audiences.

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<sup>2</sup> Television 2001: European Key facts, IP/RTL Group, p. 51.

<sup>3</sup> Television 2001: European Key facts, IP/RTL Group, p. 55.



## Sources

In undertaking this study, CMRI contacted a number of organizations in broadcasting, production and research:

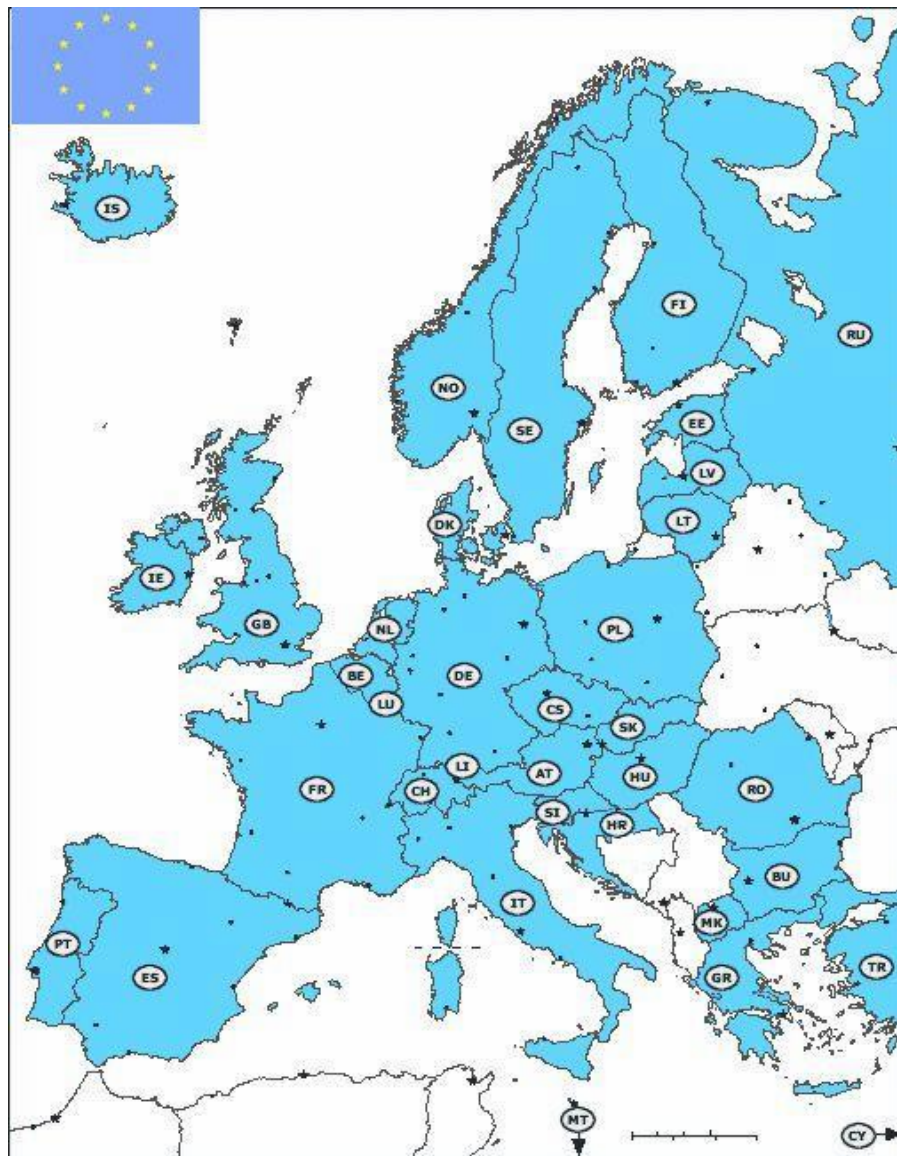
Advertising Research Foundation  
AFMA  
AGB Italia  
Association of Commercial Television in Europe  
Australian Broadcasting Authority  
BBC  
Canadian Advertising Research Foundation  
CBS Research Department  
Communication Institute For Online Scholarship  
Conseil supérieur de l'audiovisuel (CSA)  
Essential Television Statistics  
Eurodata  
Eurofiction/Fondazione Hypercampo  
European Audiovisual Observatory  
European Broadcasting Union  
European Commission  
European Institute for the Media  
European Journalism Center  
Eurostat  
Gfk  
Group of European Audience Researchers  
IP, Television 2001  
Journal of Broadcasting and Electronic Media  
MPAA  
NBC Research Department  
Nielsen Media Research/A.C. Nielsen  
ORF  
Research International  
RTL Group  
Screen Digest  
Taylor Nelson Sofres  
World Advertising Research Center  
World Federation of Advertisers  
YLE

CMRI in particular would like to thank Heikki Kasari (YLE), Dave Poltrack (CBS) and Markus Booms (EAO) for their assistance and advice.

# **Part 1**

## **Statistical Overview - Europe, Australia and the United States**

## European ISO country codes:



Source: EAO

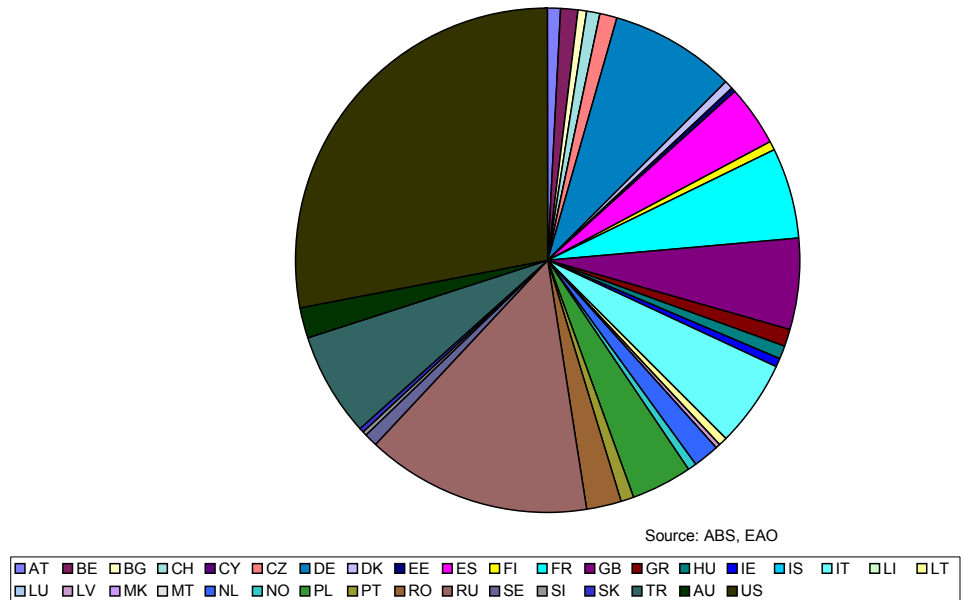
## Statistical Overview - Europe, Australia and the United States

The European Union consists of some 18 member countries. There are an additional 16 European nations that are associated in varying degrees with the EU and which are members of the European Audiovisual Observatory (EAO). The EAO is supported by the governments of the EU and monitors the radio, TV and film industries. The table below shows that these 34 European nations vary substantially in terms of population.

In thousands.

Country	2001
US	284,800
RU	144,819
DE	82,193
TR	65,783
GB	59,863
FR	59,040
IT	57,844
ES	40,122
PL	38,644
RO	22,431
AU	19,200
NL	15,987
GR	10,565
CZ	10,267
BE	10,263
PT	10,243
HU	10,005
SE	8,883
BG	8,150
AT	8,121
CH	7,204
SK	5,403
DK	5,349
FI	5,181
NO	4,503
IE	3,781
LT	3,699
LV	2,366
MK	2,031
SI	1,990
EE	1,367
CY	759
LU	441
MT	383
IS	283
LI	33

Population of European Countries, Australia and the U.S., 2001



□ Source : Council of Europe, Australian Bureau of Statistics,  
U.S.Census and European Audiovisual Observatory

Italy, France and the UK, the three European countries whose programming schedules we will examine in detail, are among the largest European countries, each having a population greater than 50 million. The U.S. with 284 million people has the largest population of all countries listed, while Australia is a relatively small country with about 19 million people.

## Cable TV Penetration

Cable TV has followed a very different path in Europe and Australia. In the latter country, only 19% of homes currently have what is called Pay TV. In the United States, as in Canada, the large majority of homes subscribe to some level of cable TV service. In the U.S, some 61% of households had cable service as of the end of 2001. In Europe, cable penetration ranges from the single digits (e.g., Italy, Turkey, Spain) to over 90% in some

Cable TV Households in Europe

Thousand

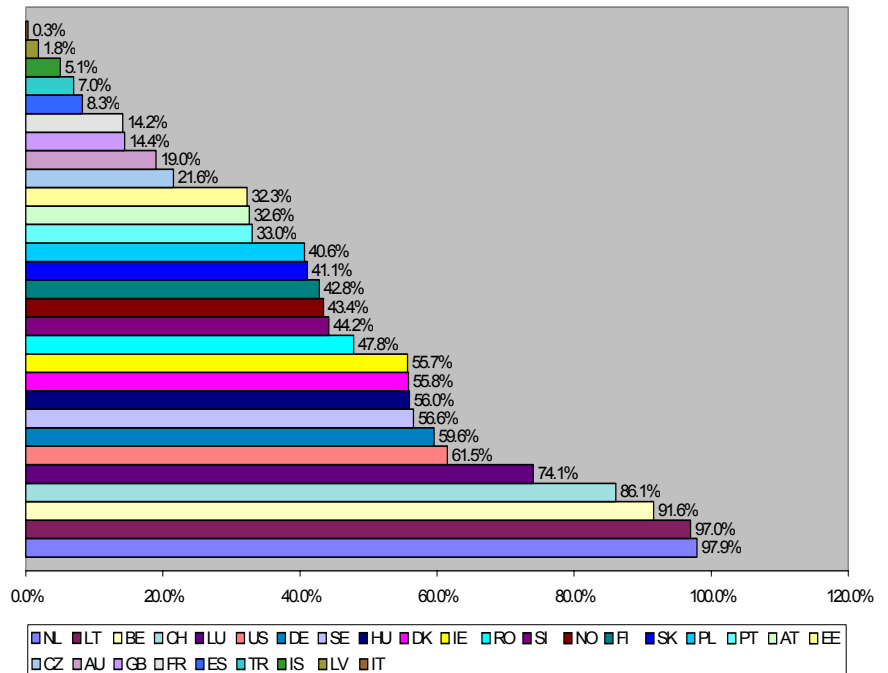
2001

Country

AT	1,04
BE	3,81
CH	2,62
CZ	85
DE	22,10
DK	1,40
EE	16
ES	1,09
FI	1,00
FR	3,23
GB	3,61
HU	2,02
IE	68
IS	5
IT	70
LT	1,43
LU	12
LV	17
NL	6,60
NO	80
PL	5,00
PT	111
RO	3,20
SE	2,20
SI	30
SK	64
TR	86
AU	1,36
US	68,98

Source: ECCA, Screen Digest / OBS/A.C. Nielsen

Cable TV Penetration in Europe, Australia and the United States, 2001  
(Only Countries with Significant Penetration)



countries (e.g., Belgium, Lithuania, Netherlands). However, the majority of European countries are well below the subscription levels of the U.S. and Canada.

## DTH Satellite Penetration

Direct-to-home satellite TV has increased its penetration in Europe significantly in the past several years. Germany and Austria have the highest DTH penetration, 36% and 44% respectively as of mid-2001. Italy (16%), France (18%) and the UK (22%) also have a substantial proportion of homes receiving television via satellite, as does the U.S. (15%).

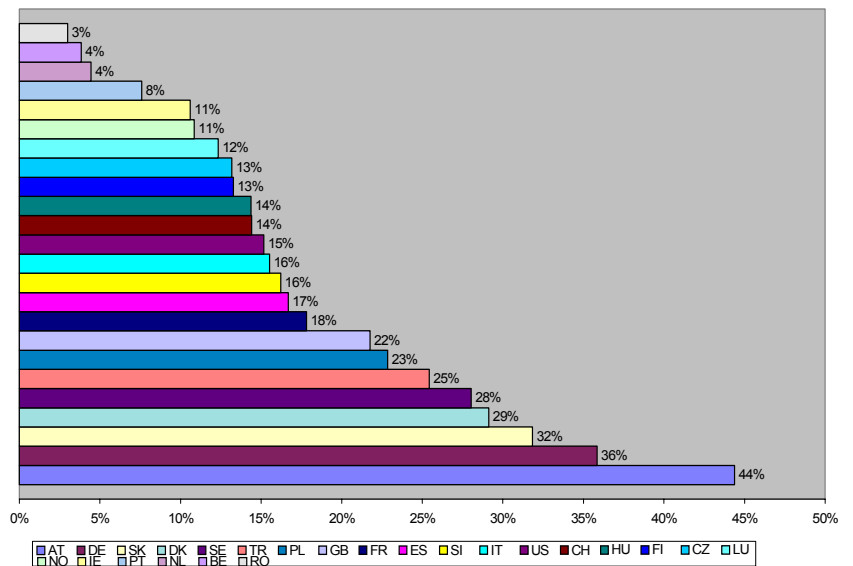
### DTH Households in Europe 2001

Thousands.

Country	mid-2001
AT	1,420
BE	160
CH	440
CZ	520
DE	13,300
DK	730
ES	2,200
FI	310
FR	4,080
GB	5,450
HU	520
IE	130
IT	3,360
LU	20
NL	300
NO	200
PL	2,810
PT	257
RO	200
SE	1,090
SI	110
SK	500
TR	3,140
US	17,000
AU	n/a

Source: ECCA, Screen Digest / OBS/A.C. Nielsen

DTH Satellite TV Penetration in Europe and the United States, 2001



## VCR Penetration

The VCR has been widely adopted as an ancillary device to the TV set everywhere in the modern world. In most western European countries, as well as the United States and Australia, at least 75% of homes now have at least one VCR. In eastern Europe, where the broadcasting systems themselves are not as developed, VCR penetration is somewhat lower. For example, in Russia and Hungary less than 40% of homes had a VCR in 2001.

<b>VCR penetration of TV households (1992-2001)</b>										
in % of TVHH										
	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
AT	54.6	58.2	63.0	66.3	70.3	74.2	77.1	80.1	82.4	84.0
BE	52.1	55.5	59.3	61.5	64.7	68.1	70.8	73.4	76.1	76.1
CH	60.6	63.6	66.4	69.5	72.6	74.6	76.8	75.4	80.8	82.4
CZ	30.9	36.2	41.8	48.0	53.1	57.5	61.5	65.2	68.2	71.2
DE	56.2	60.7	65.4	70.2	74.2	77.3	80.4	83.3	84.5	86.4
DK	58.5	62.3	66.6	71.3	76.2	79.0	82.3	85.2	87.8	89.9
ES	51.7	54.8	58.5	60.3	63.2	66.5	70.3	71.7	73.3	74.5
FI	57.1	61.1	64.1	66.4	69.7	72.3	74.2	77.9	80.1	82.3
FR	59.5	63.7	67.4	71.1	74.4	79.0	81.9	83.5	85.6	84.6
GB	73.8	76.3	79.5	82.5	84.1	85.6	86.3	88.9	90.6	92.4
GR	36.2	38.3	42.5	46.2	49.0	51.9	54.6	63.9	67.7	71.6
HR	3.6	6.7	9.8	12.2	14.5	17.1	19.9	22.8	25.9	27.8
HU	21.7	24.3	25.5	26.9	28.4	31.0	32.8	34.4	36.0	37.4
IE	61.4	64.6	67.6	69.2	71.0	71.3	71.8	75.9	77.4	79.0
IS	70.7	72.1	73.3	76.7	78.8	80.9	82.7	84.1	85.2	86.6
IT	39.4	44.4	48.9	52.8	56.2	59.2	62.5	65.8	67.7	69.2
NL	56.8	58.6	61.1	63.6	65.8	68.0	70.7	71.4	73.9	75.9
NO	52.0	55.6	59.4	63.5	68.2	72.1	75.7	78.9	81.7	84.2
PL	26.0	32.3	37.8	43.4	48.9	53.7	58.6	63.3	68.1	72.8
PT	38.4	41.3	44.0	47.2	50.3	52.0	54.6	57.1	59.6	61.5
RU	2.1	4.6	7.7	11.1	14.6	18.0	21.3	25.2	29.0	39.5
SE	60.7	64.9	68.0	70.3	72.2	77.6	79.7	83.6	85.5	87.0
<b>EUR15</b>	<b>51.7</b>	<b>56.1</b>	<b>59.9</b>	<b>63.8</b>	<b>67.1</b>	<b>70.4</b>	<b>73.1</b>	<b>75.6</b>	<b>77.8</b>	<b>79.4</b>
US	71.9	73.7	69.0	71.0	73.8	75.7	76.8	77.8	78.4	78.8
AU				81.0	84.0	85.0	87.0	87.0	87.0	88.0

Source : Screen Digest/AFC

## DVD Players

The latest home video technology to gain acceptance is the DVD player and it has been a supplement or a replacement for the VCR in many households in the past year or two. In the United States, the penetration of DVD players grew from less than 2% in 1998 to some 20% in 2001. The 15 largest EU countries have seen the penetration of DVDs grow from less than 1% in 1998 to approximately 10% in 2001.

<b>DVD penetration of TV households (1998-2001)</b>				
In % of TVHH				
	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
AT	0.1	0.5	1.8	7.8
BE	0.2	1.3	4.4	10.1
CH	0.2	1.6	4.5	11.3
CZ	0.2	0.4	1.9	4.8
DE	0.1	0.8	2.8	8.0
DK	0.4	1.2	2.9	7.2
ES	0.3	1.0	2.4	6.7
FI	0.1	0.6	1.9	5.9
FR	0.3	1.7	5.2	12.0
GB	0.1	1.0	4.4	12.0
GR	0.1	0.5	1.5	4.8
HR	0.2	0.4	0.7	1.2
HU	0.1	0.2	0.4	2.5
IE	0.1	0.7	2.2	7.5
IS	0.5	1.7	4.0	10.2
IT	0.1	0.4	1.4	4.1
NL	0.2	1.0	3.1	9.7
NO	0.1	1.2	4.3	9.7
PL	0.0	0.2	0.5	1.4
PT	0.1	0.4	1.1	3.2
RU	0.0	0.0	0.1	0.3
SE	0.1	0.8	2.6	8.0
<b>EUR15</b>	<b>0.2</b>	<b>1.2</b>	<b>3.9</b>	<b>10.4</b>
US	1.3	4.7	11.5	20.0

Source : Screen Digest



## Wide-screen 16:9 TV Sets

DVDs and 16:9 ratio TV sets are leading indicators of the consumer's interest in high definition digital television (HDTV). In most advanced broadcasting systems in Europe, and elsewhere, wide screen sets have been slow to take off. The reasons are numerous, including the fact that TV sets tend to last a very long time and consumers are loath to discard old sets.

The fact that there has been so much uncertainty about the introduction and standards related to HDTV or DTT (Digital Terrestrial Television), as it is called in Europe, has probably also contributed to the slow growth. However, in the past year or so, 16:9 sets have begun to sell in large numbers. In 2000, some 3.5 million wide screen TVs were sold in the major European markets, a 48.8% increase over 1999 sales. Could this be an indicator that there is a growing interest in high definition digital TV?

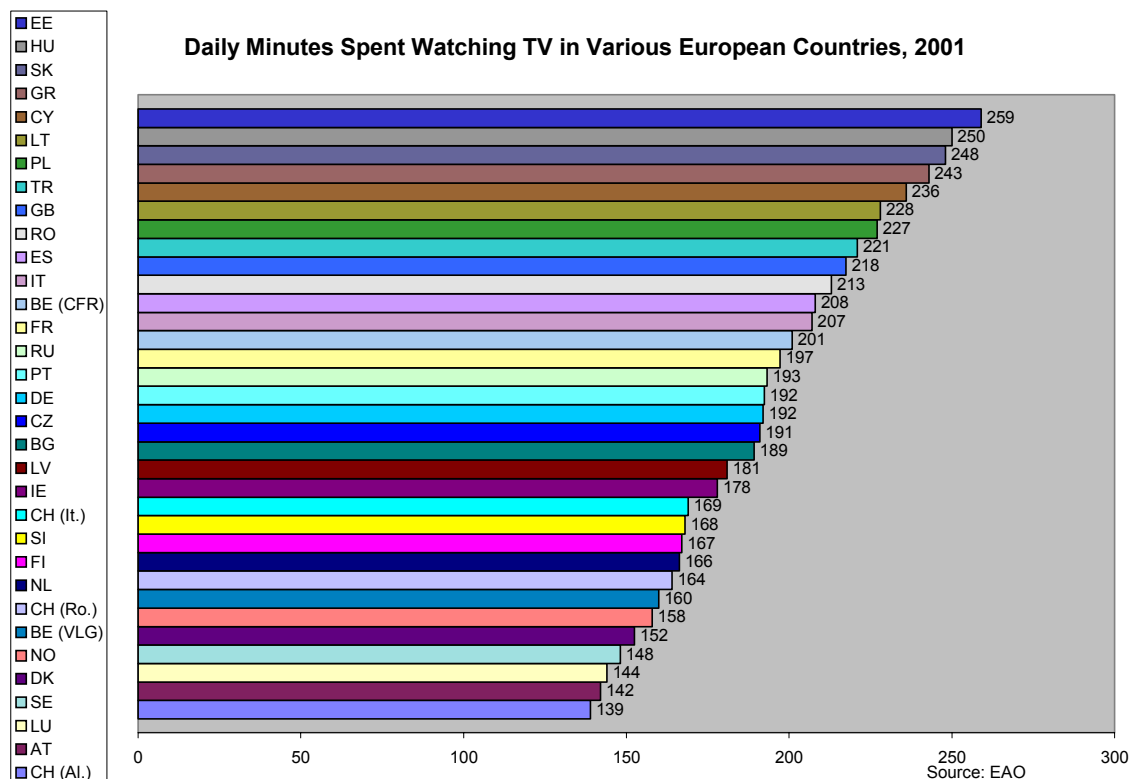
Shipment sales of 16:9 TV sets (1996-2000)							
In units							
	1996	1997	1998	1999	2000	Total	2000/1999
AT	12,000	22,000	25,000	30,000	40,000	129,000	33.3%
BE / LU / NL	134,000	181,000	270,000	340,000	440,000	1,365,000	29.4%
- BE / LU	46,000	64,000	90,000	110,000	120,000	430,000	9.1%
- NL	88,000	117,000	180,000	230,000	320,000	935,000	39.1%
CH	56,000	61,000	60,000	60,000	70,000	307,000	16.7%
DE	144,000	236,000	260,000	310,000	440,000	1,390,000	41.9%
ES	17,000	34,000	65,000	110,000	190,000	416,000	72.7%
FR	114,000	179,000	280,000	480,000	610,000	1,663,000	27.1%
GB / IE	23,000	86,000	320,000	850,000	1,340,000	2,619,000	57.6%
GR	3,000	5,000	8,000	15,000	20,000	51,000	33.3%
IT	13,000	27,000	65,000	115,000	190,000	410,000	65.2%
PT	3,000	5,000	8,000	15,000	70,000	101,000	366.7%
SCAN	12,000	30,000	55,000	120,000	210,000	427,000	75.0%
- DK	10,000	30,000	47,000	n.c.	n.c.	87,000	n.c.
- FI	200	n.c.	n.c.	n.c.	n.c.	200	n.c.
- SE	1,000	n.c.	n.c.	n.c.	n.c.	1,000	n.c.
<b>EUR 15</b>	<b>475,000</b>	<b>805,000</b>	<b>1,356,000</b>	<b>2,385,000</b>	<b>3,550,000</b>	<b>8,571,000</b>	<b>48.8%</b>

Source : EACEM

## Viewing Time

Time spent viewing TV has been trending upward during the past 4-5 years in most European countries. The chart below reveals that viewing time varies country to country, although even the lowest viewing nations spend considerable time in the average day watching television.

The countries with the highest viewing levels (~4 hours daily) tend to be in eastern Europe (e.g., Estonia, Hungary, Slovakia). The lowest viewing nations (~2.5 hours daily) are countries such as Austria, Sweden and Denmark. The three European nations we have been asked to analyze, France, Italy and the UK, fall in the mid-range of about 3 hours viewing per day. In the United States, Nielsen Media Research pegs daily viewing at about 4 hours daily, whereas in Australia, A.C. Nielsen reports average daily use of TV at a little more than 3 hours per day. The reader should note that some national differences could be as much a function of the different audience measurement systems and sampling methodologies in use in each country as real cultural differences.



## Public TV Audience

Public TV networks compete fiercely for audiences in Europe. As a result, public television has been and continues to be predominant in most European countries, despite the introduction of commercial terrestrial channels almost everywhere and the proliferation of satellite and cable services, many of which are global channels, e.g., CNN and MTV. The number of TV channels available in Europe has gone from about 50 in the mid-1980's to around 1500 today. But availability has not necessarily translated into audience.

In a handful of countries, such as Greece and Turkey, the public TV channels have only single digit audience shares but in most of Europe public TV commands 30% or more of the viewing audience. Austria and Denmark have public TV services that capture more than 50% of the audience. In France, Italy and the U.K., public TV has more than a 40% share of the national audience. Public television plays a minor role in the U.S. (3% share) and is significant but not dominant in Australia (~18% share).

Daily audience market share of public television (1997-2001)					
In %	1997	1998	1999	2000	2001
AT	62.4	61.7	58.5	56.6	55.5
BE (CFR)	20	20.8	22.2	23.2	23
BE (VLG)	27.8	30.3	30.6	31.7	33.5
BG	75.1	76	69.6	66.5	31.8
CH (Al.)	34.3	35.4	34.6	34	34.4
CH (It.)	35.6	35.2	35.7	33.7	33.7
CH (Ro.)	36.5	37.7	37.3	36.3	35.2
CY	n.a.	25.0	20.5	20.4	18.9
CZ	n.a.	33.29	32.1	31.22	29.2
DE	40.5	42.5	42.8	43.1	43.3
DK	68.6	69	66.8	67.32	64.5
EE	n.a.	22.4	18.3	16.6	17.1
ES	51.4	51	49.4	49.3	49.6
FI	48	46	43	42.3	43.3
FR	44.1	43	42.2	42.3	41.7
GB	53	51.1	49.5	48.5	48
GR	8.2	10.0	9.5	10.6	9.5
HU	n.a.	25.5	15.6	13.6	13.2
IE	53	52	49.7	47.3	43.4
IT	48.1	48	47.6	47.29	46.94
LT	n.a.	16.3	10.3	10.2	9.1
LV	n.a.	24.9	18.3	18.2	18.1
NL	35.1	36.5	34.5	36.4	36
NO	43.2	40.9	39.8	40.5	41
PL	57.5	52.6	51.1	46.2	45.4
PT	38.6	37.7	32.6	29.9	25.7
RO	n.a.	46.4	39.2	40.4	35.9
RU	65	59	47.7	46.21	43.75
SE	47.6	48.2	47.2	43.8	41.9
SI	33	32.4	32.1	32.9	34.4
SK	27.5	24.3	18.1	18.4	20.2
TR	n.a.	2.2	5.3	5.9	6.9
AU					18.4
US					3

Source : Eurodata-TV / OBS/NMR

## Foreign Channel Audience

Canada is not the only country in which foreign TV channels are watched in great numbers by its citizens. In fact, foreign channels are viewing staples in many countries in Europe. In Belgium and Austria, some 43-44% of the viewing audience went to foreign channels in 2001. In Switzerland approximately two-thirds of the national audience was captured by foreign broadcasters. Some 87% of the audience in Lithuania was accounted for by foreign channels.

<b>TV audience market share of foreign channels (2001)</b>				
In %	Foreign public channels	Foreign channels targeting the market	Other foreign channels (est.)	Total foreign channels (est.)
AT	10	15.8	18	44
BE (CFR)	17.8	-	25	43
BE (VLG)	9.6	6.4	13	29
CH (Al.)	16.5	18.7	30	65
CH (It.)	24.3	-	42	66
CH (R.)	15.8	-	49	65
CY	2.8	-	35	38
CZ	n.a.	-	n.a.	<6
DE	n.a.	-	n.a.	<7
DK	0.9	12.5	8	21
EE	19.3	-	20	39
ES	-	-	n.a.	n.a.
FI	n.a.	-	n.a.	<6
FR	-	n.a.	n.a.	<3
GB	-	n.a.	n.a.	<1
GR	-	-	n.a.	n.a.
IE	17.7	-	26.4	44
IT	n.a.	n.a.	n.a.	<3
LT	3.9	-	19	23
LU	22	-	65	87
LV	n.a.	-	n.a.	n.a.
NL	4.3	19.4	n.a.	24
NO	n.a.	6.7	<10	7
PL	n.a.	2.5	<14	3
PT	n.a.	n.a.	n.a.	n.a.
RO	n.a.	n.a.	n.a.	<10
RU	-	-	n.a.	n.a.
SI	n.a.	n.a.	n.a.	<22
SK	2.1	-	<24	<26
TR	-	-	n.a.	n.a.

Source : OBS

## Net Revenues of European Broadcasters

European public and private broadcasters generate revenue by several different means. The European Audiovisual Observatory estimated that in 2000 European Union public broadcasters, including radio, generated revenue amounting to some 26.3 billion euros (\$41.2 billion Canadian), with the majority coming from licence fees (15.2 billion euros). Public broadcasters were also able to generate 8.5 billion euros of commercial revenue in 2000.

Private broadcasters in the EU, that same year, produced 35.9 billion euros in revenue, with TV advertising accounting for 17.0 billion euros. Ad revenue, as in North America, declined in 2001 and this may affect programming in 2002-03. The combined public and private revenues in 2000 amounted to more than 60 billion euros, many times that of the Canadian broadcasting industry but smaller than the combined industry revenues in the United States (approx. \$80 billion U.S.) TV ad revenues alone in the United States accounted for \$54 billion in 2001.

<b>Breakdown of net revenues of the radio-television sector in the European Union (1996-2000)</b>					
<b>Public companies (including radio)</b>	<b>EUR Thousand</b>				
	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
<b>Total public income</b>	<b>14,097,251</b>	<b>15,585,559</b>	<b>15,718,419</b>	<b>16,936,404</b>	<b>17,224,355</b>
- Aids / Grants	1,439,431	1,319,006	1,387,225	1,465,880	1,663,437
- Licence Fee	12,459,440	14,027,222	14,007,514	15,124,115	15,231,537
- Taxes on services	129,393	154,143	208,285	193,000	193,000
- Other public income	68,987	85,188	115,395	153,409	136,381
<b>Total Commercial income</b>	<b>5,997,675</b>	<b>6,658,044</b>	<b>7,043,992</b>	<b>7,930,542</b>	<b>8,518,599</b>
- Advertising	4,105,267	4,394,421	4,738,291	5,185,946	5,487,157
- Sponsorship	121,463	119,170	131,662	129,213	178,166
- Programmes sales	498,044	574,980	521,502	636,364	732,847
- Merchandising	278,985	418,004	370,547	460,716	489,164
- Pay-TV	0	22,411	20,157	65,435	111,038
- Other commercial income	993,916	1,129,058	1,261,833	1,452,868	1,520,227
<b>Other income</b>	<b>517,713</b>	<b>588,653</b>	<b>556,387</b>	<b>466,608</b>	<b>595,362</b>
<b>TOTAL INCOME</b>	<b>20,612,639</b>	<b>22,832,256</b>	<b>23,318,798</b>	<b>25,333,554</b>	<b>26,338,316</b>
<b>Private companies</b>					
	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>
- Advertising TV	10,246,644	11,979,575	13,880,556	15,655,989	17,045,626
- Advertising Radio (est.)	1,613,721	2,112,162	2,456,653	2,883,969	3,150,000
- Home Shopping	152,842	384,906	490,952	755,280	920,875
- Pay-TV	4,159,169	5,768,684	6,975,794	8,678,183	10,608,106
- Other commercial income	1,556,430	1,815,968	2,077,012	2,492,323	4,233,351
<b>TOTAL INCOME</b>	<b>17,728,806</b>	<b>22,061,295</b>	<b>25,880,967</b>	<b>30,465,744</b>	<b>35,957,958</b>
Source : OBS					

## U.S. Program Sales in Europe

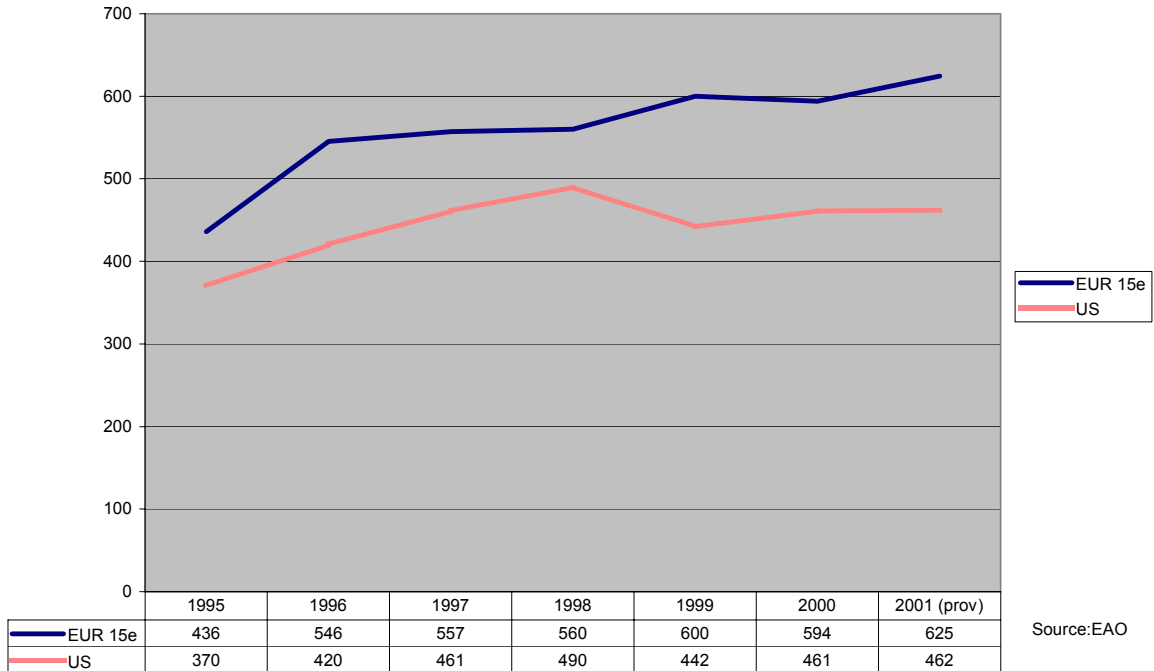
The U.S. has a very important, if declining, presence on European movie screens and on television. U.S. television, movie and video program sales in Europe are substantial and dwarf European video sales in the United States. U.S. sales grew from \$5.3 billion (U.S.) in 1995 to \$9.0 billion (U.S.) in 2000, an increase of about 70%. Meanwhile, European cinema and video sales to North America, while growing, accounted for only \$827 million (U.S.) in the year 2000, less than one-tenth U.S. program sales in Europe.

<b>Estimates of the trade in audiovisual programmes between the European Union and North America (1995-2000)</b>								
Millions USD								
Data in italics are estimates by the European Audiovisual Observatory.								
<b>Sales of US companies in the European Union market (broadcasters not included)</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2000/1999</b>	<b>Sources</b>
MPA - Theatrical rental	1,001	1,155	1,188	1405	1270	1240	-2.4%	OBS
AFMA - Theatrical sales	177	237	306	329	451	510	13.0%	AFMA
MPA - TV rental	1,655	2,202	2407	2611	2950	3600	22.0%	OBS
AFMA - TV sales	407	443	473	576	831	784	-5.7%	AFMA
MPA - Video rental	1,930	2,026	2030	2034	2124	2570	21.0%	OBS
AFMA - Video sales	162	198	242	358	416	328	-21.2%	AFMA
<b>TOTAL</b>	<b>5,331</b>	<b>6,262</b>	<b>6,645</b>	<b>7,313</b>	<b>8,042</b>	<b>9,031</b>	<b>12.3%</b>	<b>OBS</b>
<b>Estimates of European revenues in North America</b>								
Total GB revenues	426	499	536	550	705	691	-2.0%	ONS
- Film company revenue	343	422	343	350	508	511	0.5%	ONS
- TV company revenue	83	77	193	200	197	180	-8.5%	ONS
Total revenue for non-British companies	92	115	132	156	148	136	-8.0%	OBS
- revenues French films	10	10	32	6	31	7	-77.6%	CNC
- revenue for French TV producers (*)	46	84	73	113	87	95	9.6%	INA/CNC
- revenue for German film distributors	16	1	8	13	5	9	86.9%	BAW
- other European revenues (estimated)	20	20	20	30	25	25	n.a.	OBS
<b>TOTAL</b>	<b>518</b>	<b>614</b>	<b>668</b>	<b>706</b>	<b>853</b>	<b>827</b>	<b>-3.0%</b>	<b>OBS</b>
<b>Difference in revenue European Union / North-America</b>								
Deficit (Millions USD)	-4,813	-5,648	-5,977	-6,607	-7,190	-8,204	14.1%	OBS
(*) Including South-America till 1995 <a href="http://www.obs.coe.int/db/gavis/00001775.html">http://www.obs.coe.int/db/gavis/00001775.html</a>								
<b>Source : OBS</b>								

## Hollywood's Role in Europe

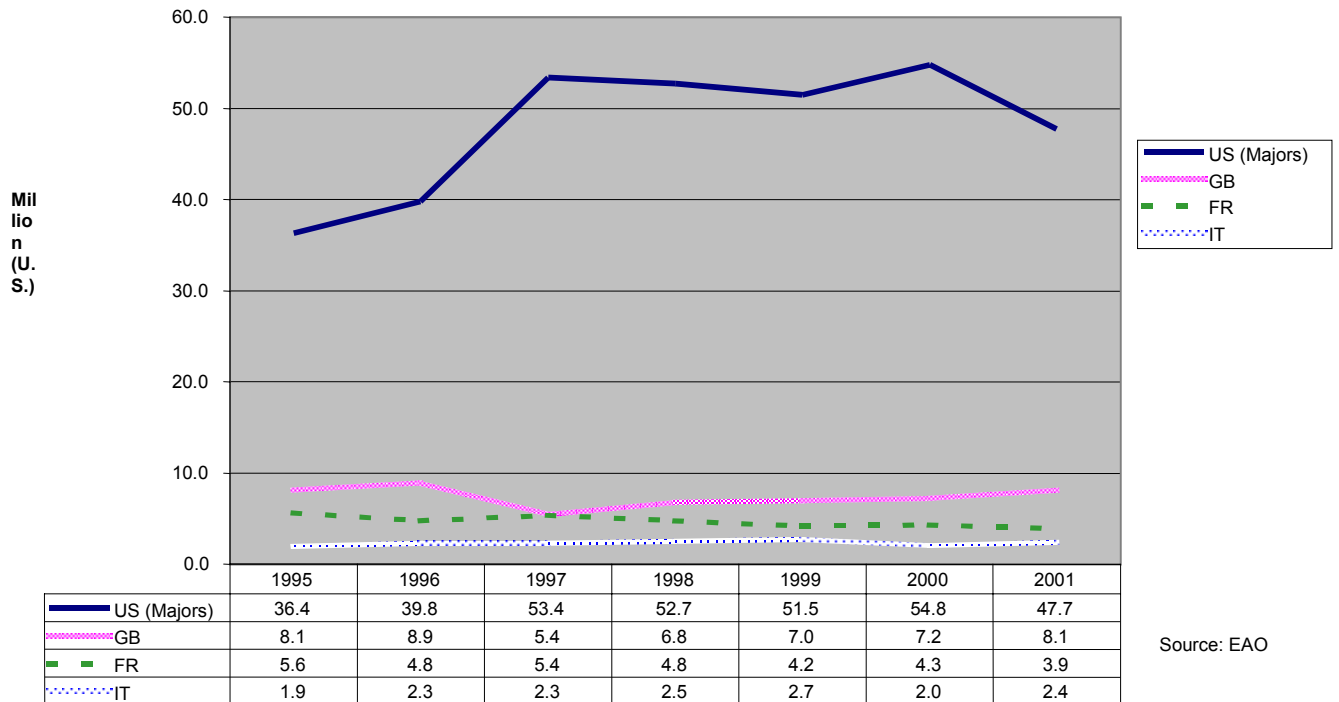
U.S. feature films play an important role in European TV schedules. Blockbuster movies such as *Titanic* or *Men In Black* will often be among the top-rated programs in European countries. Interestingly, the major U.S. studios release fewer films each year than do European film producers. Less than 500 films come out of Hollywood, the world's film capital, on an annual basis. By comparison, over 600 feature films were produced by EU countries in 2001.

Number of Feature Films Produced in Europe and the United States



However, the average production cost of a U.S. movie, just under \$50 million in 2001, is many times greater than that of European films (see chart). Film producers in the UK spend more than Italian producers but the average production in the UK still budgets less than \$10 million per film.

**Average Cost of Feature Films (1995-2001)**



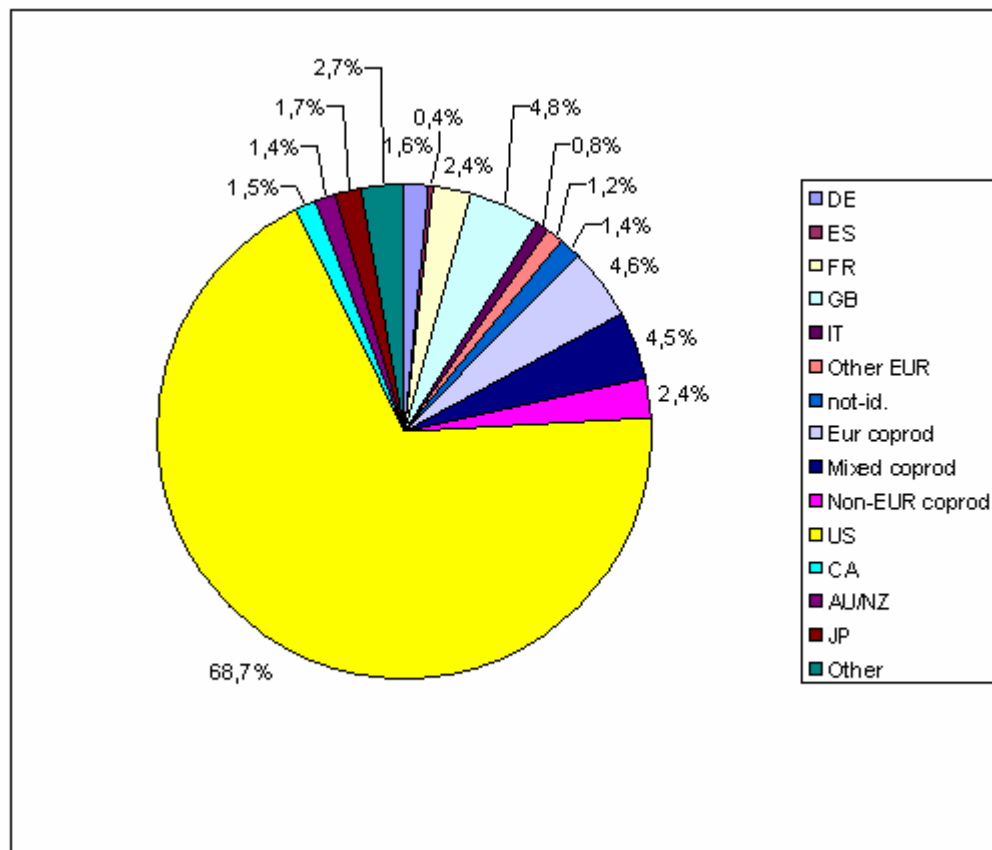
Source: EAO



## U.S. Programming on European TV

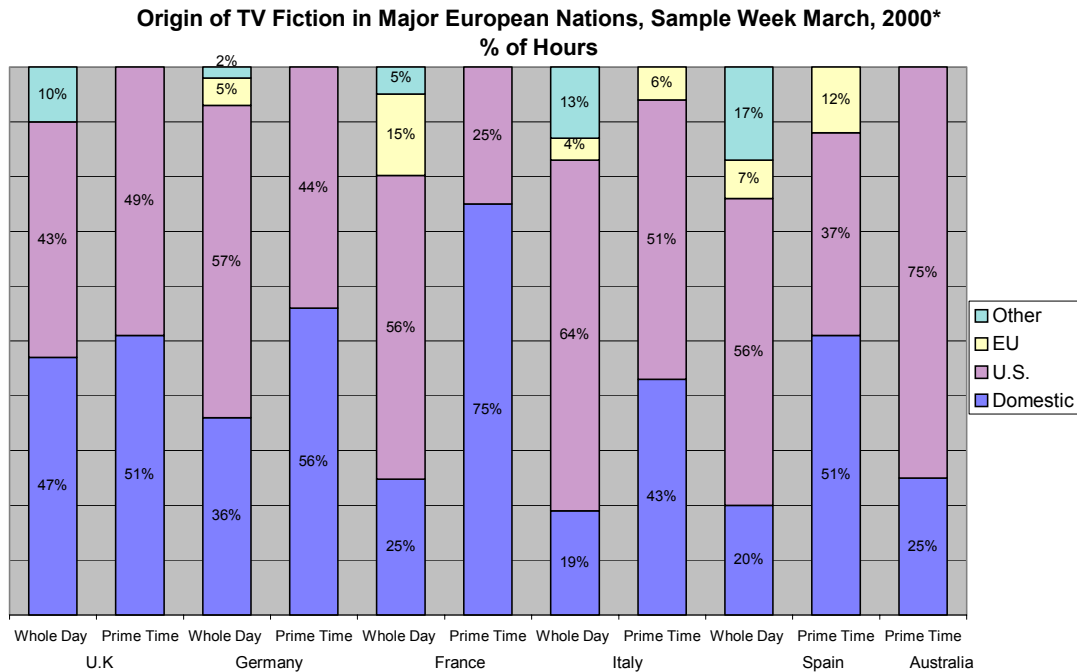
A surprising amount of U.S. programming, Hollywood movies as well as dramatic series, appears on European TV. Within the category of imported fiction, virtually 2 in 3 programs in the EU are imported from the U.S. (see chart). Note that these U.S. programs are usually dubbed into the local language. No country other than the U.S. has a significant share of imports; Canada accounted for only 1.5% of fiction imports in the year 2000.

**Origin of Imported Fiction Programs (Film + TV Fiction)  
Transmitted by 101 European Union Networks in 2000, % of hours**



Source: Essential Television Statistics

When it comes to fiction programming generally, only in one major EU country, the U.K., is the percentage of U.S. content in the fiction genre less than 50% (see chart). Italy leads all European countries with 64% U.S. fiction, followed by Germany (57%) and France (56%).



\*Australia is 1999--all foreign coded U.S.

Source: Eurofiction/AFC

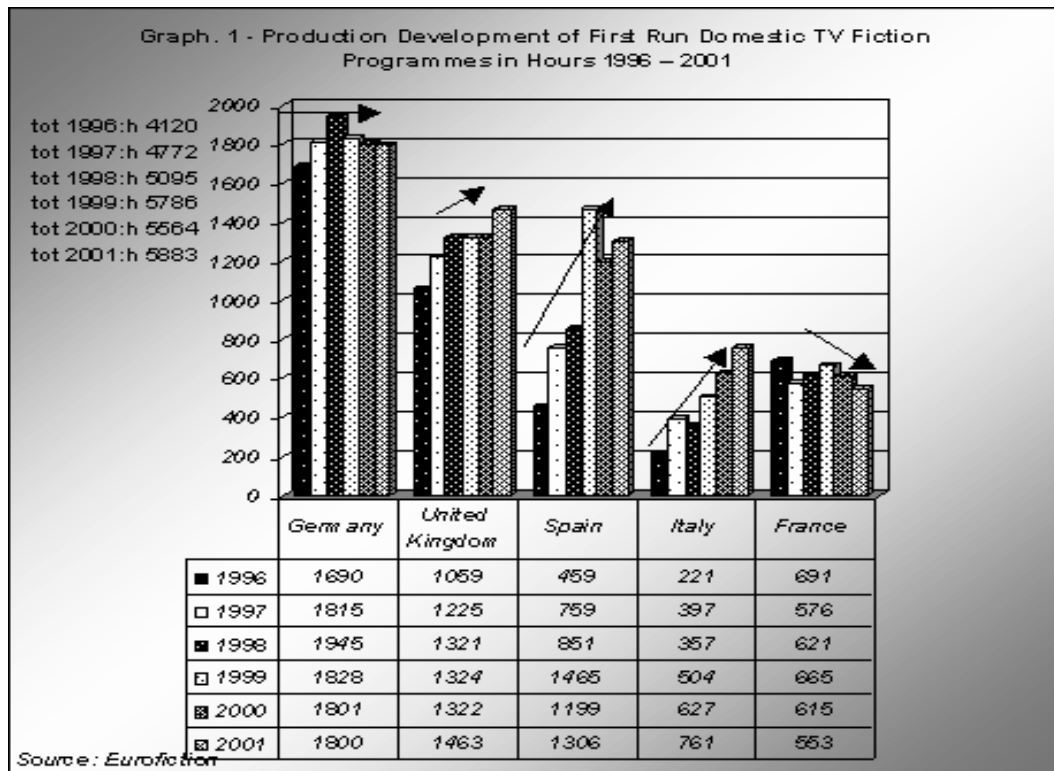
However, in prime time the situation is reversed.<sup>4</sup> Most countries have over 50% domestically produced drama in the prime viewing hours. France has the highest percentage of domestic fiction in prime time (75%). Australia differs from these European countries. In prime time, Australia's public and private stations schedule about 25% domestic fiction and the rest is mostly from the U.S.

While there is a considerable amount of foreign, mostly U.S., drama on European and Australian TV screens, there is also a very substantial and growing domestic component, especially in prime time viewing hours. Thus, as mentioned, in Europe more than 50% of drama in prime time is domestic, except in Italy where the production industry has been slower to develop.

<sup>4</sup> Prime time is defined as follows in each country: Germany 20:00-22:30; France and Italy 20:30-22:30; the United Kingdom 19:00-22:00; Spain 20:30-23:00; Australia 17:00-24:00.

The recently released Eurofiction 2002 study found that first run domestic fiction programming in 2001 reached its highest level since 1996. The following press release announcing the new data was very upbeat about the trends:

The overall offer of first run domestic fiction programmes in European television in the five biggest European tv markets Germany, United Kingdom, Italy, Spain and France in the year 2001 amounts to 5883 hours. The growth of just over 300 hours represents an increase of 5,7% compared to 2000 and even compensates the drop observed from 1999 to 2000. With respect to 1996, the year of the first Eurofiction study, the presence of first run national fiction programmes (excluding feature films) in the schedules of both, public as well as private channels went up by more than 1700 hours (43%).



However, the Eurofiction study described the 2002 environment in Europe as “turbulent” and explained that reality/game shows have had an effect:

In spite of these figures still in expansion in 2001 the conditions for the fiction production all over Europe have undeniably worsened. This is due to the coincidence of many unfavourable factors. One of the most significant is the establishment of reality and game shows in the European tv schedules. They have become a strategic priority for broadcasters. Broadcasters develop important planning, promotional and fulfilling

commitments on these programming genre. In comparison to fiction the reality shows have a double competitive advantage. They imply decisively lower costs than fiction of a medium standard but they can be as successful as these. In addition they allow creative economies and their setting up is often based on tested international formats.

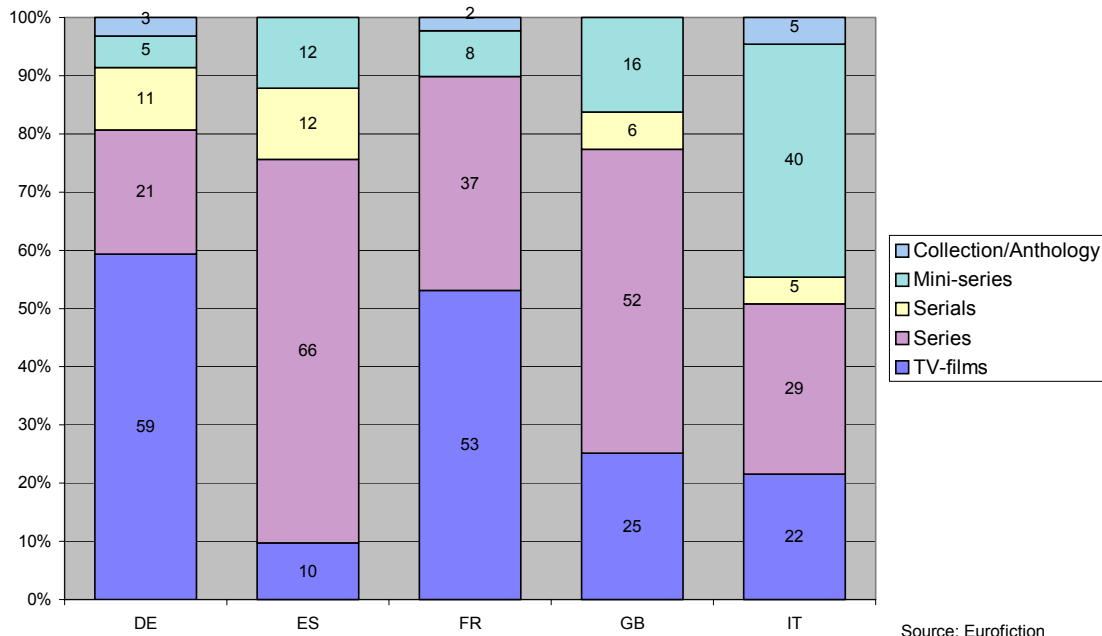
A second unfavourable factor is the weak position of independent tv production in Europe due to well known reasons, such as their unsatisfying financing capacities, no remaining rights on their productions and underdeveloped secondary markets for fiction programmes in Europe.

A combination of slowing ad revenues and the influx of relatively cheap reality/game show programming is blamed for a *potential* slowdown in domestic drama production. The European trade magazines, like the Eurofiction study, tend to report on domestic fiction with a fairly ominous, almost negative slant, despite the empirical evidence that the industry is growing and assuming a more important role than ever.

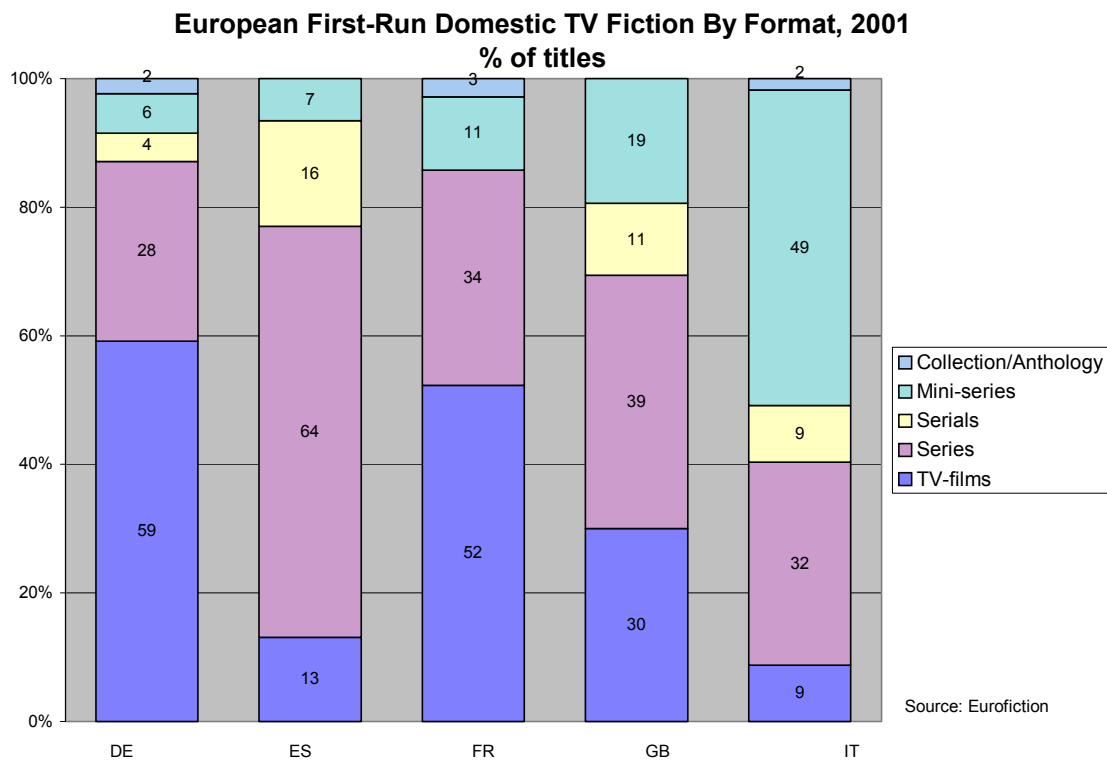
## European Drama Formats

The major European countries differ with regards to the drama formats each broadcasts (see chart). In 1999, drama *series* were the most prevalent category in the U.K. and Spain, while Italy relied heavily on *mini-series* and Germany and France had a preponderance of made for *TV movies*. This would seem to indicate that individual national circumstances drive the creative process that develops different program formats within each country.

European First-Run Domestic TV Fiction By Format, 1999  
% of titles



Two years later, the pattern for the five major EU countries has not changed appreciably. Some variations have occurred, for example, in 2001 series seem to have been reduced slightly at the expense of films in the U.K. In 2001, according to the latest Eurofiction data, several other countries relied slightly more on mini-series but otherwise each country was basically similar to the format pattern of 1999 (see chart below).



The estimated value of European domestic fiction production in the five largest European markets is very telling. In 1999, the Institut National de l'Audiovisuel put the price tag for that year's programming alone at 2.7 billion Euros or more than \$4 billion Canadian (see table). This level of expenditure explains at least in part why European broadcasters have been successful at producing domestic drama that attracts audiences.

**Comparison between the number of units of national fiction programmes broadcast, the volume broadcast in hours and the financial value of the production**

	Number of programme units(*)	Volume broadcast in hours	Production value (£ million)
Germany	2 712	1 828	1 026.3
United Kingdom	2 225	1 324	904.8
France	815	665	416.8
Italy	737	504	208.8
Spain	2 256	1 465	187.0
<b>Total</b>	<b>8 745</b>	<b>5 786</b>	<b>2 743.7 (**)</b>

(\*) A "programme unit" is a single programme (TV movie), an episode of a series or a serial or mini series. To simplify matters, we will from hereon refer to this unit as an "episode".

(\*\*) The total value is estimated after deducting the double inclusion of coproductions involving two or more of the 5 countries in the survey

*Source : INA*

## **Part 2**

**Individual Country Analysis:**

**United Kingdom, Italy, France,  
Australia and the United States**

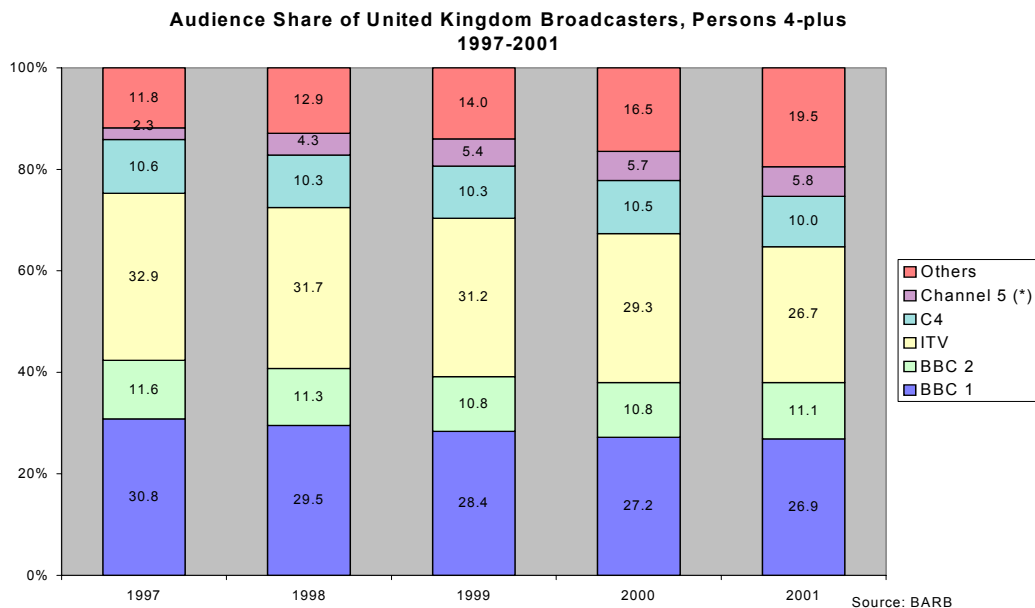


## United Kingdom - Overview

### Audience Share and Top 10 Programs

The United Kingdom is representative of much of Europe in that the public broadcaster, the BBC, is a dominant force; it has always commanded and continues to have a very significant share of the TV viewing audience. In 2001, with a 27.1% share, BBC1 was the highest rated TV channel for the first time since 1955, the year that private TV was introduced in that country. BBC2, targeted to a more up-market audience, delivered an additional 11.1% share of the audience. The BBC, having just received a hefty increase in its licence fee and with total revenues in 2001 of over \$5 billion euros (\$7.5 billion Canadian), has been able to withstand increased competition from terrestrial private broadcasters and cable/DTH services.

ITV, the main private channel which is often called Britain's second public broadcaster, has seen its audience decline in the past 4-5 years, from approximately 33% to about 27%. The private TV industry in the U.K. has suffered from increased fragmentation brought on by cable TV and especially Rupert Murdoch's BSkyB satellite service, which has doubled its subscribers in the past few years and accounted for the increase in the audience share of Others from 11.8% in 1997 to 19.5% in 2001. BBC also operates a number of digital satellite services. Despite the audience share loss, the five terrestrial channels combined still represent approximately 80% of the U.K. audience.

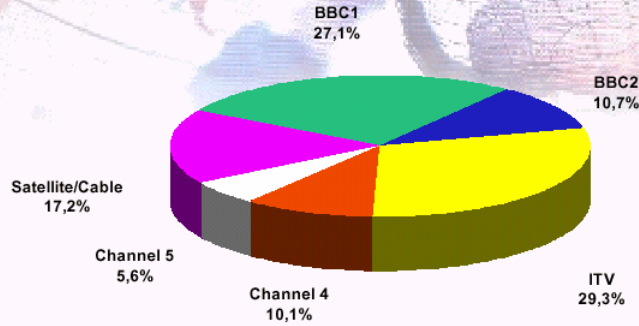


# United Kingdom

# 2000



**Average daily viewing time per individual : 223 minutes**  
**Yearly market shares of the main channels in % for 2000**



Universe of Total individuals : 55.035.000 (4 years and more)  
 Panel of individuals : 12.700 (4 years and more)  
 Panel of households : 4.630  
 Time slot : from 06:00 to 29:59



SOURCE : EURODATA TV / BARB

199



# United Kingdom

# 2000



## top 10 all programs

**Minimum of duration of the program : 5 minutes**  
**sports : maximum one program has been retained**

Rk	Chan.	Date	St. Time	Program	Genre	Origin	Nb. Of Broad*	Dur.	TVR 4+ (%)	' 000	MSH 4+ (%)
1	ITV1	Mo 03/01	19:33	CORONATION STREET	Soap	UK	179	26	33.7	18 446	63.3
2	BBC1	Mo 03/01	20:00	EASTENDERS	Soap	UK	92	29	32.8	17 953	61.3
3	ITV1	We 19/01	20:02	WHO WANTS TO BE A MILLIONNAIRE	Game	UK	34	57	28.2	15 435	58.3
4	ITV1	Mo 12/06	19:35	EURO 2000 : Portugal/England	Soccer	-	1	121	27.2	14 888	60.3
5	ITV1	Su 23/01	20:02	HEARTBEAT	Series	UK	16	57	26.7	14 614	54.6
6	ITV1	We 22/03	18:59	EMMERDALE	Soap	UK	16	27	23.1	12 644	58.3
7	ITV1	We 15/11	20:32	INSPECTOR MORSE	Series	UK	1	117	22.9	12 534	49.4
8	ITV1	Tu 10/10	20:01	NATIONAL TV AWARDS	Event	UK	1	123	21.7	11 877	58.9
9	ITV1	Su 19/03	20:02	SEEING RED	Docum.	UK	1	116	21.6	11 823	46.2
10	ITV1	Sa 02/12	22:24	STARS IN YOUR EYES Results	Enter.	UK	1	16	21.2	11 604	53.9

\* = number of broadcasts of the program before the 10th best performing one



SOURCE : EURODATA TV / BARB

200

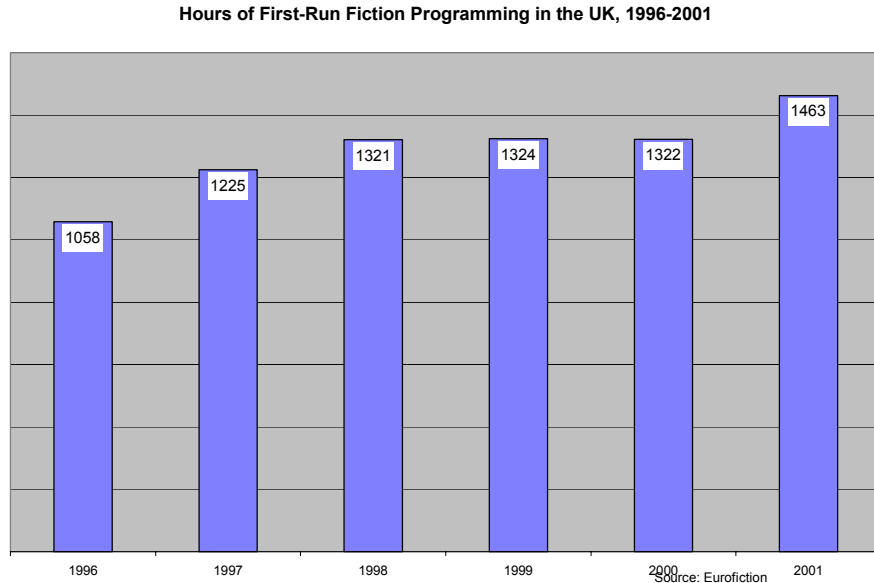


The top 10 U.K. programs in 2000 (see chart above) are representative of recent programming and audience trends. *Coronation Street*, *Eastenders* and *Emmerdale*, all long running series, were all in the top 10 and have been for many years, since 1960 in the case of *Coronation Street*. Despite the success of these domestic programs, the very exacting critics complain about the lack of innovation in British fiction and refer to a “sclerosis of the schedules.”<sup>5</sup>

Prime time game shows, such as *Who Wants To Be a Millionaire*, are usually carried by ITV and have made their mark on British schedules, ranking just behind the two most popular soaps in 2000. However, they have not displaced the very popular domestic drama series in the UK.

### Fiction vs. Other Programs

The production of domestic fiction programming in the U.K. reached an all time high in 2001. The five British terrestrial channels (BBC1, BBC2, ITV and Channels 4 and 5) produced or commissioned almost 1500 hours of original drama in 2001, an increase of 38% over 1996 (see chart).



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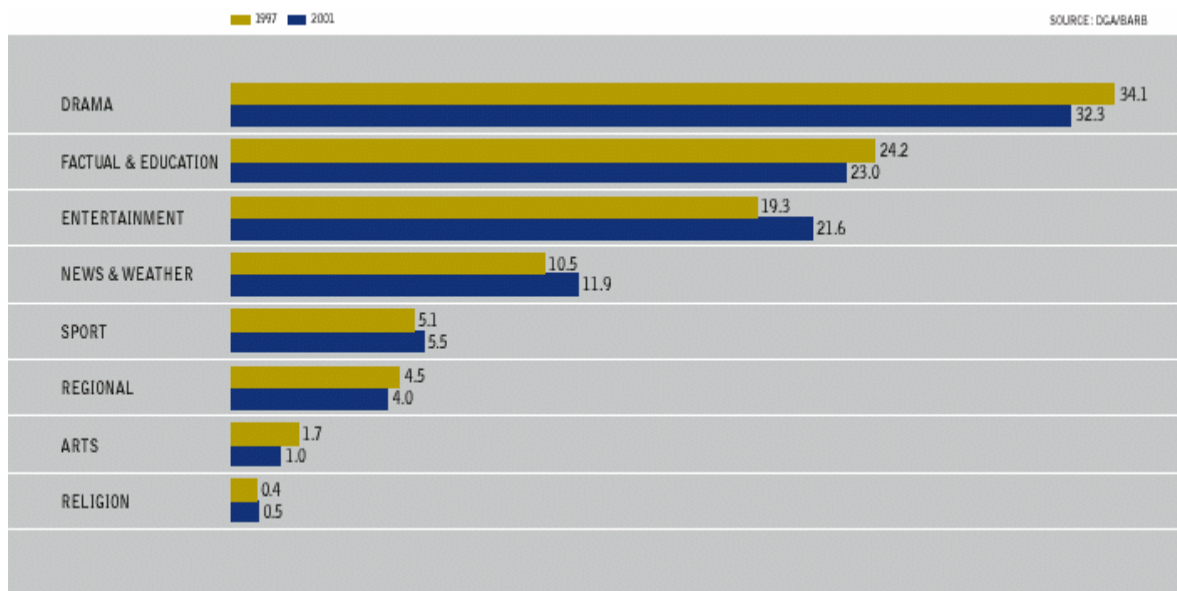
<sup>5</sup> Eurofiction 2002, p.99

A primary reason for the increase is provided by the Eurofiction 2002 report:

Alongside the soap operas, returning series have become sedimented (sic) into the UK TV schedules so that there is little scope for renewal in this genre. Programmes like the medical drama *Casualty* on BBC 1 (and its spin off *Holby City*)...have proved enduring ratings winners and programme controllers have been loathe to remove them from the schedules.

British fiction is very successful, perhaps more so than in any other European country. Domestic broadcasters, public and private, have been able to build on past success and domestic fiction programming has been and continues to be at the core of public and private TV schedules in the UK. This is confirmed in the chart below which depicts the importance of drama in 1997 vs. 2001.

**Prime Time Output 1997 vs. 2001, All U.K. Broadcasters, % of Hours**



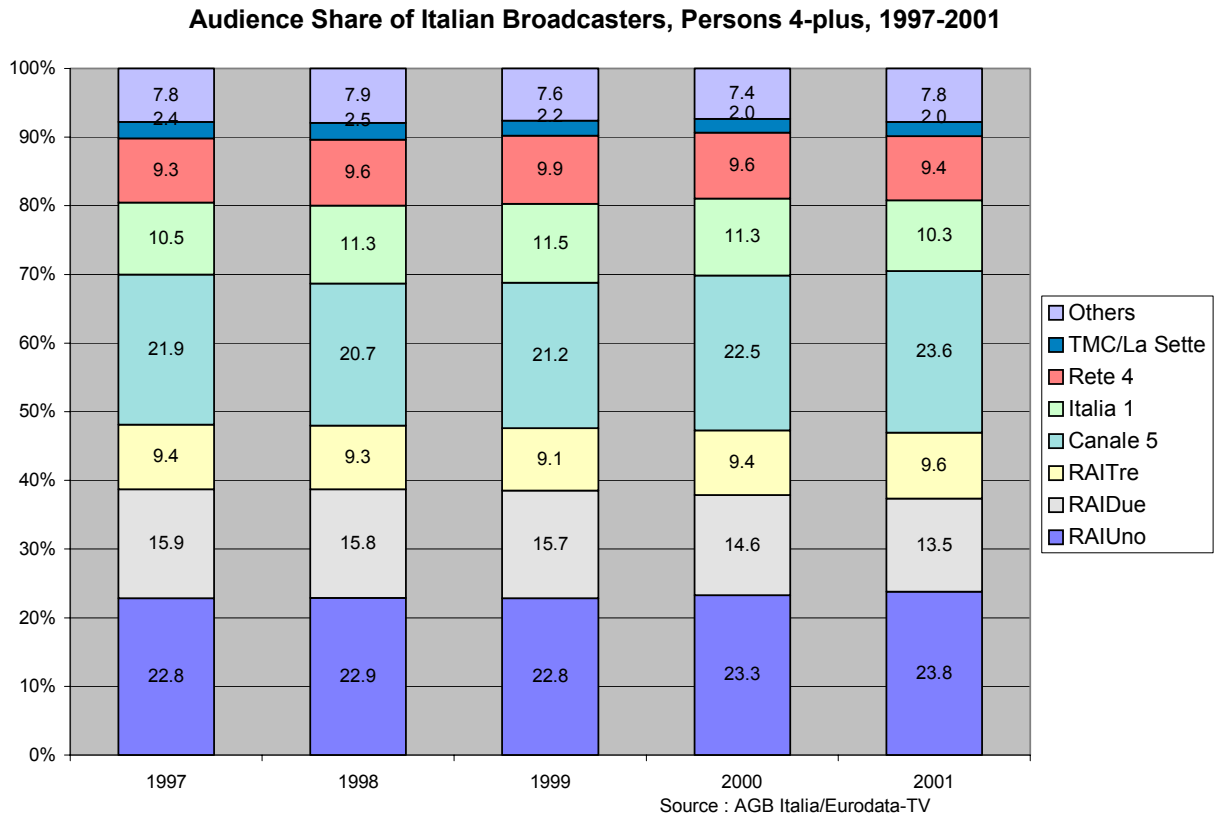
Drama accounted for about one-third of all prime time programming on U.K. broadcasters in 2001, according to an analysis conducted by David Graham & Associates for the ITC (see chart). Drama declined very slightly from 34.1% in 1997 to 32.3% in 2001. Entertainment programming, which includes reality and games shows, increased in this period from 19.3% to 21.6%. In other words, reality and game shows have had a modest effect on the schedules of U.K. broadcasters, with drama maintaining a preeminent position.

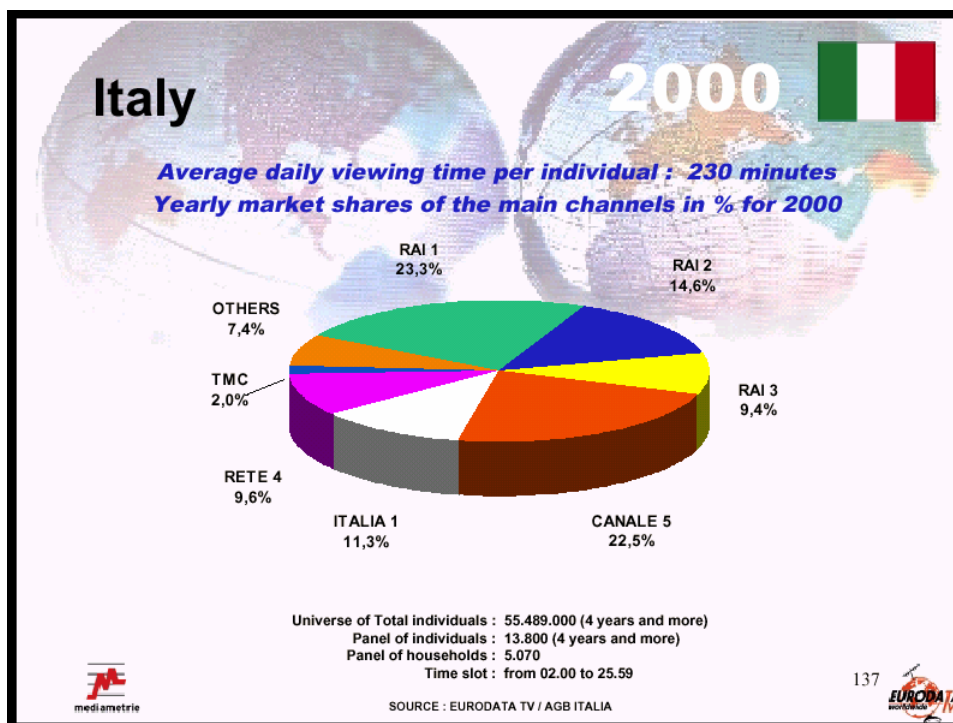
## Italy - Overview

### Audience Share and Top 10 Programs

Italy's broadcasting history has been turbulent, rocked by scandals and pirate stations in early years of TV in the country. In modern times, the industry is very stable and Italian broadcasters have been all but immune from the effects of audience fragmentation caused by cable TV, DTH or other new technology.

The public broadcaster, RAI, had a combined share of the viewing audience just shy of 50% in 2001, down very slightly from 1997. RAI had operating revenues of 2.6 billion euros in 1999 (\$4.1 billion Canadian), a sum which permits RAI to provide a compelling schedule of programs to compete with private terrestrial broadcasters and to stave off viewer interest in cable/DTH. The three private networks, owned by Mediaset, had a combined share of some 43% in 2001, up slightly since 1997. All other TV services, provided mostly by satellite, accounted for only about 10% of the total Italian audience.





# Italy 2000

**top 10 all programs**  
 Minimum of duration of the program : 5 minutes  
 sports : maximum one program has been retained

Rk	Chan.	Date	St. Time	Program	Genre	Origin	Nb. Of Broad*	Dur.	TVR 4+ (%)	' 000	MSH 4+ (%)
1	RAI 1	Su 02/07	20:00	EURO 2000 : FRANCE - ITALY	Sport	-	1	108	38.5	21 340	81.1
2	RAI 1	Mo 21/02	20:05	50° FESTIVAL DI SANREMO	Music	Italy	7	109	31.7	17 571	56.5
3	RAI 1	Su 02/07	20:05	TG1	News	Italy	1	5	29.2	16 186	62.9
4	Can 5	Th 21/12	21:09	GRANDE FRATELLO	GameSh.	Italy	3	167	28.9	16 036	60.1
5	RAI 1	Mo 13/11	20:48	PADRE PIO TRA CIELO E TERRA	TVFilm	Italy	1	107	25.4	14 094	44.9
6	Can 5	Th 21/12	20:41	STRISCIA LA NOTIZIA	Enter.	Italy	1	27	23.4	12 984	46.2
7	RAI 1	Th 06/01	20:59	CARRAMBA CHE FORTUNA!	Enter.	Italy	1	166	22.0	12 195	50.5
8	RAI 1	Mo 11/09	20:04	MISS ITALIA 2000	Enter.	Italy	1	224	21.6	11 986	51.2
9	Can 5	Tu 28/03	21:03	TRE UOMINI E UNA GAMBA	Movie	Italy	1	114	21.5	11 917	40.3
10	RAI 1	Mo 20/11	20:05	UNA STORIA QUALUNQUE	TVFilm	Italy	1	106	20.1	11 153	37.1

\* = number of broadcasts of the program before the 10th best performing one

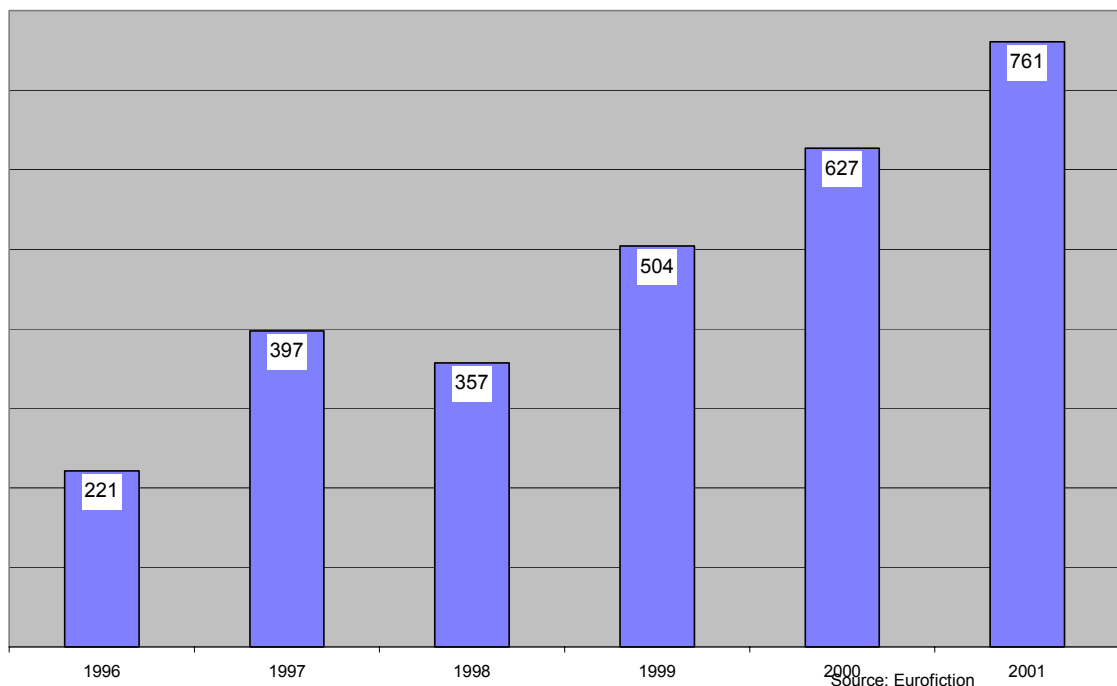
SOURCE : EURODATA TV / AGB ITALIA

## Fiction vs. Other Programs

In the mid-90's, the Italian TV industry was under-developed by comparison to the UK, Germany and other major EU countries. Since then, Italian broadcasters, public and private, have nurtured the domestic production industry and Italy is now considered one of the most successful producers of indigenous drama. The number of hours of first run domestic fiction was at an all time high in 2001, 761 hours in total.

Italy turned around its production industry by the launch of three daily soaps, *Un posto al sole*, *Ricomincio* and *Vivere*. All three were launched in 1996 and continue to reach large audiences. RAI and Mediaset, combined, spent 600 million lira (\$491 million Canadian) on domestic fiction in 2002 (Source: puntocom 3.7.2002). Prior to 1996, it was thought that Italians would not watch domestic soaps, and daytime fiction was given over almost entirely to U.S. programs. The latter are still very important and, as with Canadian broadcasters, are an economic way for a broadcaster to fill its schedule.

Hours of First-Run Domestic Fiction Programming in Italy, 1996-2001



## **“Ultimi Fuochi”?**

There is often a note of a great triumph but pending crisis in European TV. The Italians refer to it as "ultimi fuochi," which is a term used to describe the final explosion of fireworks, always the brightest but followed by darkness. The fragmentation associated with DTH, the supposed lack of innovation from broadcasting systems often comprised of one major public broadcaster and one major private broadcaster, a downturn in advertising revenue caused by 9/11 and the collapse of the telecommunications sector, have all contributed to a sense that there are major challenges ahead.

Eurofiction 2002 says about Italy:

For the first time in the last six years the seasonal offer (2001-2002) did not show signs of growth compared to the previous one; and although some mini-series have obtained sensational ratings and popularity, the average audience for fiction lost half a million viewers and one point share. It is not just the craze for reality shows (and in some cases the competition from American films) that has weakened the performance of domestic fiction...

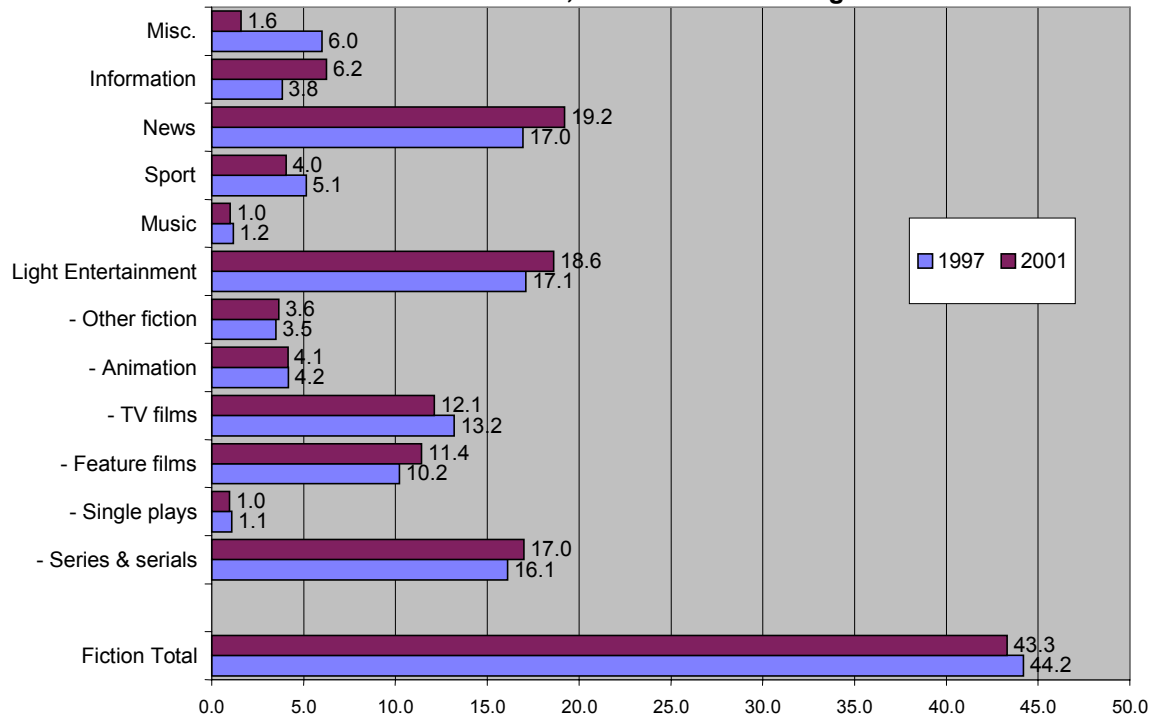
Despite the concern, which is perhaps an over-reaction to the slight fragmentation caused by new channels, the ratings for Italian fiction are remarkably strong. The top 20 Italian first run fiction episodes in 2001 had shares of 25-35% and average audiences between 6.4 million and 9.9 million viewers (in a country of about 60 million people.)

An analysis of all Italian broadcasters' schedules by program category was undertaken.

Overall, the prime time program schedules of Italian broadcasters have seen little substantive change in the past 4-5 years (see chart below). In 1997, drama accounted for 44.2% of schedule hours and, in 2001, drama represented almost the same percentage, 43.3%. Light entertainment, including reality/game shows, grew slightly from 17.1% to 18.6%. It seems that the new reality/game shows have displaced other light entertainment programming. Therefore, Italy has followed the same pattern as the U.K., with traditional drama remaining the core building block for Italian broadcasters' schedules.



**Prime Time Schedule Output, 1997 vs. 2001, All Italian Broadcasters  
% of all hours, Domestic and Foreign**



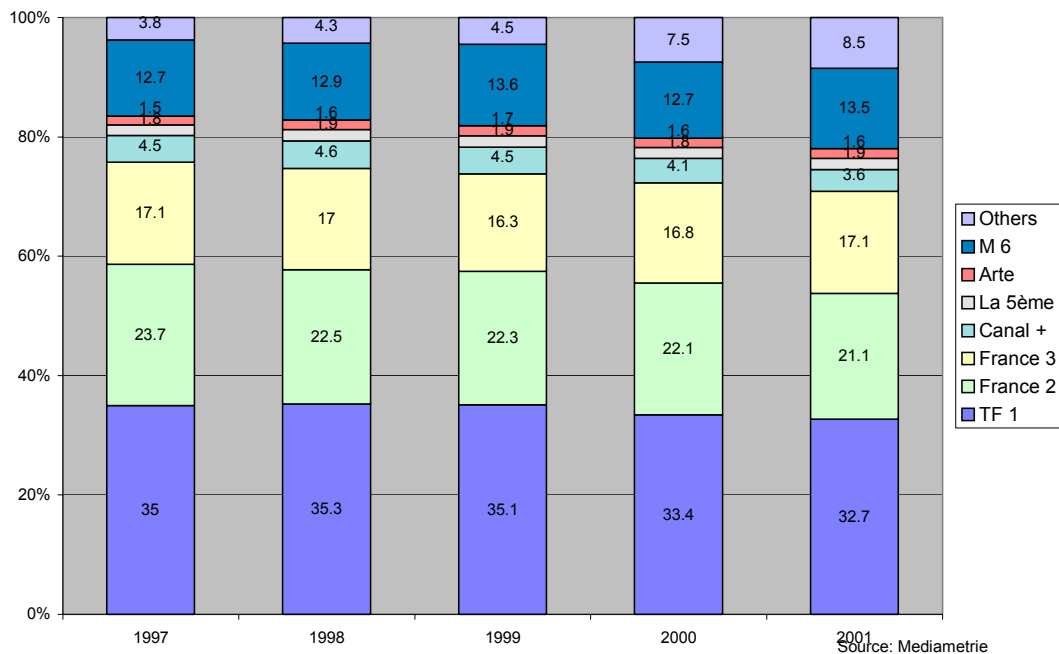
Source: CMRI estimate based on EAO data

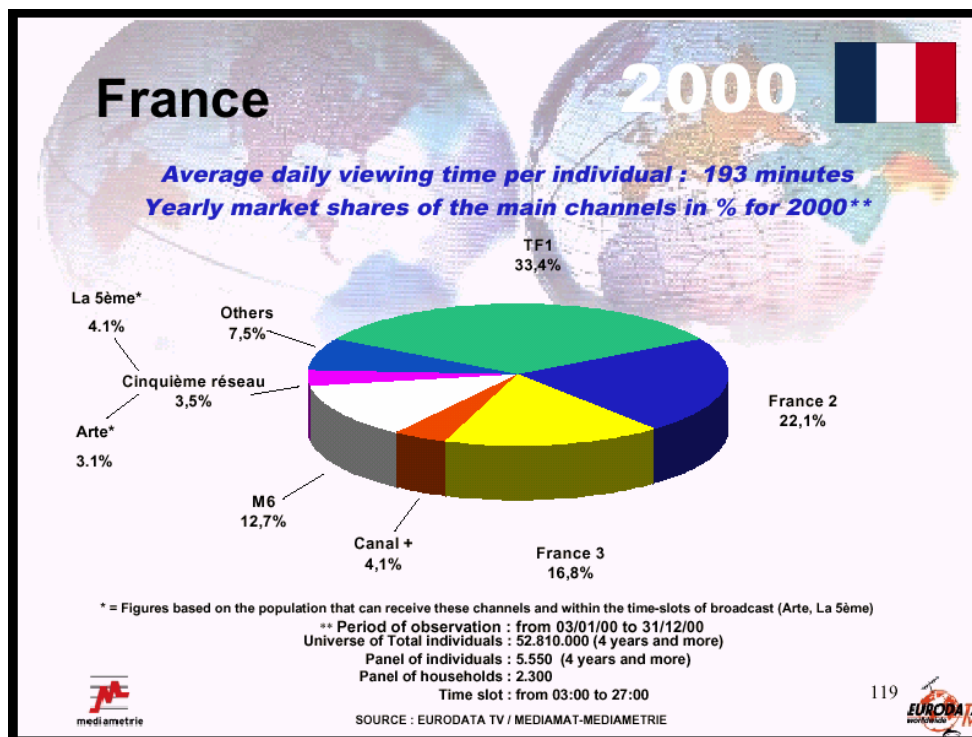
## France - Overview

### Audience Share and Top 10 Programs

France differs from many of its European counterparts. It is the only country among the major EU nations that has not increased domestic fiction in the past 5-6 years. Yet, like many European nations, a handful of large TV stations dominate the audience picture. TF1, a former public broadcaster privatized in 1987, has lost audience in the past few years but was still the number one station in 2001 with a 32.7% audience share. The two public stations, France 2 and France 3, have a combined 38.2% share, also down slightly from the mid-90's, but still a formidable presence in audience terms. In North America, only one network has audience shares like this, the TVA network.

Audience Share of French TV Services, Persons 4-plus, 1997-2001





# France 2000

**top 10 all programs**  
 Minimum of duration of the program : 5 minutes  
 sports : maximum one program has been retained

Rk	Chan.	Date	St. Time	Program	Genre	Origin	Nb. Of Broad*	Dur.	TVR 4+ (%)	' 000	MSH 4+ (%)
1	TF1	Su 02/07	20:00	EURO 2000 : FRANCE - ITALY	Soccer	-	1	106	41.7	23 236	79.6
2	TF1	Th 29/06	20:45	20 HEURES	News	France	5	9	24.3	12 833	59.3
3	TF1	Tu 26/09	21:01	TAXI	Movie	France	1	85	23.1	12 190	48.0
4	TF1	Th 17/02	20:53	JULIE LESCAUT	Series	France	7	88	22.7	11 988	52.6
5	TF1	Sa 09/12	20:57	ELECTION DE MISS FRANCE 2001	Event	France	1	138	21.3	11 268	53.8
6	TF1	Su 20/02	20:56	INDEPENDENCE DAY	Movie	USA	1	132	21.2	11 183	50.4
7	TF1	Tu 18/01	20:53	LES BRONZES FONT DU SKI	Movie	France	1	82	21.0	11 110	48.5
8	TF1	Th 19/10	21:15	UNE FEMME D'HONNEUR	Series	France	2	94	20.8	10 997	52.5
9	TF1	Th 02/11	20:57	LES CORDIER JUGE ET FLIC	Series	France	1	97	20.7	10 925	43.8
10	F2	Mo 09/10	20:53	LE BICYCLETTE BLEUE	TVFilm	France	1	92	20.3	10 720	42.6

\* = number of broadcasts of the program before the 10th best performing one

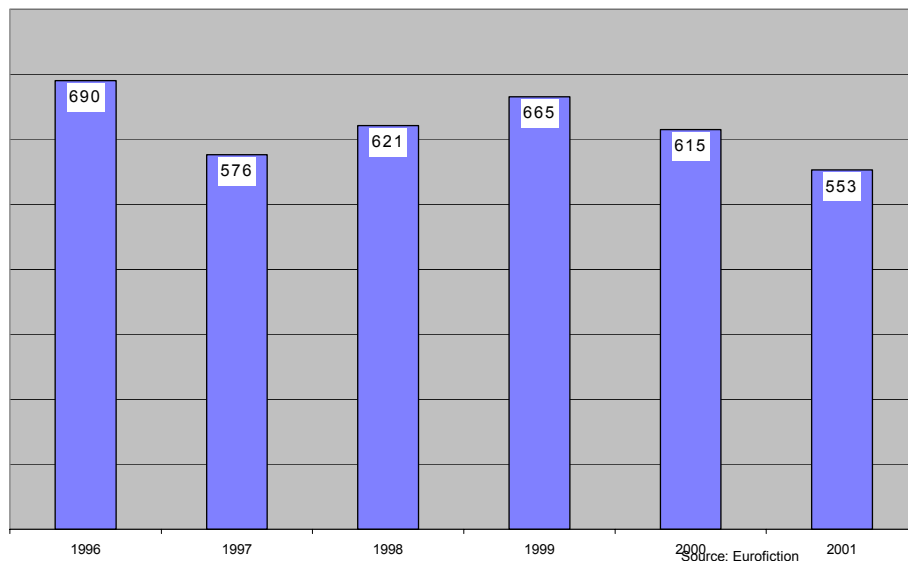
SOURCE : EURODATA TV / MEDIAMAT-MEDIAMETRIE

Among the top 10 French programs in 2000 were a number of domestic fiction programs. These included the popular series *Julie Lescaut* and *Les Cordier Juge et Flic* and no less than four made-for-TV movies. French TV has disdained daily soaps, for the most part, and has been loathe to produce sitcoms but one program that melds both formats and which has been successful since it first went on air in October 1999 on France 2 is *Un gars, une fille*. The title may sound familiar because France 2, borrowed the concept from Radio-Canada, although here it is a half-hour show, while in France it runs for 7 minutes just before the evening news.

### Fiction vs. Other Programs

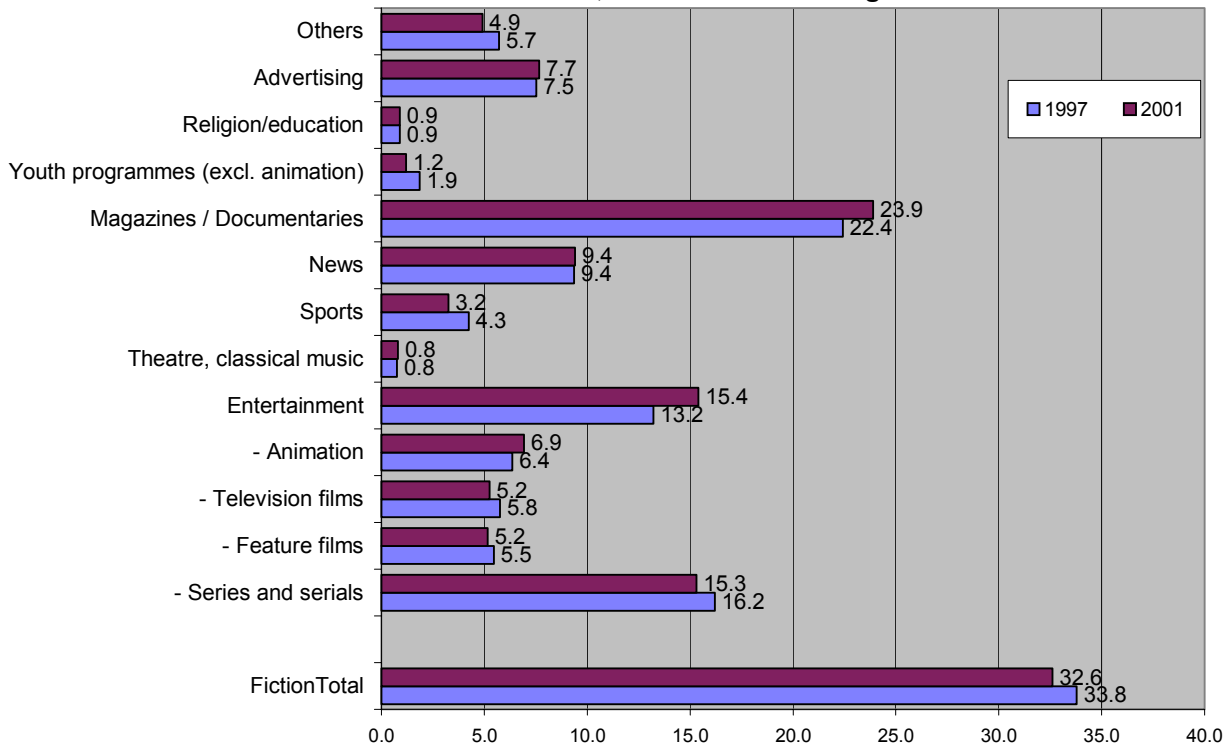
Reality programs have been as influential in French TV schedules as anywhere in the world. *Loft Story*, an adaptation of *Big Brother*, aired almost 200 episodes in 10 weeks in 2001 on M6, a channel that cultivates the younger audience. The French were captivated by this series. Even the prestigious *Le Monde* carried front page stories about the characters and as a result sold more daily copies. *Popstars* on M6 and *Star Academy* on TF1 aired the same year but did not meet with the same audience success. *Popstars* was the focus of a major controversy after regulators classified it as a documentary. Despite the influx of reality programs, the amount of first run domestic fiction in this period has not declined significantly (see chart below).

Hours of First-Run Domestic Fiction Programming in France, 1996-2001



Finally, an analysis of French TV schedules by program category revealed that the percentage of all fiction, domestic and imported, on the major French TV networks showed no significant decline in 2001 (see chart below). Fiction, which includes movies, series, serials and animation, accounted for about one-third of French TV schedules in both 1997 and 2001. Light entertainment as a category grew from 13.2% to 15.4%. Again, it seems that the new reality/game shows have displaced other light entertainment programming. France, like Italy and the U.K., has seen many reality/game shows introduced but they have not displaced traditional drama in program schedules.

**Whole Day Schedule Output, 1997 vs. 2001, All French Broadcasters**  
**% of All Hours, Domestic and Foreign**



Source: CMRI estimate based on EAO data

## Australia - Overview

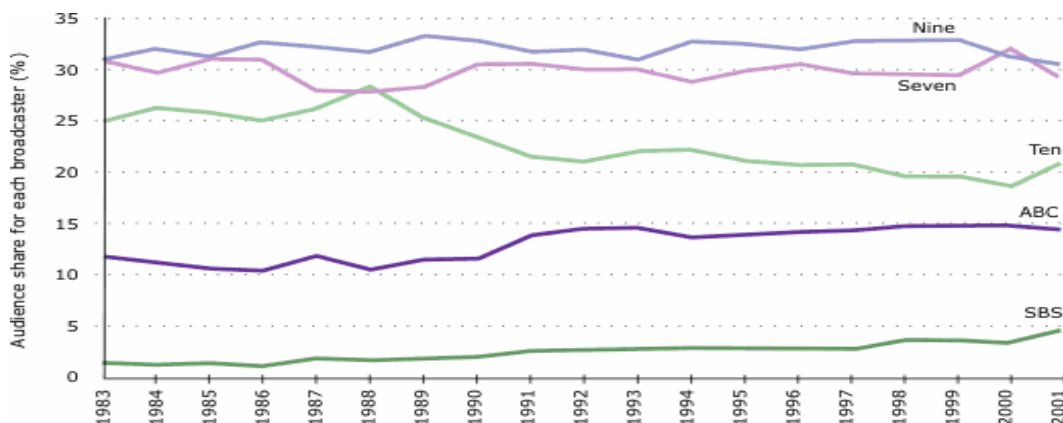
### Audience Share and Top 10 Programs

Australia's three commercial and two government-owned non-commercial free-to-air television networks dominate the Australian TV system. They have performed well financially throughout most of the past 10 years, despite a number of challenges which included:

- the introduction of pay TV in 1995
- computer games and online services were widely adopted; and
- substantial budget cuts were imposed upon the major public broadcaster, the Australian Broadcasting Corporation (ABC) in the latter half of the decade

Despite the budget cuts, the two public broadcasting services in Australia, ABC and SBS, have increased their audiences in the past 5-6 years. However, the two public broadcasters have relatively small audience shares compared to most European public broadcasters. Rather, in Australia we find that the private networks Nine and Seven have had dominant audience shares, hovering in the 30% range, for the past 20 years. Channel Ten, a third private channel, has traditionally accounted for a slightly more modest share of the audience, approximately 20%.

Audience Share of Free-to-Air Networks



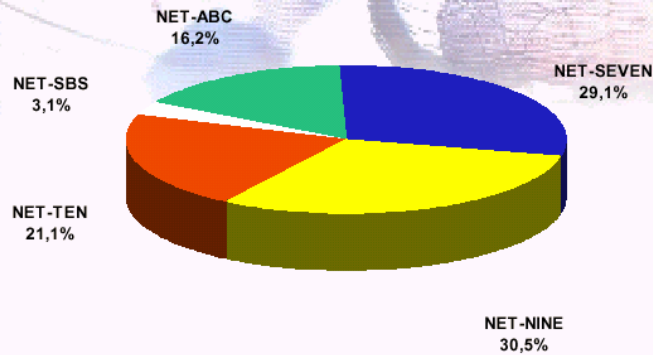
Source: AFC(ACN)

# Australia - Sydney

## 2000



Average daily viewing time per individual : 151 minutes  
Yearly market shares of the main channels in % for 2000



Universe of Total individuals : 4.097.000 (0 years and more)  
Panel of individuals : 1.613 (0 years and more)  
Panel of households : 551  
Time slot : Sun-Sat 06.00 to 30.00



SOURCE : EURODATA TV / ACNIELSEN AUSTRALIA

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# Australia - Sydney

## 2000



### top 10 all programs

Minimum of duration of the program : 5 minutes  
sports : maximum one program has been retained

Rk	Chan.	Date	St. Time	Program	Genre	Origin	Nb. Of Broad*	Dur.	TVR 0+ (%)	' 000	MSH 0+ (%)
1	NET7	Fr 15/09	18:30	OLY : 2000 OPENING	Sport	-	42	300	53.4	2 187	96.3
2	NET7	Su 01/10	18:25	SEVEN NEWS	News	Austral.	12	30	32.4	1 327	83.0
3	NET7	Mo 25/09	18:30	TODAY TONIGHT	News	Austral.	6	15	27.1	1 110	65.8
4	NET9	Mo 04/09	20:30	WHO WANTS TO BE A MILLIONNAIRE	GameSh.	Austral.	2	60	25.1	1 028	59.6
5	NET9	Mo 20/03	19:30	FRIENDS	Series	USA	2	30	19.4	794	48.4
6	NET7	Tu 03/10	19:30	BETTER HOMES GRDNS	Magazine		1	60	19.0	778	46.1
7	ABC	Su 10/12	19:30	SEACHANGE SERIES 3	TV Movie	Austral.	1	60	18.8	770	51.2
8	NET9	Su 13/08	18:30	BACKYARD BLITZ	Magazine	Austral.	1	30	18.8	770	45.9
9	NET9	Su 13/08	18:00	NAT. NINE NEWS	News	Austral.	1	30	18.6	762	55.0
10	NET7	Su 05/03	19:00	POPSTARS	Music	Austral.	1	30	18.3	753	48.3

\* = number of broadcasts of the program before the 10th best performing one



SOURCE : EURODATA TV / ACNIELSEN AUSTRALIA

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The Australian top 10 in 2000 included the omnipresent prime time game show, *Who Wants To Be a Millionaire?*, as well as *Popstars*, which is categorized as a music program in Australia. If one looks only at drama programming in the same year, Australia had 5 domestic fiction programs in the top 20 drama series. The 15 foreign dramas included *Friends*, *E.R.* and many other titles familiar to Canadian audiences.

**Top 20 drama series and serials shown on Australian television, 2000;**  
**Australian programs listed in italics**

2000		
Title	Station	Rating
<i>Friends</i>	9	18.2
<i>Spin City</i>	9	15.9
<i>E.R.</i>	9	15
<i>Blue Heelers</i>	7	13.7
<i>Seachange</i>	ABC	13.7
<i>The Drew Carey Show</i>	9	11.9
<i>Monarch of the Glen</i>	ABC	11.8
<i>The Bill</i>	ABC	11.4
<i>All Saints</i>	7	11.2
<i>Dharma and Greg</i>	7	11.1
<i>Ally McBeal</i>	7	10.9
<i>Home and Away</i>	7	10.9
<i>Ballykissangel</i>	ABC	10.7
<i>JAG</i>	7	10.7
<i>3rd Rock from the Sun</i>	7	10.7
<i>The Practice</i>	7	10.1
<i>Will and Grace</i>	7	10.1
<i>Water Rats</i>	9	9.4
<i>Stargate SG-1</i>	7	9.3
<i>Cold Feet</i>	7	9.1

Source: ACNielsen, *TV Trends* 1999, 2000, 2001



Hollywood movies generally dominate the top rated films on Australian TV. Feature films can have very large audiences. For example, in 2000, the top rated films had ratings that ranged from 21.7% to 33.4%. A rating point is equal to 1 percent of the population. This means that 1 in 3 people watched *The Castle* on Channel 9, which was the number one rated film in Melbourne in 2000. Coincidentally, it was the only Australian film in the top 10.

**Top 10 feature films shown on Sydney and Melbourne television, 2000;  
Australian films listed in italics**

Sydney television		
Film	Station	Rating
Air Force One	7	30.4
My Best Friend's Wedding	10	28.6
Con Air	7	26.2
Men in Black	10	24.9
Pretty Woman	7	24.8
Conspiracy Theory	9	24.4
As Good as It Gets	10	24.3
The Rainmaker	7	23.8
In & Out	9	21.9
One Fine Day	7	21.7
Melbourne television		
Film	Station	Rating
<i>The Castle</i>	9	33.4
Con Air	7	32.3
My Best Friend's Wedding	10	31.2
Air Force One	7	28.5
Good Will Hunting	9	26.8
As Good as It Gets	10	26.5
The Negotiator	9	25.9
In & Out	9	25.9
Liar Liar	10	25.7
Conspiracy Theory	9	25.4

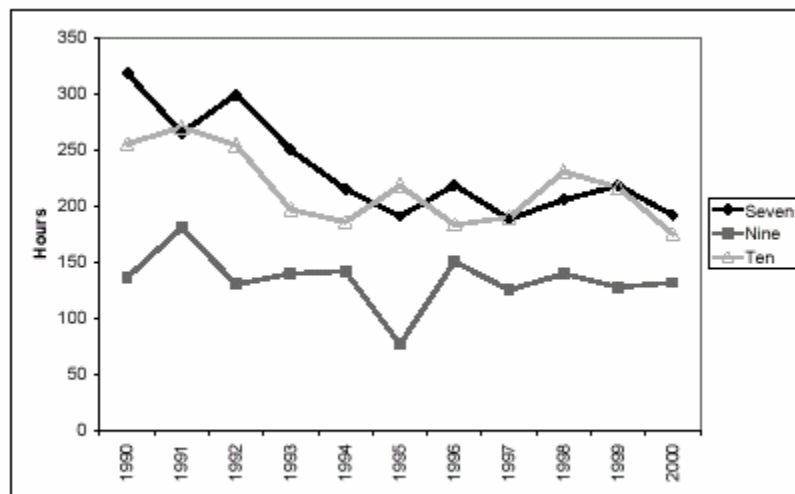
Source: ACNielsen; compiled by the Australian Film Commission

## Fiction vs. Other Programs

The Australian Broadcasting Authority (ABA) began a major review of Australian Content regulations in 1999. The final report was due before the end of 2002. For the review, the ABA issued comprehensive data on the schedules and audiences of all broadcasters, especially the dominant private broadcasters.

There has been a long term decline in the amount of domestic drama programming aired by private Australian broadcasters. The decrease is the primary factor that led the ABA to conduct the review of its TV program policies. Note that while the private broadcasters have reduced domestic drama, ABC, the public network, has increased domestic drama in its schedule.<sup>6</sup>

### First Run Australian Drama on Private Broadcasters, 1990-2000



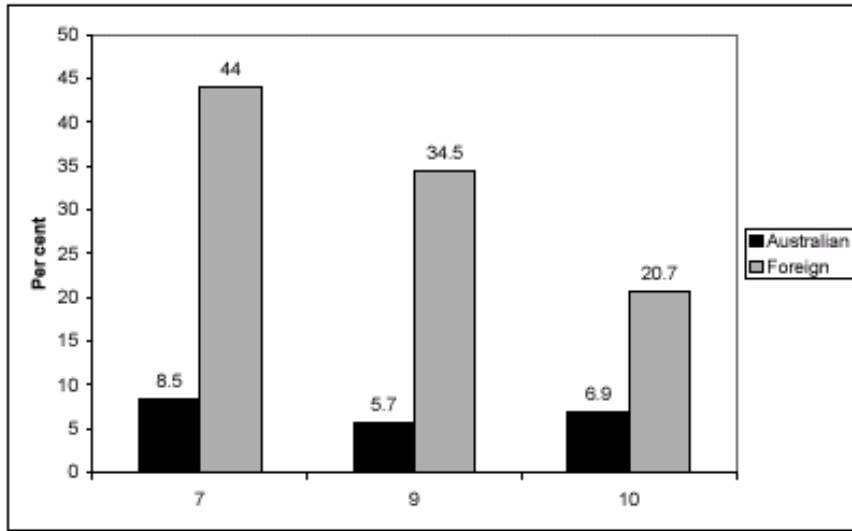
Source: ABA

The presence of foreign drama on the private networks is a major public policy issue in Australia. We have seen that U.S. programming occupies a significant part of daytime schedules in Europe but in Australia this is also the case in prime time, as the following chart depicts.

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<sup>6</sup> Australian Film Commission

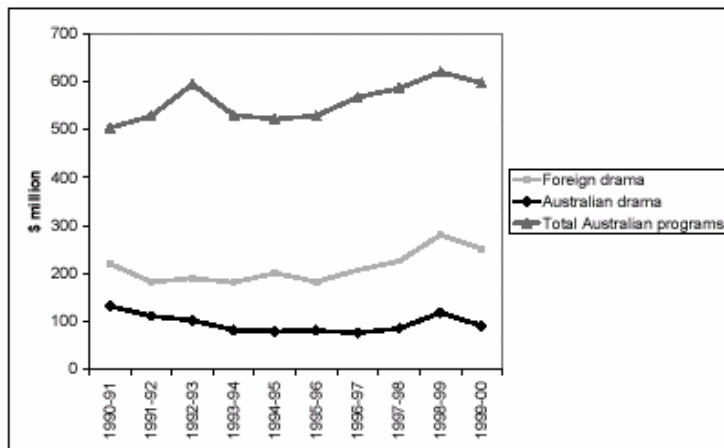
## Australian vs. Foreign Drama, 5pm-Midnight, Sydney, 2000



Source: ABA commercial television database

Annual spending on foreign drama had been increasing until a downturn in the Australian economy affected all program spending in 1999-00. Expenditures on foreign drama are currently about triple the expenditures on domestic drama. However, it is noteworthy that the expenditures of the three private Australian networks on domestic drama (\$91 million in 1999-00) were about double the expenditures on Canadian drama by private English-language Canadian broadcasters in the same period (Source: CRTC Monitoring Report).

## Expenditure on Foreign and Australian Drama, 1990-2000 (1990 Australian Dollars)



Source: ABA Broadcasting Financial Results 1999-00

The total annual cost of procuring foreign, mostly U.S, drama amounted to some \$250 million Australian in 1999-00, which was about 29% of all program expenditures by the major private broadcasters.

### **Program Expenditures of Australian Private Broadcasters, 1999-00**

<b>Program origin and genre</b>		<b>\$m</b>	<b>Per cent of total</b>
Australian programs	Drama	91	10.5
	Children's drama	11.9	1.4
	Children's other	7.2	0.8
	News and current affairs	153.2	17.7
	Documentaries	3.4	0.4
	Sport	187.3	21.7
	Light entertainment variety	48.6	5.6
	Light entertainment other	71.2	8.2
	Other programming	22.6	2.6
<b>Total Australian program expenditure</b>		<b>596.6</b>	<b>69.1</b>
Foreign programs	Foreign drama	250.7	29.0
	Foreign other	16.5	1.9
<b>Total overseas program expenditure</b>		<b>267.3</b>	<b>30.9</b>
<b>Total program expenditure</b>		<b>863.9</b>	<b>100.0</b>

Source: ABA *Broadcasting Financial Results 1999-00*

### **Has Drama Declined as a Broadcast Category?<sup>7</sup>**

The ABA wanted to determine in its content review whether the decline in Australian drama was the result of an overall decline in the scheduling of drama:

The ABA has attempted to identify whether drama has remained a popular form of programming during this period, or whether the decline in hours of Australian drama might be related to a fall in the broadcast of the drama genre generally. Although data is not available for every year, information presented in the ABT/ABA publication *Broadcasting in Australia* appears to indicate higher levels of prime time drama in the late 1980s and early 1990s on commercial television, than the ABA has identified for the period 1998 to 2000.<sup>8</sup>

<sup>7</sup> This was the question the ABA asked verbatim in its November 2001 Issues Paper.

<sup>8</sup> ABA, Issues Paper, November 2001, p.25.

However, the ABA also concluded that in the period since the mid-1990's, the period we are examining, the percentage of drama in Australian schedules has not declined, as shown in the following table:

**Percentage of Drama Programming on Over-the-Air Australian Channels, 6 a.m.-Midnight, 1996-2000**

Year	Drama programs (% of total programming)
1996	28
1997	30
1998	27
1999	29
2000	30

Source: *ACNielsen TV Trends*, 1997-01 editions

Note: Drama includes movies, comedy and serials

Drama has held steady at about 30% of the private networks' whole day schedules. A more focussed analysis of the key prime time period revealed that drama was even more important in prime time, although the analysis clearly showed the preponderance of foreign drama in Australian TV.

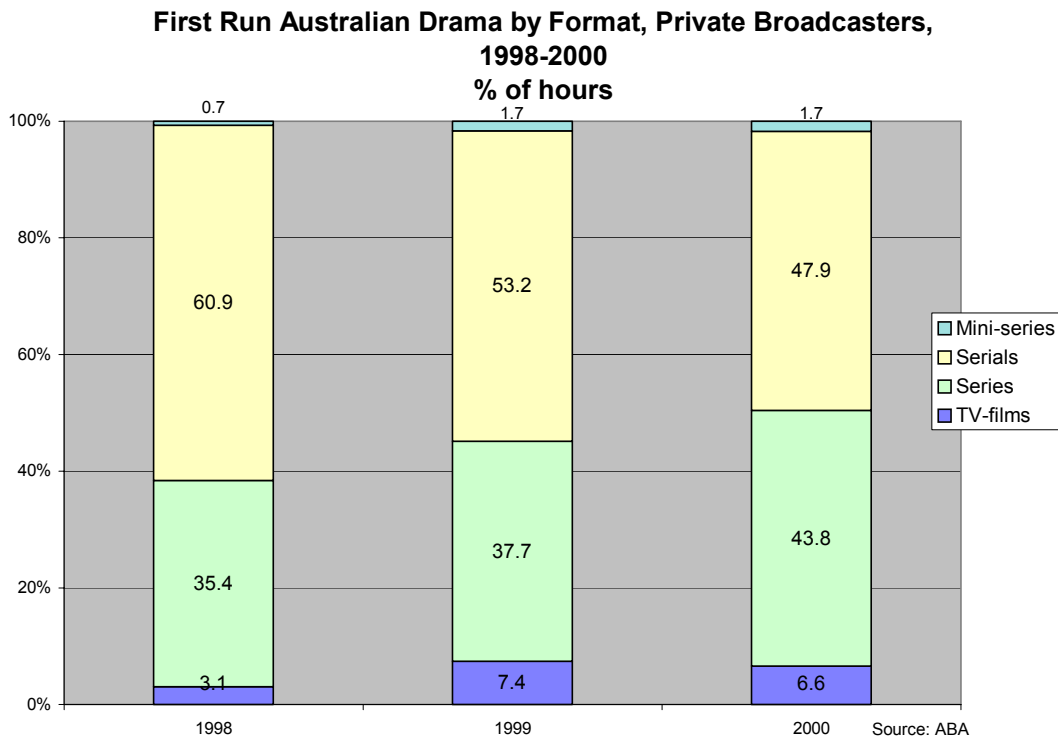
**Percentage of Drama on Major Private Australian Broadcasters, 6 p.m.-10 p.m., 1998-2000**

Year	Total drama programs (% of total programming)	Australian drama programs (% of total programming)	Foreign drama programs (% of total programming)
1998	41.26	10.69	30.58
1999	40.91	10.39	30.52
2000	39.39	9.69	29.7

Source: ABA, 2001

In prime time, drama accounted for approximately 40% of the prime time schedules of private networks in the late 1990's and in the year 2000. The small decrease in drama over the past 2-3 years occurred in both domestic and foreign drama, although in proportional terms the decrease is larger in domestic drama.

Coupled with the decrease in domestic fiction production, there has been a proportional shift away from serials to program series. The chart below, derived from the ABA's background issues paper, provides a breakdown of drama by format on the three private Australian networks.



Meanwhile, the major public broadcaster, ABC, has increased both the amount of drama and entertainment programming in its schedule over the past 5 years. Drama has increased from 6.8% of total broadcast hours in 1996-97 to 8.1% in 2000-01 (see table). Entertainment programming has increased from 9.4% to 11.9% in the same period. It is worth noting that the

foreign content of the ABC has remained stable at about 42-43% in the past 5 years, much higher than the foreign content on its Canadian equivalent, the CBC. Three program categories account for most of the foreign content. In 2000-01 foreign children's programming represented 14.7% of ABC's total schedule; foreign movies, 8.8% and foreign drama, 4.0%.

Percentage of Schedule Hours, ABC, 1996-97 to 2000-01															
	1996/97			1997/98			1998/99			1999/00			2000/01		
	Local	Import.	Total	Local	Import.	Total	Local	Import.	Total	Local	Import.	Total	Local	Import.	Total
Arts	5.70%	2.30%	8.00%	0.90%	1.90%	2.80%	0.90%	2.30%	3.20%	2.10%	2.30%	4.40%	1.50%	2.20%	3.70%
Children's	5.40%	12.50%	17.90%	5.10%	14.20%	19.30%	6.10%	14.40%	20.50%	5.40%	15.70%	21.10%	5.90%	14.70%	20.60%
Comedy	0.70%	2.50%	3.20%	1.20%	2.00%	3.20%	0.70%	2.40%	3.10%	1.50%	1.30%	2.80%	1.00%	2.10%	3.10%
Documentaries	1.40%	2.50%	3.90%	1.90%	4.10%	6.00%	2.30%	4.20%	6.50%	2.20%	3.60%	5.80%	2.70%	3.90%	6.60%
Drama	3.10%	3.70%	6.80%	2.30%	5.60%	7.90%	1.90%	5.60%	7.50%	1.70%	5.70%	7.40%	4.10%	4.00%	8.10%
Education	9.80%	9.00%	18.80%	9.40%	8.20%	17.60%	9.60%	7.20%	16.80%	10.20%	5.90%	16.10%	9.40%	4.30%	13.70%
Entertainment	8.30%	1.10%	9.40%	11.20%	0.60%	11.80%	11.70%	0.60%	12.30%	11.10%	0.70%	11.80%	11.70%	0.20%	11.90%
Features	1.90%	0.00%	1.90%	2.00%	0.20%	2.20%	1.80%	0.30%	2.10%	2.30%	0.20%	2.50%	2.50%	0.30%	2.80%
Indigenous													0.10%	0.00%	0.10%
Movies	0.00%	8.20%	8.20%	0.00%	5.20%	5.20%	0.00%	5.60%	5.60%	0.00%	6.40%	6.40%	0.10%	8.80%	8.90%
News	5.90%	0.00%	5.90%	6.60%	0.10%	6.70%	5.70%	0.00%	5.70%	4.30%	0.00%	4.30%	3.40%	0.00%	3.40%
Current affairs	9.30%	0.30%	9.60%	9.20%	0.00%	9.20%	9.40%	0.00%	9.40%	9.50%	0.00%	9.50%	9.70%	0.00%	9.70%
Religious	0.50%	0.60%	1.10%	0.40%	1.00%	1.40%	0.30%	0.80%	1.10%	0.40%	0.90%	1.30%	0.40%	0.80%	1.20%
Science & talks	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.10%	0.00%	0.10%	0.20%	0.00%	0.20%	0.20%	0.00%	0.20%
Sport	4.50%	0.70%	5.20%	5.60%	0.80%	6.40%	6.00%	0.10%	6.10%	6.30%	0.00%	6.30%	4.90%	1.00%	5.90%
<b>Total</b>	<b>56.50%</b>	<b>43.50%</b>	<b>100.00%</b>	<b>56.00%</b>	<b>44.00%</b>	<b>100.00%</b>	<b>56.50%</b>	<b>43.50%</b>	<b>100.00%</b>	<b>57.30%</b>	<b>42.70%</b>	<b>100.00%</b>	<b>57.60%</b>	<b>42.40%</b>	<b>100.00%</b>

Source: ABC

To some degree, the public broadcaster has made up for the reduction in drama programming on the private Australian networks. Thus, the private and public Australian broadcasters, when taken together, have not altered the basic proportions of drama vs. other entertainment programming in their program schedules to any significant degree. However, the long term decline in the amount of Australian drama on the more popular private networks remains a concern.

## United States - Overview

### Audience Share and Top 10 Programs

The United States is the only market in the rest of the world that resembles Canadian English television. Like Canada, numerous terrestrial networks and stations were established decades ago and cable TV, with its many specialty channels, was introduced and has had a major influence on the TV marketplace since the 1970's. Those people in areas without cable have recently gained access to many more traditional networks and specialty channels via DTH. As a result, the American audience is divided among many dozens of stations.

The largest networks, ABC, NBC and CBS, have a prime time audience share of 12-13% each. On a whole day basis, the original big three networks have closer to 10% shares each. Fox, which became the fourth major network during the 1990's presently accounts for about a 9% audience share, while UPN and WB, the newest networks, have about 3-4%. The remaining 50% of the audience is accounted for by the hundreds of specialized channels in the U.S.

The American system is almost completely dominated by private broadcasting; PBS, the loose network of public TV stations, captures about 3% of all TV viewing. The public broadcasting service has some British and a little Canadian programming and there are foreign-language channels available by satellite for various ethnic groups but their audience is basically not measurable. Domestic Spanish-language TV is the only non-English television that captures significant audiences.

In 2000 the top 10 programs on U.S. TV had more reality/game shows than in the other countries we have examined. *Big Brother*, *Survivor* and *Who Wants To Be a Millionaire?* all achieved top 10 status on American TV. But, as discussed below, these programs have not displaced drama in U.S. network schedules. It should also be noted that U.S. broadcasters, for the most part adopted the reality/game show genres a year or two later than Europe or Australia. Only in the last year or two are the U.S. networks beginning to experience the lower audiences that reality/game shows garner in their second or third run.

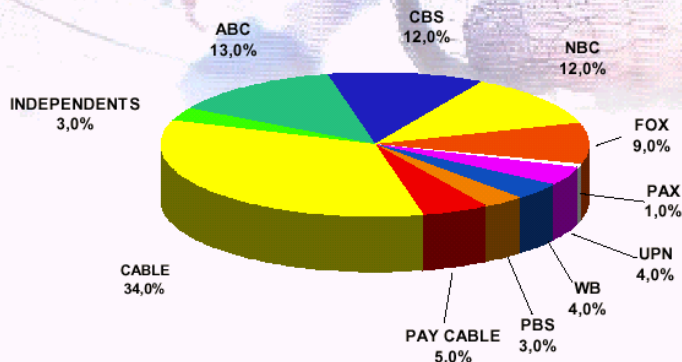


# United States\*

# 2000



Average daily viewing time per individual : 266 minutes  
Yearly market shares of the main channels in % for 2000



\* Period of observation : from 20/09/99 to 01/10/00  
Universe of Total individuals : 261.780.000 (2 years and more)  
Panel of individuals : 13.257 (2 years and more)  
Panel of households : 5.071  
Time slot : Mon - Sat 8pm-11pm & Sun 7pm-11pm



SOURCE : EURODATA TV / NIELSEN MEDIA RESEARCH

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# United States

# 2000



## top 10 all programs

Minimum of duration of the program : 5 minutes  
Highest rated episode of each series or special show,  
sports excluded except for the Super Bowl

Rk	Chan.	Date	St. Time	Program	Genre	Origin	Nb. of Broad*	Dur	TVR 2+ (%)	'000 2+	MSH 2+ (%)
1	ABC	Su 30/01	18:26	SUPER BOWL XXXIV TENNESSEE/ST LOUIS	Am. Foot.	USA	1	212	34.0	88376	64.3
2	CBS	We 23/08	20:00	SURVIVOR	Gamesh.	USA	3	122	19.9	51726	47.2
3	ABC	Tu 07/03	20:05	WHO WANTS TO BE A MILLIONAIRE	Gamesh.	USA	10	55	19.4	50426	30.5
4	ABC	Su 26/03	20:03	ACADEMY AWARDS	Event	USA	1	228	17.8	46267	45.4
5	NBC	Th 17/02	22:00	E.R.	Series	USA	2	60	15.2	39509	38.1
6	CBS	Su 12/03	19:00	60 MINUTES	News Mag.	USA	1	60	14.7	38210	24.9
7	CBS	We 05/07	21:00	BIG BROTHER	Gamesh.	USA	1	60	13.9	36130	23.0
8	NBC	Th 09/03	20:00	FRIENDS	Sitcom	USA	1	30	13.9	36130	22.4
9	ABC	Su 12/03	22:00	THE PRACTICE	Series	USA	1	60	13.4	34830	22.3
10	NBC	Th 18/05	21:00	FRASIER	Sitcom	USA	1	60	13.0	33791	30.4

\* = number of broadcasts of the program before the 10th best performing one



SOURCE : EURODATA TV / NIELSEN MEDIA RESEARCH

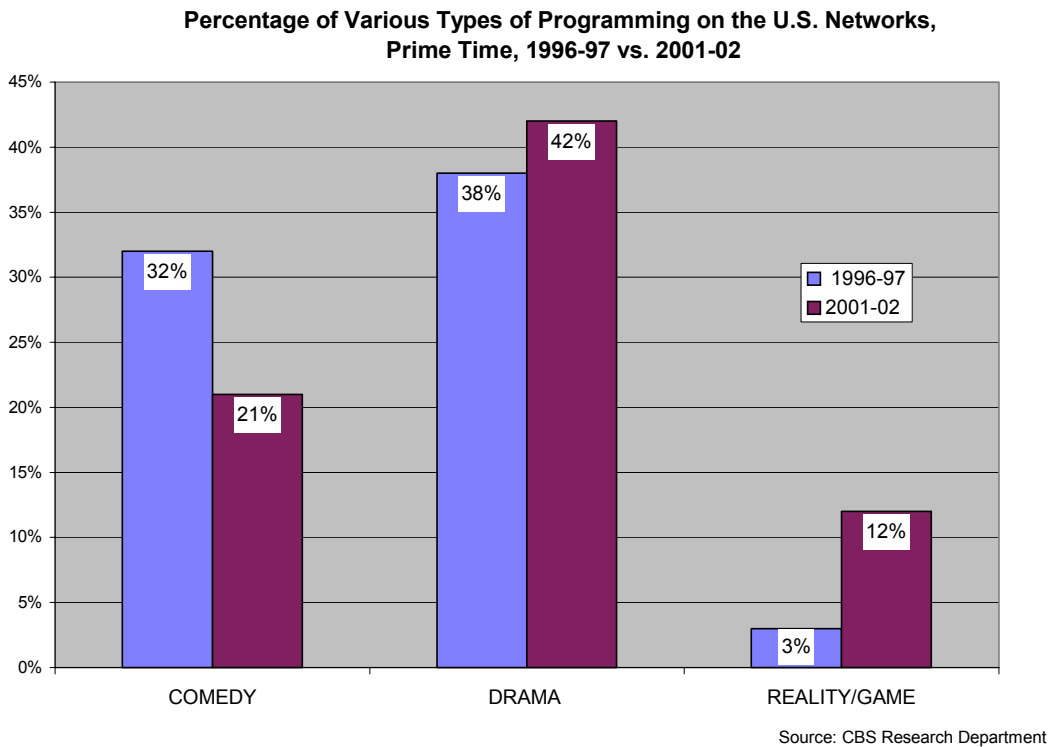
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## Fiction vs. Other Programs

We have seen the major influence that American TV has on the rest of the world. Therefore, it is not surprising to find that there is very little foreign programming on U.S. TV. There is so little foreign content that studies such as Eurofiction, which is now conducted annually, or the many Canadian commissions, task forces, etc. that have examined domestic content issues, are non-existent in the history of U.S. public policy.

In the period 1996 to 2001, the six major U.S. broadcasting networks significantly increased the number of reality/game shows in their schedules, as depicted in the chart below:

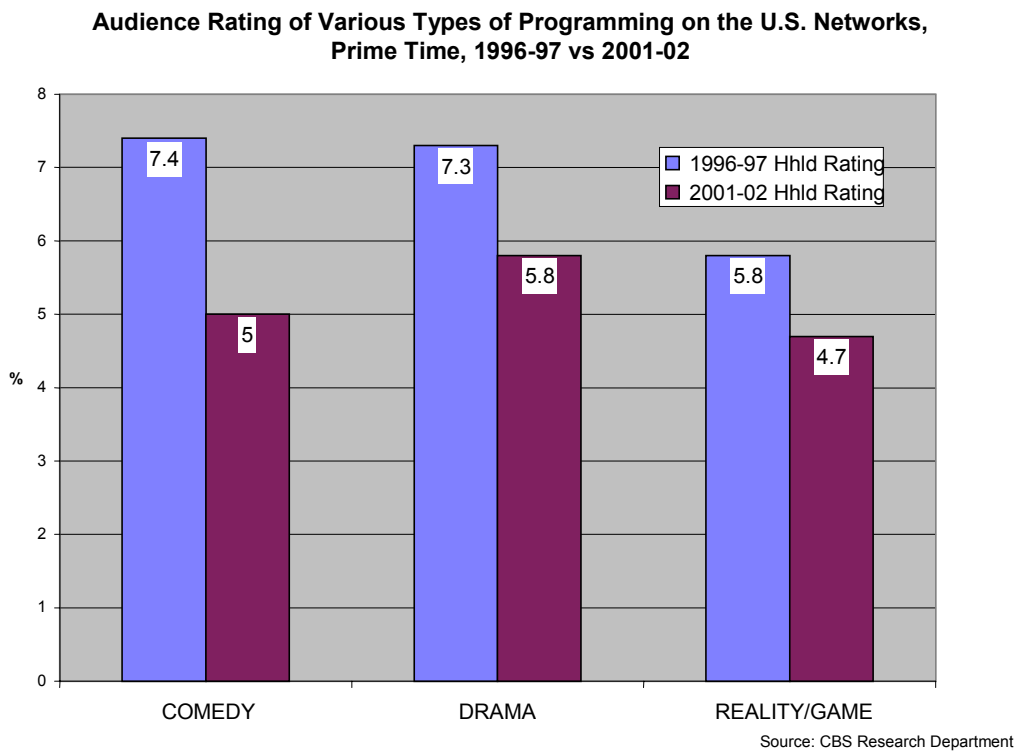


The six broadcast networks increased the percentage of reality/game shows in their schedules from 3% to 12% over this five year period. Such a dramatic shift in scheduling practices is probably unprecedented. Our analysis shows that in other countries reality/game shows, while important,

were not incorporated into schedules to this degree. However, the reality/game show phenomenon was probably hitting its peak in the U.S. during the 2001-02 TV season.

Interestingly, the increase in reality/game shows came not at the expense of drama programming but comedy. In the U.S., comedy includes sitcoms, which in Canada would be classified as drama. Comedy fell from 32% to 21% of all prime time programming. Drama actually increased slightly to 42%, maintaining its position as the single largest category of programming.

What impact has this had on audience behaviour in the U.S., which may have more in common with Canada than Europe or Australia?

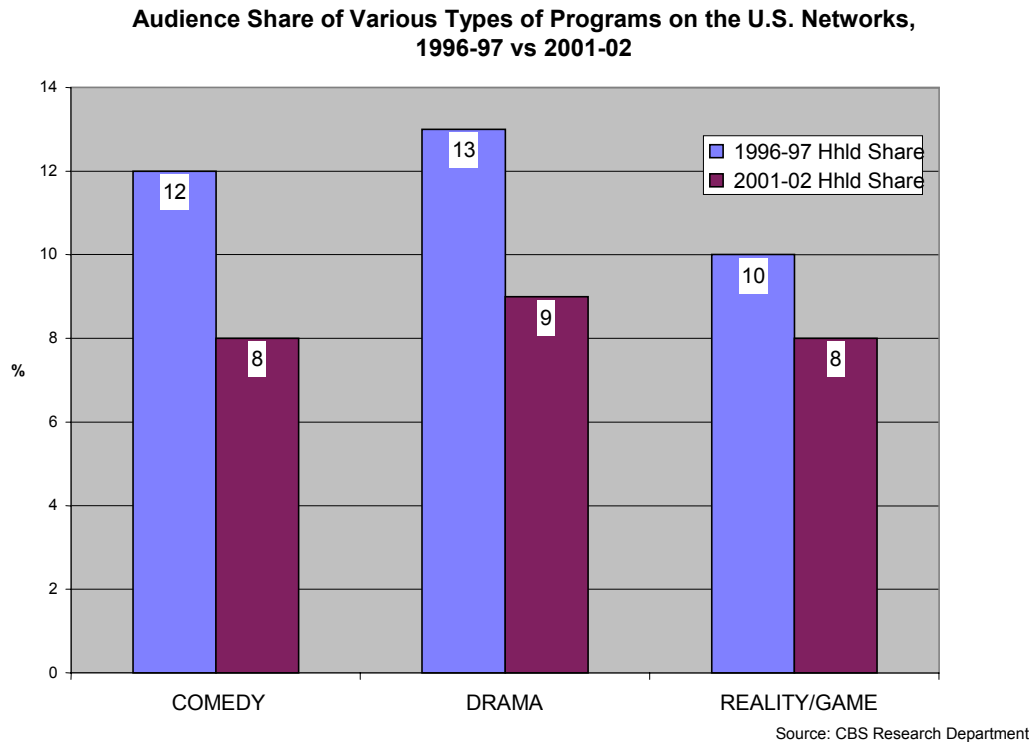


The CBS Research department provided data for this study that reveal that audiences have declined for all types of prime time network programs in the past 5 years, including reality/game shows. The ratings for comedy declined the most (32%), while the ratings for drama and reality/game shows fell about equally, 21% and 19% respectively. Dave Poltrack of CBS Research reported to CMRI that the “number of channels available to the average U.S. household doubled over the past five years, from 45 to 90.” As a result, the

network ratings have declined overall by some 20%, i.e., exactly the decline in drama and reality/game shows.

It is worth noting that the average rating for reality/game shows (4.7%) in 2001-02 was slightly lower than the average rating for either comedy (5.0%) or drama programming (5.8%). However, the lower production costs of reality/game shows, coupled with the higher chance of finding a hit show, make the genre very appealing for the networks.

The audience shares of the various program categories on U.S. network TV have declined in step with the decline in ratings, as shown below:



## **Conclusion**

TV is a very accessible medium. Television has a video (and audio) 'language' and grammar which viewers relate to instinctively, especially for story telling formats such as drama.

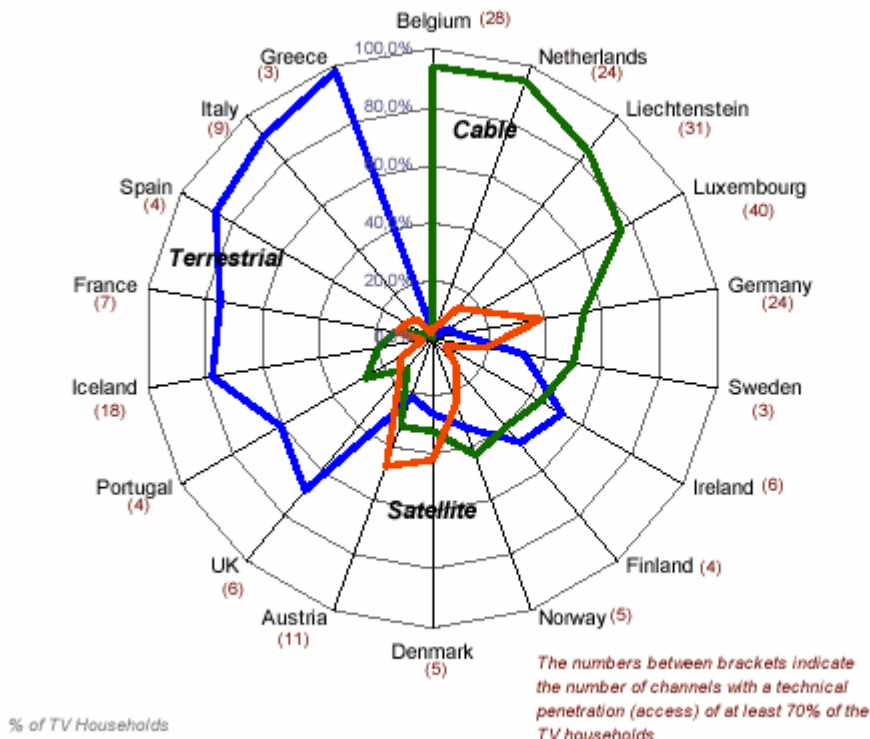
TV programming results from a complex process of cultivation in which studios, distributors, networks, and stations weed out the lesser talent and only the very best programs actually make it to air and survive for any period of time. At every level in the cultivation process, programs and the daily program schedule are being constantly evaluated and changed, to improve and to compete for viewers. Around the world, billions of dollars are spent annually on the research and development of programs, accompanied by billions more on production, distribution and promotion.

It is clear, given its sheer size, why the United States is the world's foremost producer of films and television. However, one thing that emerged from this study about Europe and Australia is the deep-seated commitment to produce domestic dramatic TV programming. The need to compete with or complement U.S. drama programs is so fundamental, one does not find any expressed rationale for it in these countries, it is just part of basic culture. TV drama, like film, is considered an art, equal in stature to popular literature.

The European mediascape varies significantly from country to country. Local circumstances determine the penetration of cable and satellite and the audience for local channels (see chart next page).

All Europeans consume a considerable amount of TV, ranging from 2.5 to 4 hours daily on a per capita basis. For the most part, the audience in Europe (and Australia to a lesser degree) is still loyal to the public broadcaster, as well as one or two private TV stations, rather than the many specialty channels that have captured a large share of the North American audience. European and Australian public broadcasters openly compete for audience share and the ratings are clearly the most important measure of performance for public broadcasters throughout Europe. Specialty channels are now

## Varying Penetration Rates of Cable, Satellite and Availability of Digital TV in Europe, 2000



Source: Outlook of the development of technologies and markets for the European Audio-visual sector up to 2010, Anderson Consulting, June 2002

widely available in Europe but the number of households choosing to subscribe to cable/DTH is limited and therefore their impact has yet to be felt on local broadcasters. Public broadcasters in Europe and their private counterparts tend to be extremely well funded by Canadian standards and this has probably been the major factor forestalling the penetration of cable, DTH and specialty channels.

U.S. programming plays a very significant role in the schedules of all European countries, as well as Australia. Especially in the hours outside of prime time, U.S. fiction programming is a building block in the schedules of public and private broadcasters. U.S. producers currently sell approximately \$9 billion worth of programming in Europe on an annual basis.

In the past five years, the program schedules of the broadcasters/countries we have studied absorbed many new reality/game shows, however, the effects on traditional drama programming appear to have been minimal. Every country reports that prime time reality/game shows became an important part of prime time schedules, especially on private channels. In virtually every case, these were not imports but program concepts adapted for the local market, in the language and customs of the local audience. The new reality/game shows seem to have replaced other entertainment programming in Europe. In the United States, reality/game shows increased fourfold in the period 1996 to 2001 and the available data suggest that a similar, if not so intense, phenomenon has occurred in Europe and Australia.

However, in the European countries we have studied and in Australia, the new reality/game shows did not replace drama programming. The data show that prime time drama has remained by far the largest and most important program category in Europe and Australia. In the U.S., a substantial percentage of the comedy genre has been replaced by reality/game shows but drama has not been affected at all. In other countries, domestic drama has actually increased in the past five years, with the exception of Australia (and France, where domestic drama production has been stable).