



**Comparative study on the impact of control measures on the television advertising markets.**

**REPORT : CZECH REPUBLIC**

## INTRODUCTION

**This report** is aimed at comparing the legal data on the one hand and the economic data on the other hand related to the television advertising market in order to assess the impact of the applicable regulation on the sector's economy.

We have followed the regulatory structure of the Directive in order to:

1. remind the applicable rules in the Czech Republic and compare them with the regulatory standards foreseen by the Directive
2. confront those rules with the economic data issued from CARAT's reports (cf « *Quantitative impact of the regulation on TV advertising markets in EU Member States, EEA countries, the new Member States and a number of third countries* »)
3. draw a first list of conclusions on the impact of regulation on the television advertising market or raise some questions for future analysis.

The present study is based on 2003 data, as a reference year, compared with 2002.

As mentioned in the call for tender documentation (ref. 2003/S 107 - 095378 DG EAC 44/03) and Carat's proposal, the selection of countries covered by the study has been based on local specificities, in order to guarantee that the studied landscapes are representative.

The notion "Applicant countries" includes Czech Republic, Hungary, Poland, Romania and Turkey, since during the reference year of the study (2003) the first three countries, which are now Member States, were still candidate members. The reader should also take into account that the notion "European Union Countries" concerns data and analysis for 10 Member States, on the condition the necessary basic information is available.

In the report figures referring to "average data" were calculated taking into account the weight of every country (population) and the TV viewing time of their population (Weighted average).

For the calculation of the "average duration of the interruptions" (tables 4,5,7), the channels without advertising have been excluded (e.g.: UK, Sweden and Germany during prime time). These countries have been taken into consideration in the "average number of interruptions per hour" in tables 7A and 7B (all channels).

When data are not available, the following symbol "-" is indicated. When data are available but results are zero, the following symbol "0" is indicated.

There are no standard figures available on the number of interruptions by type of programme, except in *Canada, Japan, USA, Poland and Belgium* where a specific analyse has been conducted (see Tab 6, 8 and 9 in the concerned report of these 5 countries).

In this *Czech* report and despite all our efforts, the following data are unavailable:

- audience figures and measurements of other channels than those with a national coverage
- detailed figures of split screen

The reader should bear in mind that certain economic patterns of the national markets are not always the direct, or indirect, consequence of the regulation. Other parameters have an influence on the economic situation of the studied media, in particular the overall volume of advertising investments.

The methodological explanatory note provides for useful indications to fully understand the way audience and advertising investments have been measured.

## GENERAL INFORMATION

### **1- The audiovisual landscape**

#### Definitions

##### **Audience rating**

The «Rating » (%) is the portion of the audience which defines the average percentage of persons (adults universe) watching television during a defined period of time.

##### **Prime time**

Day part showing the highest individuals/households interest for TV watching ; this concept does not have a standard definition across the Member States, prime time slots are specific for each country and usually correspond to the end of the working hours till the end of the “social” evening.

##### **Adult population**

The adult definition is not a stable standard and may vary from one country to another. Usually the definition of “adult” corresponds to mature teenagers and older population. Often the legal definition of a “child” or “minor” does not correspond to the definitions in use in the advertising market.

##### **Adult population universe**

Number of individuals corresponding to the definition of “adult population” in a given country.

**Audience Rating, day parts and target definitions (period 2003)**

**Average Prime vs. All Day (index):** ratio obtained by the division of the “average rating – all day” by the “average rating - prime time”. Gives an indication of how more important is the audience during prime time compared with the rest of the day.

**Average Prime part :** proportion of the Prime time versus All Day, in terms of audience (expressed by the “rating” factor). This proportion is weighted by the prime time duration.

<b>TAB 1</b>	<b>Czech Republic</b>	<b>European Union Countries (10)</b>	<b>Applicant countries (5)</b>	<b>Countries Outside EU (3)</b>	<b>All Countries Observed (18)</b>
Adult population definition	15+	13/16+	15/18+	18/20+	13/20+
Adult population universe	8.453.632	277.802.353	96.837.599	320.470.074	695.110.026
Average Rating - All Day*	14,9%	14,0%	16,7%	23,4%	18,7%
Average Rating - Prime Time*	43,2%	37,4%	39,8%	40,6%	39,2%
Prime Time slots definitions	19:00-22:00	18:55-23:00	18:30-23:00	19:00-23:00	19:00-23:00
Average Prime vs All Day (index)*	290	270	238	177	222
Average Prime part*	36%	34%	38%	26%	31%

\* Weighted averages (cf. introduction)

Source : Carat

Comments:

The average daily audience is higher than the European average and the audience during prime time is significantly higher than the European average (general national channels). In comparison with the average figures for the applicant countries, the television audience rate is under the average “during all day” but significantly higher during prime time.

Such can be due to:

- Television in Czech Republic is developing since 2004 but in previous years the 4 terrestrial national stations (two public services and 2 commercial channels) gathered nearly all tv viewers ;
- The definition of “prime time” is shorter in the Czech Republic and ends much earlier than in other European countries, and as a consequence includes less hours and a higher concentration of TV viewers.

## 2- Socioeconomic data (2003)

TAB 2	Czech Republic	European Union Countries (10)	Applicant countries (5)	Countries Outside EU (3)	All Countries Observed (18)
Total Adv. Investments All Media (000 €)	1.056.282	106.902.530	14.958.765	153.876.973	275.738.268
Total TV Invest. (000 €)	508.937	37.370.852	10.518.887	88.420.354	136.310.092
Part of TV Invest.*	48,2%	35,0%	70,3%	57,5%	49,4%
Share of Top 5 channels on. Total TV Invest.*	99,8%	84,4%	82,5%	31,6%	50,0%
Average Top 5 Channels Audience Share*	93,6%	60,5%	72,1%	50,8%	57,7%
Adults population universes	8.453.632	277.802.353	96.837.599	320.470.074	695.110.026
GDP (mo €)	80.097	8.668.867	601.106	14.296.881	23.566.853
Average Total Adv. Invest. All Media / GDP*	1,32%	1,23%	2,49%	1,08%	1,17%
Average Total TV Adv. Invest. / GDP*	0,64%	0,43%	1,75%	0,62%	0,58%
Average Adv. Invest. / inhab. (€ per year)	125,0	384,8	154,5	480,2	396,7
Average TV Adv. Invest. / inhab.* (€ per year)	60,2	134,5	108,6	275,9	196,1

\*Weighted averages (cf. introduction)  
source : Carat (Eurostat and local private sources)

Comments: The proportion of investments in television advertising shows the development of competition strategies on a macro economic level in Czech Republic, using marketing tools such as mass media (48% of investments are allocated to TV). Such is comparable to the practice in the other new member states in East en Central Europe. However, in absolute figures the invested budgets remain below the standards of the 15 former member states which show stronger economic indicators (GDP/inhabitant).

### 3- Types of broadcast and Audience Shares

#### Audience Shares

Share (%) of each channel of total TV audience.

#### Channels

All channels which data are available.

TAB 3A

Czech Republic			Adults
Name	Status		2003
<b>Average Rating Audience % TOTAL TV (1)</b>			<b>14,9</b>
			<b>of which :</b>
<b>Channels with national coverage</b>	<b>CT 1</b>	Public service	22,1
	<b>CT 2</b>	Public service	7,6
	<b>PRIMA TV</b>	Commercial channel free to air	20,6
	<b>TV NOVA</b>	Commercial channel free to air	43,4
<b>Local channels</b>	Emurfilm TV	Commercial channel free to air	-
	Fatem TV	Commercial channel free to air	-
	Galaxie Sport	Commercial channel free to air	-
	Genus TV	Commercial channel free to air	-
	Gimi	Commercial channel free to air	-
	Ocko	Commercial channel free to air	-
	TV Dakr	Commercial channel free to air	-
	TV Lyra	Commercial channel free to air	-
	TV Morava	Commercial channel free to air	-
	TV Polar	Commercial channel free to air	-
	TV Praha	Commercial channel free to air	-
	TV Puls	Commercial channel free to air	-
	TV Zak	Commercial channel free to air	-
<b>Non domestic channels</b>	ARD	Public service	-
	Markiza	Commercial channel free to air	-
	ORF 1	Public service	-
	ORF 2	Public service	-
	Polsat	Commercial channel free to air	-
	Pro 7	Commercial channel free to air	-
	RTL	Commercial channel free to air	-
	RTL 2	Commercial channel free to air	-
	RTL 7	Commercial channel free to air	-
	SAT 1	Commercial channel free to air	-
	STV 1	Public service	-
	STV 2	Public service	-
	TVP 1	Commercial channel free to air	-
	TVP 2	Commercial channel free to air	-
ZDF	Public service	-	

TAB 3B

Adults

Czech Republic	Name	Status	2003
<b>Average Rating Audience % TOTAL TV (1)</b>			<b>14,9</b>
			<b>of which :</b>
<b>International channels</b>	Animal Planet	Commercial channel free to air	-
	BBC World	Commercial channel free to air	-
	Cartoon Network	Commercial channel free to air	-
	CNN	Commercial channel free to air	-
	CNN International	Commercial channel free to air	-
	Discovery Channel	Commercial channel free to air	-
	Euronews	Commercial channel free to air	-
	Eurosport	Commercial channel free to air	-
	MCM	Commercial channel free to air	-
	MTV	Commercial channel free to air	-
<b>Other channels</b>	Sky News	Commercial channel free to air	-
	Hallmark	Commercial channel free to air	-
	HBO	Pay TV (no advertising)	-
	Private Gold	Pay TV (no advertising)	-
	Spektrum	Commercial channel free to air	-
	Supermax	Commercial channel free to air	-
	Others	-	6,4
<b>Total</b>			<b>100,0</b>

(1) Definitions : Please, refer to Tab. 1 of this report  
 Highlighted channels are covered in the economic report.

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<b><u>COMPARISON BETWEEN THE LEGAL AND THE ECONOMIC DATA</u></b>
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**I. ADVERTISING IDENTIFICATION**  
(Article 10 Directive)

**1. Separation of advertising from the programmes by optical and/or acoustic means**  
(Art.10.1 of the Directive)

The Czech Media Act stipulates that the television broadcaster shall ensure that advertising and teleshopping spots are recognizable from any other parts of the programme structure and are clearly separated therefrom by acoustic or optical or combined acoustic/optical means (and by acoustic means in the case of a radio broadcaster). It is also expressly stated that the television broadcaster shall ensure that advertising and teleshopping are always broadcast in blocks between individual broadcasts. These rules are in line with article 10 of the Directive.

There are no rules or guidelines in relation to split screen techniques.

**Impact on commercial practices**

The majority of advertising and teleshopping spots are included in traditional breaks. The average duration of a block is 132 seconds and somewhat longer in prime time (162 seconds) which is short compared to average European practice and close to the USA (main national networks) average where the average duration of a block is 141 seconds, but where the frequency of programmes interruptions is much higher.

There is also a significant difference between private and public broadcasters: the break duration on public channels is much shorter than on private channels (72 vs.150 seconds).

The split screen technique has been used for advertising only once.



**Average duration of advertising interruptions**  
**(seconds - all day)**

TAB 4A	Austria	Belgium NS	France	Germany	Ireland	Italy	Netherlands	Spain	Sweden	United Kingdom	European Union Countries*
Break durations (#sec) - Total	246	129	165	199	-	188	185	136	143	236	185
Break durations (#sec) of Public Channels	173	90	140	126	-	157	221	129	0	0	140
Break durations (#sec) of Private Channels	257	146	202	201	-	197	180	147	143	236	195
Break durations (#sec) of Pay TV (including advertising)	-	83	107	-	-	-	-	101	-	-	-

\* weighted average (cf. introduction)

Note that Telepromotions are excluded of these figures and have an average duration of 88 seconds in Italy.

TAB 4B	Czech Republic	Hungary	Poland	Romania	Turkey	Canada E/F	Japan	USA	European Union Countries*
Break durations (#sec) - Total	132	167	120	83	315	-	105	141	185
Break durations (#sec) of Public Channels	72	105	100	71	143	-	-	-	140
Break durations (#sec) of Private Channels	150	238	128	85	338	-	105	141	195
Break durations (#sec) of Pay TV (including advertising)	-	153	51	-	-	-	-	-	-

\* weighted average (cf. introduction)

Note that Telepromotions are excluded of these figures and have an average duration of 88 seconds in Italy.

## 2. Isolated advertising and teleshopping spots (Article 10.2 of the Directive)

As in art.10 of the Directive, the Czech regulation provides that isolated spots must remain exceptional.

### Impact on commercial practices

Isolated spots are not offered as a separate advertising format by broadcasters/their media sales houses.

The number of short interruptions (under 60 seconds) is important on Czech channels, in particular on public channels where almost 50% of breaks have a duration under 60 seconds. Such short breaks can contain more than 1 spot (the average duration of spot is 23,4 seconds).

### Proportion of advertising interruptions under 60 seconds (all day)

TAB 5A	Austria	Belgium N/S	France	Germany	Ireland	Italy	Netherlands	Spain	Sweden	United Kingdom	European Union Countries*
<b>Total</b>	-	27,4%	9,5%	13,5%	-	5,0%	7,5%	33,5%	20,6%	4,0%	12,8%
<b>Public Channels</b>	-	42,1%	9,7%	0,3%	-	7,0%	0,03%	29,6%	0,0%	0,0%	10,3%
<b>Private Channels</b>	-	20,9%	6,4%	13,9%	-	4,5%	8,7%	41,7%	20,6%	4,0%	13,3%
<b>Pay TV (including advertising)</b>	-	42,9%	25,3%	-	-	-	-	2,2%	-	-	-

\* weighted average (cf. introduction)

Note that Telepromotions are excluded of these figures (Italy : 3% in public channels and 9% in private channels ).

TAB 5B	Czech Republic	Hungary	Poland	Romania	Turkey	Canada E/F	Japan	USA	European Union Countries*
<b>Total</b>	25,2%	19,2%	23,1%	47,4%	12,9%	-	2,0%	12,0%	12,8%
<b>Public Channels</b>	49,9%	22,4%	24,4%	56,2%	27,0%	-	-	-	10,3%
<b>Private Channels</b>	17,6%	7,3%	21,6%	46,0%	11,0%	-	2,0%	12,0%	13,3%
<b>Pay TV (including advertising)</b>	-	28,6%	59,8%	-	-	-	-	-	-

\* weighted average (cf. introduction)

Note that Telepromotions are excluded of these figures (Italy : 3% in public channels and 9% in private channels ).

### **3. Subliminal advertising** (Art. 10.3 of the Directive)

Subliminal advertising techniques are prohibited under Czech law.

### **4. Surreptitious advertising** (Art.10.4 of the Directive)

Surreptitious advertising is expressly prohibited by Czech law.

There is no explicit reference to product placement in the Media Act. Therefore, the precise conditions applicable for the presentation of a product, services or a brand within a tv programme are still missing. The Media Council has not pronounced officially about the issue yet.

With regard to the current state of the relevant legal regulation and the position of the regulatory authority, i.e. the Media Council, it can be concluded that to show a product, services or a trade mark within a broadcasting programme is possible. However, the general obligation that the content of a sponsored programme may not promote the sale, purchase or lease of the products or services of a third party, in particular by mentioning such products in such programmes, shall apply. The decisions of the Media Council have not yet marked a precise border between product placement and presentation intended to promote the sale, purchase or lease of the products or services by mentioning them in the programme.

### **Impact on commercial practices**

Product placement is not an existing advertising format in the Czech republic.

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## **II. INSERTION PRINCIPLES** **(Art. 11 of the Directive)**

### **Preliminary remarks**

Figures in relation to the volume of advertising attributed to a type of programme (Film, Documentary, Series & Soaps, etc ...) include advertising inserted IN and BEFORE this type of programme. The term "insertion" is in conformity with article 11 of the Directive;

### **1. Insertion of advertising and teleshopping spots between and during the programmes** (Art. 11 of the Directive)

As a general rule advertising must be inserted between programmes. Under certain conditions broadcasters can also insert advertising in programmes.

Public broadcasters may only include advertising and teleshopping in broadcasts consisting of separate parts, or in sports broadcasts, or in other similarly structured broadcasts, or those containing intervals, but may only do so between such separate parts or intervals.

The private television broadcasters are entitled to, under the conditions described below, interrupt television broadcasting by advertising and teleshopping spots, unless such interruptions affect the coherence and value of the broadcasts. The broadcaster must respect the nature, duration and internal structure of the broadcast and may not infringe rights of the rights holders.

The rules in relation to the interruption of audiovisual works are in line with article 11.3. of the Directive. As regards all other programmes: these can be interrupted by advertising and teleshopping provided its scheduled duration is longer than 30 minutes, but not more frequently than once in 30 minutes, provided that a period of at least 20 minutes has elapsed between any two successive interruptions of the broadcast.

As provided in article 11.5 of the Directive advertising and teleshopping spots may not be inserted in news and political broadcasts, religious broadcasts and broadcasts for minors, unless their scheduled duration is longer than 30 minutes. Advertising and teleshopping spots shall not interrupt liturgical services.

Unlike the Directive, the Media Act does not make reference to children but to programmes for minors.

### **Impact on commercial practices**

In “All Day” there is only 1 interruption per hour and 1,9 interruptions per hour in “Prime Time”, which is under the European average and partly due to the strict rules applicable to public broadcasters. The number of breaks is equivalent for public and private channels during prime time but during the day private channels have more breaks per hour (1,6) than public channels (0,4).

There are no standard figures available on the number of interruptions by type of programme.

Nevertheless, it can be presumed that interruption of programmes is less frequent taken into account the stricter regulation applicable for public broadcasters, as well as the rule applicable to private broadcasters which provides that only programmes of a duration longer than 30 minutes can be interrupted and only once in a period of 30 minutes .

Most advertising insertions are in Series and Soaps, Film, Tv film and Mini series and Entertainment programmes. Those are also the programmes that represent the highest percentages in the total programme mix. Also sports programmes contain a high volume of advertising.

It can be noted that children’s programmes contain a very low percentage of advertising (as well as documentary), whereas there are no more restrictions applicable than those provided in article 11.5.

### **Average number of interruptions per hour during and between the programmes**

The following average number of blocks per hour is calculated taking into account to the real number of hours broadcast, excepted during Prime Time. (Theoretical - Please, refer to Chapter II of the economical report of the concerned country).

Please, note that the data of table 7 and table 18 are calculated on a different panel of channels. For the net proportion of the advertising broadcast volume, please refer to table 18A.

<b><u>TAB 7A - All Channels</u></b>	<b>Austria</b>	<b>Belgium N/S</b>	<b>France</b>	<b>Germany</b>	<b>Ireland</b>	<b>Italy</b>	<b>Netherlands</b>	<b>Spain</b>	<b>Sweden</b>	<b>United Kingdom</b>	<b>European Union Countries*</b>
<b>Duration of the interruptions All Day (#sec)</b>	246	129	165	199	-	188	185	136	143	236	<b>185</b>
<b>Number of interruptions per hour All Day</b>	1,0	1,4	1,5	1,8	-	1,8	1,6	3,4	1,8	1,8	<b>1,9</b>
<b>Duration of the interruptions Prime Time** (#sec)</b>	-	183	174	212	-	205	225	132	163	261	<b>198</b>
<b>Number of interruptions per hour Prime Time **</b>	-	1,9	2,4	1,4	-	2,1	2,2	3,1	3,1	1,5	<b>2,1</b>

\* weighted average (cf. introduction)

\*\* Theoretical dayparts

<b>TAB 7B - All Channels</b>	Czech Republic	Hungary	Poland	Romania	Turkey	Canada E/F	Japan	USA	European Union Countries*
Duration of the interruptions All Day (#sec)	132	167	120	83	315	-	105	141	185
Number of interruptions per hour All Day	1,0	1,3	1,8	1,9	1,0	-	5,3	5,5	1,9
Duration of the interruptions Prime Time** (#sec)	162	174	129	98	378	-	125	147	198
Number of interruptions per hour Prime Time **	1,9	1,5	2,4	3,0	1,2	-	6,4	5	2,1

\* weighted average (cf. introduction)

\*\* Theoretical dayparts

<b>TAB 7C - Public channels</b>	Austria	Belgium N/S	France	Germany	Ireland	Italy	Netherlands	Spain	Sweden	United Kingdom	European Union Countries*
Duration of the interruptions All Day (#sec)	173	90	140	126	-	157	221	129	0	0	140
Number of interruptions per hour All Day	0,5	1,1	1,3	0,3	-	0,9	1,2	3,7	0	0	1,1
Duration of the interruptions Prime Time** (#sec)	-	133	157	0	-	168	278	127	0	0	159
Number of interruptions per hour Prime Time **	-	1,3	2,2	0	-	1,7	1,3	2,7	0	0	2,0

\* weighted average (cf. introduction)

\*\* Theoretical dayparts

<b>TAB 7D - Public channels</b>	Czech Republic	Hungary	Poland	Romania	Turkey	Canada E/F	Japan	USA	European Union Countries*
Duration of the interruptions All Day (#sec)	72	105	100	71	143	-	-	-	140
Number of interruptions per hour All Day	0,4	1,0	1,8	1,9	0,6	-	-	-	1,1
Duration of the interruptions Prime Time** (#sec)	93	101	132	91	193	-	-	-	159
Number of interruptions per hour Prime Time **	1,9	1,2	2,5	2,8	0,9	-	-	-	2,0

\* weighted average (cf. introduction)

\*\* Theoretical dayparts

<b>TAB 7E - Private Channels</b>	Austria	Belgium N/S	France	Germany	Ireland	Italy	Netherlands	Spain	Sweden	United Kingdom	European Union Countries*
Duration of the interruptions All Day (#sec)	257	146	202	201	-	197	180	147	143	236	195
Number of interruptions per hour All Day	1,2	2,0	1,7	2,0	-	2,4	1,7	4,2	2,4	1,9	2,2
Duration of the interruptions Prime Time** (#sec)	-	207	207	212	-	224	218	145	163	261	210
Number of interruptions per hour Prime Time **	-	2,5	3,3	1,6	-	2,5	2,4	4,0	3,9	1,5	2,5

\* weighted average (cf. introduction)

\*\* Theoretical dayparts

<b>TAB 7F - Private Channels</b>	Czech Republic	Hungary	Poland	Romania	Turkey	Canada E/F	Japan	USA	European Union Countries*
Duration of the interruptions All Day (#sec)	150	238	128	85	338	-	105	141	195
Number of interruptions per hour All Day	1,6	1,8	2,0	1,8	1,1	-	5,3	5,5	2,2
Duration of the interruptions Prime Time** (#sec)	215	293	132	99	406	-	125	147	210
Number of interruptions per hour Prime Time **	1,9	1,7	2,6	3,0	1,3	-	6,4	4,7	2,5

\* weighted average (cf. introduction)

\*\* Theoretical dayparts

**Proportion of broadcasting volume and advertising investment by type of programmes**

**Children's programmes - All Day 2003**

TAB 10A	Austria	Belgium N/S	France	Germany	Ireland	Italy	Netherlands	Spain	Sweden	United Kingdom	European Union Countries*
Proportion of broadcasting volume vs total broadcasting	10,3%	6,0%	9,3%	4,9%	-	6,8%	14,6%	-	3,0%	7,7%	7,5%
Part in the global advertising investment	-	2,0%	-	-	-	3,3%	3,8%	-	-	8,8%	-

TAB 10B	Czech Republic	Hungary	Poland	Romania	Turkey	Canada E/F	Japan	USA	European Union Countries*
Proportion of broadcasting volume vs total broadcasting	2,1%	9,0%	15,5%	7,0%	5,1%	-	3,2%	7,8%	7,5%
Part in the global advertising investment	0,1%	-	2,3%	0,7%	2,0%	-	-	2,7%	-

**Documentary - All Day 2003**

TAB 11A	Austria	Belgium N/S	France	Germany	Ireland	Italy	Netherlands	Spain	Sweden	United Kingdom	European Union Countries*
Proportion of broadcasting volume vs total broadcasting	0,6%	3,3%	11,6%	11,6%	-	4,6%	2,6%	-	12,8%	15,9%	9,8%
Part in the global advertising investment	-	0,6%	-	-	-	2,9%	1,6%	-	-	18,1%	-

TAB 11B	Czech Republic	Hungary	Poland	Romania	Turkey	Canada E/F	Japan	USA	European Union Countries*
Proportion of broadcasting volume vs total broadcasting	4,9%	1,4%	10,0%	8,7%	3,1%	-	3,6%	3,6%	9,8%
Part in the global advertising investment	0,9%	-	3,1%	1,4%	2,3%	-	-	4,4%	-

**Entertainment and Music - All Day 2003**

TAB 12A	Austria	Belgium N/S	France	Germany	Ireland	Italy	Netherlands	Spain	Sweden	United Kingdom	European Union Countries*
Proportion of broadcasting volume vs total broadcasting	5,5%	11,1%	15,1%	10,8%	-	13,2%	22,5%	-	32,2%	7,5%	12,5%
Part in the global advertising investment	-	14,7%	-	-	-	33,7%	30,3%	-	-	8,5%	-

TAB 12B	Czech Republic	Hungary	Poland	Romania	Turkey	Canada E/F	Japan	USA	European Union Countries*
Proportion of broadcasting volume vs total broadcasting	16,4%	13,3%	12,0%	32,0%	15,0%	-	20,6%	16,9%	12,5%
Part in the global advertising investment	21,8%	-	18,7%	26,9%	16,3%	-	-	18,7%	-

**Film, TV Films and Mini Series - All Day 2003**

TAB 13A	Austria	Belgium N/S	France	Germany	Ireland	Italy	Netherlands	Spain	Sweden	United Kingdom	European Union Countries*
Proportion of broadcasting volume vs total broadcasting	22,2%	17,7%	10,2%	11,9%	-	16,1%	4,3%	-	8,3%	13,0%	12,9%
Part in the global advertising investment	-	28,2%	-	-	-	17,4%	10,6%	-	-	14,9%	-

TAB 13B	Czech Republic	Hungary	Poland	Romania	Turkey	Canada E/F	Japan	USA	European Union Countries*
Proportion of broadcasting volume vs total broadcasting	18,8%	17,9%	17,9%	7,1%	14,0%	-	2,8%	3,7%	12,9%
Part in the global advertising investment	30,7%	-	20,8%	23,3%	14,1%	-	-	3,8%	-

**Information (News, Flash and Info Magazines) - All Day 2003**

TAB 14A	Austria	Belgium N/S	France	Germany	Ireland	Italy	Netherlands	Spain	Sweden	United Kingdom	European Countries Union*
Proportion of broadcasting volume vs total broadcasting	2,6%	12,4%	11,3%	6,8%	-	23,1%	9,4%	-	1,9%	13,4%	12,8%
Part in the global advertising investment	-	11,7%	-	-	-	18,3%	8,7%	-	-	15,2%	-

TAB 14B	Czech Republic	Hungary	Poland	Romania	Turkey	Canada E/F	Japan	USA	European Union Countries*
Proportion of broadcasting volume vs total broadcasting	10,7%	7,6%	5,9%	8,2%	22,3%	-	10,6%	14,4%	12,8%
Part in the global advertising investment	6,1%	-	24,7%	17,7%	13,1%	-	-	8,0%	-



**Political, Religious, Philosophical, Unions programmes - All Day 2003**

TAB 15A	Austria	Belgium N/S	France	Germany	Ireland	Italy	Netherlands	Spain	Sweden	United Kingdom	European Union Countries*
Proportion of broadcasting volume vs total broadcasting	2,0%	1,4%	0,8%	0,5%	-	2,4%	3,2%	-	0,0%	0,0%	1,1%
Part in the global advertising investment	-	0,1%	-	-	-	0,6%	0,7%	-	-	0,1%	-

TAB 15B	Czech Republic	Hungary	Poland	Romania	Turkey	Canada E/F	Japan	USA	European Union Countries*
Proportion of broadcasting volume vs total broadcasting	0,3%	4,7%	2,3%	0,3%	3,6%	-	0,4%	0,0%	1,1%
Part in the global advertising investment	0,0%	-	0,9%	0,1%	2,2%	-	-	0,0%	-

**Series and Soap - All Day 2003**

TAB 16A	Austria	Belgium N/S	France	Germany	Ireland	Italy	Netherlands	Spain	Sweden	United Kingdom	European Union Countries*
Proportion of broadcasting volume vs total broadcasting	9,8%	18,7%	11,6%	11,5%	-	14,1%	8,0%	-	13,9%	5,1%	11,3%
Part in the global advertising investment	-	16,1%	-	-	-	15,4%	22,5%	-	-	5,8%	-

TAB 16B	Czech Republic	Hungary	Poland	Romania	Turkey	Canada E/F	Japan	USA	European Union Countries*
Proportion of broadcasting volume vs total broadcasting	20,6%	5,2%	13,5%	11,8%	11,6%	-	9,4%	22,4%	11,3%
Part in the global advertising investment	26,0%	-	25,9%	15,4%	23,9%	-	-	37,5%	-

**Sports - All Day 2003**

TAB 17A	Austria	Belgium N/S	France	Germany	Ireland	Italy	Netherlands	Spain	Sweden	United Kingdom	European Union Countries*
Proportion of broadcasting volume vs total broadcasting	1,9%	5,1%	3,1%	8,6%	-	3,5%	2,7%	-	8,4%	7,5%	5,6%
Part in the global advertising investment	-	2,3%	-	-	-	5,9%	7,1%	-	-	8,6%	-

TAB 17B	Czech Republic	Hungary	Poland	Romania	Turkey	Canada E/F	Japan	USA	European Union Countries*
Proportion of broadcasting volume vs total broadcasting	4,7%	11,3%	7,9%	3,3%	1,6%	-	5,9%	9,4%	5,6%
Part in the global advertising investment	5,7%	-	2,1%	3,9%	3,3%	-	-	22,5%	-

\* \*

### **III. QUANTITATIVE RESTRICTIONS** (Art. 18 of the Directive)

#### **1. Quantitative restrictions on advertising and teleshopping spots**

The condition that during each hour of television broadcasting the time allowed to advertising shall not exceed 12 minutes, i.e. 20%, applies with respect to both types of television broadcasters. However, for the public broadcaster it is provided that during the period between 7.00 p.m. and 10.00 p.m., the broadcasting of advertising and teleshopping shall not exceed 6 minutes in one hour of broadcasting.

For a public broadcaster, the time devoted to advertising shall not exceed 1% of the daily broadcasting time. This proportion may be increased up to 10% of the daily broadcasting time by the broadcasting of teleshopping.

For private broadcasters the rules of art.18 Directive fully apply.

#### **Impact on commercial practices**

During all day the public broadcaster CT1 uses the maximum of advertising space available in a day. Advertising on the public channels is however very reduced and far under the legal limits set by the Directive because of the specific legal restrictions for public broadcasters in the Czech Republic (1% on the daily broadcasting time).

The private channels remain far under the maximum permitted quota (Prima TV: 3,5 min/hour and 5,8%/day, TV Nova: 4,3 min/hour and 7,2%/day). Such is not due to any specific legal restriction since these channels are authorised to broadcast maximum 12 minutes advertising and teleshopping spots/hour.

During prime time the public channel CT1 is again close to the permitted maximum of 6 minutes / hour in prime time (CT1: 4,6 minutes/hour). The private channels remain far under the permitted maximum (Prima Tv: 6,2 min/hour and TV Nova: 7,2 min/hour).(see tab 10d, p 28)

The global percentage of advertising in the total programme mix 3,6% (see p.30) below the European average. This is not only due to the inclusion of two public channels subject to very restrictive regulation. Also the private channels seem to remain far under the permitted maximum volume of advertising time. It has to be reminded that the market in the Czech Republic is developing since recently and therefore advertising breaks on private channels still contain a large quantity of available advertising space.

**Advertising time, Sponsoring time and Self-Promotion time proportions  
vs Total broadcasting time**

TAB18A	Austria	Belgium N/S	France	Germany (2)	Ireland	Italy	Netherlands	Spain (1)	Sweden	United Kingdom	European Union Countries*(2)
<b>Total Advertising time</b> (out of sponsoring and self-promotion)	7,2%	4,5%	6,6%	6,2%	11,5%	9,2%	8,6%	6,8%	9,4%	12,3%	8,0%
<b>Total Sponsoring time</b>	-	0,2%	0,6%	2,1%	-	0,8%	-	0,4%	1,1%	-	1,1%
<b>Self- promotion time</b>	0,1%	3,1%	2,9%	0,1%	-	0,1%	3,5%	-	0,8%	0,0%	1,0%

(1) In some countries, total sponsoring proportion is estimated and could contain house style's logos of advertising breaks.

(2) Germany : the percentage of sponsoring includes infomercials, humanitarian and public interest campaigns (broadcast free of charge or against important discount).

30% of the sponsoring time is equal to the standard definition of the sponsoring (billboards); therefore the estimate of the net volume of sponsorship in Germany would generate an EU average of 0,6%

\* weighted average (cf. introduction)

TAB18B	Czech Republic	Hungary	Poland	Romania	Turkey	Canada E/F	Japan	USA	European Union Countries*(2)
<b>Total Advertising time</b> (out of sponsoring and self-promotion)	3,6%	6,1%	6,0%	4,3%	6,3%	-	11,7%	17,4%	8,0%
<b>Total Sponsoring time</b>	0,2%	-	0,1%	0,4%	0,2%	-	5,0%	3,4%	1,1%
<b>Self- promotion time</b>	0,1%	9,2%	5,8%	5,0%	5,0%	-	0,0%	3,4%	1,0%

## 2. Quantitative restrictions on teleshopping programmes

The public broadcaster is allowed to broadcast teleshopping spots within the maximum quota described above, but is not authorised to broadcast teleshopping windows of a duration of 15 minutes.

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Private broadcasters are allowed to broadcast teleshopping windows with a duration of minimum 15 minutes without interruption. The individual teleshopping windows must have a clear sound and video making and at least 15 minutes must elapse between the broadcasting of any two successive windows.

### Impact on commercial practices

Teleshopping programmes represent 6,2% in the total programme mix which is quite high compared to the European average, especially taking into account the two channels of the public broadcaster cannot contain any teleshopping windows.

### Proportion of teleshopping programmes vs Total broadcasting

TAB 19 A	Austria	Belgium N/S	France	Germany	Ireland	Italy	Netherlands	Spain	Sweden	United Kingdom	European Union Countries*
% in total broadcasting time	3,9%	5,0%	1,1%	3,5%	-	0,8%	11,6%	1,3%	0,0%	0,0%	1,9%

\* weighted average (cf. introduction)

TAB 19 B	Czech Republic	Hungary	Poland	Romania	Turkey	Canada E/F	Japan	USA	European Union Countries*
% in total broadcasting time	6,2%	3,3%	2,2%	1,1%	1,3%	-	1,6%	0,6%	1,9%

\* \*  
\*

#### **IV. SPONSORSHIP** **(Art. 17 of the Directive)**

The principles of Art.17 Directive are included in the Czech Media Act.

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The broadcaster has to identify any partially or fully sponsored programme with the trade name, visual symbol (logo), trade mark or brand name of the sponsor' s products or services specifically at the beginning or at the end of such a programme unit.

News and political programme units and reporting programme units may not be sponsored, excepted separate information services including especially weather forecasts, traffic reports, time in sports broadcasts and exact time information.

Programme units may not be sponsored by companies whose key activities include the manufacture or lease of products or services, which may not be advertised (for ex. tobacco, medicines on prescription)

#### **Impact on commercial practices**

Sponsoring “billboard” spots, sponsored self promotion spots, bartering, infomercials, scoreboards and chronowatches are existing and used formats in the Czech Republic.

The sponsoring broadcasting time represents 5,2% of the total advertising and sponsoring broadcasting time which is below the European average and also low compared to third countries. The investment proportion is even lower, 1,9%, which indicates that sponsoring is offered at low tariffs.

#### **Proportion of sponsorship broadcasting time and Part of investment relating to sponsorship vs Total advertising and Sponsoring**

TAB 20	Austria	Belgium N/S	France	Germany (1)	Ireland	Italy	Netherlands	Spain	Sweden	United Kingdom	European Union Countries* (1)
<b>% of sponsorship broadcasting time</b>	-	3,6%	8,7%	25,2%	-	8,3%	-	3,8%	10,4%	-	12,6%
<b>% of sponsorship investment vs Total</b>	-	6,9%	12,2%	6,9%	-	11,7%	-	5,3%	-	-	9,0%

*(1) Germany : in this percentage are also included infomercials and humanitarian and public interest campaigns broadcast free of charge or against important discount.*

*30% of the sponsoring time is equal to the standard definition of the sponsoring (billboards); therefore the estimate of the net volume of sponsorship in Germany would generate an EU average of 7,3%*

*\* weighted average (cf. introduction)*

<b>TAB 21</b>	<b>Czech Republic</b>	<b>Hungary</b>	<b>Poland</b>	<b>Romania</b>	<b>Turkey</b>	<b>Canada E/F</b>	<b>Japan</b>	<b>USA</b>	<b>European Union Countries*(1)</b>
<b>% of sponsorship broadcasting time</b>	5,2%	-	1,4%	9,2%	3,0%	-	29,9%	16,0%	12,6%
<b>% of sponsorship investment vs Total</b>	1,9%	-	3,6%	3,8%	1,4%	-	7,6%	17,3%	9,0%

\* weighted average (cf. introduction)

## **VI. NEW ADVERTISING TECHNIQUES**

The Media Act, as well as the Advertising Act, do not make any reference to new advertising techniques, such as split screens, interactive advertising and/or virtual advertising. There is also no official opinion of the Media Council regarding these techniques.

### **Impact on commercial practices**

The split screen technique has only been used once by a broadcaster.

Virtual advertising and interactive advertising have not been used during the examined period.

<b>TAB 22A</b>	<b>Austria</b>	<b>Belgium N/S</b>	<b>France</b>	<b>Germany</b>	<b>Ireland</b>	<b>Italy</b>	<b>Netherlands</b>	<b>Spain</b>	<b>Sweden</b>	<b>UK</b>
<b>Used or not</b>	Y	N	N	Y	N	N	Y	Y	Y	Y
<b>Measured</b>	N	-	-	Y	-	-	N	*	N	N

\* Measured as Advertising Spots

<b>TAB 22B</b>	<b>Czech Rep.</b>	<b>Hungary</b>	<b>Poland</b>	<b>Romania</b>	<b>Turkey</b>	<b>Canada E/F</b>	<b>Japan</b>	<b>USA</b>
<b>Used or not</b>	Y	Y	N	N	Y	Y	N	N
<b>Measured</b>	*	N	-	-	Y	N	-	-

\* Measured as Advertising Spots

\* \*  
\*

**VI. GENERAL PRINCIPLES ON ADVERTISING AND  
TELESHOPPING CONTENT**  
(Article 12 of the Directive)

The content of article 12 of the Directive is almost literally implemented in the Advertising Act. Therefore, the restrictions apply to advertising in general, irrespective of the media used.

Unlike the Directive, the Media Act, which covers only television (and radio) advertising and teleshopping, does not make any special reference to prohibition of discrimination on grounds of race, sex or nationality (however, this could be taken as conduct infringing on good manners) and of being offensive to religious or political beliefs, but it is complemented by the Advertising Act.

On the other hand, there is a special rule prohibiting advertising and teleshopping, which is applicable to presenters of news programmes, moderators or editors. These persons are regarded by the law as possibly misleading the public with respect to the nature of the advertising.

The Media Act also explicitly prohibits religious and atheist advertisements or advertising for political parties.

**Impact on commercial practices**

It is not possible to measure the concrete economic impact of regulation in relation to the content of advertising. Nevertheless it can be presumed the impact of such regulation is positive and encourages consumer confidence in advertising. This is probably also the reason why the industry self imposes this type of rules by adoption of self regulatory codes.

\* \*  
\*



**VII. SPECIFIC PRODUCTS AND TARGETS**  
**(Articles 13, 14, 15 and 16 of the Directive)**

As foreseen in the Directive the Czech regulation contains a ban on Tv advertising and teleshopping for tobacco and sponsoring by tobacco manufacturers.

The rules in relation to advertising for medicines are identical to the rules provided in the Directive, except for teleshopping in the sense that the same rules apply as for advertising (only medicines available on prescription only are excluded)

The rules in relation to alcohol advertising are identical to the rules included in the Directive.

The rules in relation to advertising addressed to minors are identical to the rules contained in the Directive.

The Advertising Act (applicable to all media) contains also special rules for advertising for food, baby food, guns, ammunition and funereal activities.

**Impact on commercial practices**

Amongst the measured categories, the most important categories in terms of broadcast advertising minutes are Food, followed by Cosmetics/Personal Hygiene and Cleaning products (see tab 13a, p40).

Products dedicated to children show an important growth between 2002 and 2003. Also this category is of average importance amongst the categories measured whereas advertising in children's programmes seems to be very low. Therefore it is not excluded products dedicated to children are advertised around other programmes also.

Medicines and spirits are clearly less important categories.

It has to be reminded also that the figures in the economic report do not include some important advertisers, such as telecom, cars and financial services.

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\* \*

### VIII. GENERAL OBSERVATIONS

Television advertising represents in Czech Republic 48,2% of total gross media investments which is slightly above the European average but it has to be taken into account that total media investments are far below the European average.

IDTV will probably appear on the market by 2007 but there is no legal environment yet for this project. Czech republic is likely to follow trends in those countries where IDTV has been developed earlier.

TAB 24A	Austria	Belgium NS	France	Germany	Ireland	Italy	Netherlands	Spain	Sweden	United Kingdom	European Union Countries*
Total Media Investments (000 €)	2.160.947	2.137.479	15.900.000	17.157.223	537.000	25.600.000	4.044.066	12.079.033	1.611.087	11.986.590	106.902.530
Total TV Invest. (000 €)	463.085	945.281	6.070.563	7.443.792	207.716	9.140.000	2.066.192	6.773.889	382.283	5.237.400	37.370.852
Average part of TV Invest.*	21,4%	44,2%	38,2%	43,4%	38,7%	35,7%	51,1%	56,1%	23,7%	43,7%	35,0%
Average part of Top 5 TV vs Total TV Invest.*	85,8%	94,7% N 87,0% S	91,9%	78,8%	98,9%	74,4%	70,1%	82,6%	100,0%	81,3%	84,4%
Average Top 5 Audience Share*	62,4%	85,6% N 43,4% S	85,3%	40,2%	56,7%	79,4%	52,1%	79,5%	46,4%	35,2%	60,5%
Adults population universes	6.505.800	8.256.000	45.660.000	63.036.553	3.010.000	49.540.000	13.308.000	34.588.000	7.235.000	46.663.000	277.802.353
GDP (mo €)	226.142	267.480	1.557.245	2.128.200	134.786	1.300.926	454.276	743.046	267.297	1.589.468	8.668.867
Average Total Media Invest. / GDP*	0,96%	0,80%	1,02%	0,81%	0,40%	1,97%	0,89%	1,63%	0,60%	0,75%	1,23%
Average Total TV Invest. / GDP*	0,20%	0,35%	0,39%	0,35%	0,15%	0,70%	0,45%	0,91%	0,14%	0,33%	0,43%
Average Adv. Invest. / inhab.	332,2	258,9	348,2	272,2	178,4	516,8	303,9	349,2	222,7	256,9	384,8
Average TV Adv. Invest. / inhab.* (€ per year)	71,2	114,5	133,0	118,1	69,0	184,5	155,3	195,8	52,8	114,7	134,5

TAB 24B	Czech Republic	Hungary	Poland	Romania	Turkey	Canada EIF	Japan	USA	Applicant countries	Countries Outside EU	All Countries Observed
Total Media Investments (000 €)	1.056.282	1.460.785	2.416.794	1.358.000	8.666.904	4.273.026	42.573.909	107.030.038	14.958.765	153.876.973	275.738.268
Total TV Invest. (000 €)	508.937	956.867	1.437.035	1.143.817	6.472.230	1.783.930	14.590.520	72.045.904	10.518.887	88.420.354	136.310.092
Average part of TV Invest.*	48,2%	65,5%	59,5%	84,2%	74,7%	41,7%	34,3%	67,3%	70,3%	57,5%	49,4%
Average part of Top 5 TV vs Total TV Invest.*	99,8%	100,0%	94,6%	92,8%	73,9%	79,0%	56,8%	25,3%	82,5%	31,6%	50,0%
Average Top 5 Audience Share*	93,6%	80,5%	79,5%	69,7%	59,2%	40,8% English	77,5%	41,4%	72,1%	50,8%	57,7%
Adults population universes	8.453.632	7.799.734	30.514.000	16.222.000	33.848.233	24.268.903	84.801.171	211.400.000	96.837.599	320.470.074	695.110.026
GDP (mo €)	80.097	73.213	185.176	50.352	212.268	768.969	3.800.189	9.727.723	601.106	14.296.881	23.566.853
Average Total Media Invest. / GDP*	1,32%	2,00%	1,31%	2,70%	4,08%	0,56%	1,12%	1,10%	2,49%	1,08%	1,17%
Average Total TV Invest. / GDP*	0,64%	1,31%	0,78%	2,27%	3,05%	0,23%	0,38%	0,74%	1,75%	0,62%	0,58%
Average Adv. Invest. / inhab.	125,0	187,3	79,2	83,7	256,1	176,1	502,0	506,3	154,5	480,2	396,7
Average TV Adv. Invest. / inhab.* (€ per year)	60,2	122,7	47,1	70,5	191,2	73,5	172,1	340,8	108,6	275,9	196,1

\* weighted average (cf. introduction)

Brussels, June 2005.