



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

REPORT : GERMANY

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 Germany 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 German report and despite all our efforts, the following data are unavailable:

- Audience figures and measurements of several channels (e.g. pay TV's)
- Proportion of advertising investment by type of programmes
- Precise percentage of sponsorship broadcasting time and sponsorship investment vs Total

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.

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<u>GENERAL INFORMATION</u>

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.

Tab. 1	GERMANY	European Union Countries (10)	Applicant countries (5)	Countries Outside European Union (3)	All Countries Observed (18)
Adult population definition	14+	13/16+	15/18+	18/20+	13/20+
Adult population universe	63.036.553	277.802.353	96.837.599	320.470.074	695.110.026
Average Rating - All Day*	15,1%	14,0%	16,7%	23,4%	18,7%
Average Rating - Prime Time*	41,8%	37,4%	39,8%	40,6%	39,2%
Prime Time slots definitions	20:00-23:00	18:55-23:00	18:30-23:00	19:00-23:00	19:00-23:00
Average Prime vs. All Day (index)*	2.77	2.70	2.38	1.77	2.22
Average Prime part*	35%	34%	38%	26%	31%

* Weighted averages (cf. introduction)
Source : Carat

Comments

In Germany the TV viewing time is in line with the patterns recorded in the other countries examined in the study, but it is clearly higher during prime time (the average for EU countries is inclusive of data concerning Germany).

2- Socio economic data (2003)

Tab. 2	GERMANY	European Union Countries (10)	Applicant countries (5)	Countries Outside European Union (3)	All Countries Observed (18)
Total Adv. Investments All Media (000 €)	17.157.223	106.902.530	14.958.765	153.876.973	275.738.268
Total TV Invest. (000 €)	7.443.792	37.370.852	10.518.887	88.420.354	136.310.092
Part of TV Invest.*	43,4%	35,0%	70,3%	57,5%	49,4%
Share of Top 5 channels on. Total TV Invest.*	78,8%	84,4%	82,5%	31,6%	50,0%
Average Top 5 Channels Audience Share*	40,2%	60,5%	72,1%	50,8%	57,7%
Adults population universes	63.036.553	277.802.353	96.837.599	320.470.074	695.110.026
GDP (mo €)	2.128.200	8.668.867	601.106	14.296.881	23.566.853
Average Total Adv. Invest. All Media / GDP*	0,81%	1,23%	2,49%	1,08%	1,17%
Average Total TV Adv. Invest. / GDP*	0,35%	0,43%	1,75%	0,62%	0,58%
Average Adv. Invest. / inhab. (€ per year)	272,2	384,8	154,5	480,2	396,7
Average TV Adv. Invest. / inhab.* (€ per year)	118,1	134,5	108,6	275,9	196,1

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

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

Adults

GERMANY	Name	Status	2003
Average Rating Audience % TOTAL TV (1)			15,1%
			of which :
Channels with national coverage	3SAT	Public service	1,0%
	9LIVE (TM3)	Commercial channel free to air	0,3%
	ARD (incl. Local Windows)	Public service	14,6%
	ARTE	Public service	0,3%
	DSF	Commercial channel free to air	1,1%
	KABEL 1	Commercial channel free to air	4,3%
	Kinderkanal	Public service	0,6%
	MTV	Commercial channel free to air	0,4%
	N24	Commercial channel free to air	0,4%
	N-TV	Commercial channel free to air	0,7%
	PHOENIX	Public service	0,6%
	PRO 7 (PROSIEBEN)	Commercial channel free to air	6,9%
	RTL	Commercial channel free to air	15,0%
	RTL II	Commercial channel free to air	4,4%
	SAT.1	Commercial channel free to air	10,4%
	SUPER RTL	Commercial channel free to air	1,5%
	VIVA	Commercial channel free to air	-
VIVA Plus	Commercial channel free to air	-	
VOX	Commercial channel free to air	3,5%	
ZDF	Public service	13,8%	
Local channels	BFS (Bayerisches Femesehen)	Public service	2,2%
	HS FS (H3 or Hessen Femsehen)	Public service	0,8%
	MDR FS (MDR Femsehen)	Public service	2,5%
	NDR FS (N3)	Public service	3,0%
	RBB-Berlin	Public service	0,4%
	RBB-Brandenburg	Public service	0,7%
	SW FS (SW TV or Sudwest Femsehen)	Public service	1,8%
	WDR FS (WDR Femsehen)	Public service	2,7%

Tab. 3b

Adults

GERMANY	Name	Status	2003
Average Rating Audience % TOTAL TV (1)			15,1%
			of which :
Non domestic Channels	ATV	Commercial channel free to air	-
	KANAL D	Commercial channel free to air	-
	ORF 1	Public service	-
	ORF 2	Public service	-
International Channels	BBC World	Please refer to Chap.I of the economic report of the concerned country	-
	CNBC Europe		-
	CNN Int.		-
	Deutsche Welle		-
	Euronews		-
	Eurosport		0,9%
	NBC Europe		-
	Sky Progs.		-
	Travel TV		-
	TRT Int.		-
TV5 Europe	-		
Others Channels	EINSEXTRA	Commercial channel free to air	-
	EINSFESTIVAL	Commercial channel free to air	-
	EINSMUXX	Commercial channel free to air	-
	PREMIERE WORLD	Pay TV (including adv breaks)	-
	Others	-	5,2%
Total			100,0%

(1) Definitions : Please, refer to Tab. 1 of this report

Highlighted channels are covered in the economic report.

The public national channel ARD has regional windows (about 2 hours a day monday to saturday). These windows can contain advertising and are not to be confused with the regional Network of the ARD classified in Local Channels which doesn't have advertising and broadcasts 24 hours a day.

Comments

The national channels capture almost 80% of the German audience (70% in the other examined countries, on average).

These national channels, which are often market leaders, leave little place in terms of audience share to local, foreign or international channels.

There are many national channels which reflects the large fragmentation of the offer.

Out of these 20 national channels, 4 of them of which two public (ARD, ZDF) and two private (RTL, SAT1) capture more than 50% of the total audience. However, it has to be noted that these channels have been loosing audience share during the last ten years and now have to face growing competition from new initiatives by cable and satellite televisions.

<p><u>COMPARISON BETWEEN THE LEGAL AND THE ECONOMIC DATA</u></p>

I. ADVERTISING IDENTIFICATION

1. Separation of advertising from the programmes by optical and/or acoustic means

(Art.10.1 of the Directive)

In Germany Tv advertising and teleshopping must be clearly identifiable and must be kept separate from programme content. The rules are more precise than art.10.1 of the Directive. The TV-Code for **private broadcasters** (section 6) states :

- The beginning of advertising in television must be unambiguously characterized by a visual signal (logo) and recognizable by the viewer ;
- An identification of TV advertising at the end or in between advertising spots is not necessary ;
- The advertising logo has to be significantly different from the station logo or those logos used for programme announcements ;
- The advertising logo should for a minimum duration of 3 seconds cover the entire screen. The logo may consist of a picture or moving images ;
- The logo must contain in writing the word “advertisement” ;
- In case that a TV-broadcaster uses for a longer period of time a non confusing logo to identify advertisements and which is not used for other objectives in the programme, the broadcaster may renounce to have the word “advertisement” integrated in the logo;
- The ongoing programme or elements of the following programme (images and/or sound) may not be a part of the advertising logo.”

Long advertising programmes must be identified as such at the beginning and during their total duration.

Impact on commercial practices

- The majority of advertising and teleshopping spots are included in traditional advertising breaks. The average duration of a break is 199 seconds which is close to the average European practice but longer than in the USA (main national networks) where the average duration of a break is 141 seconds, The duration of the breaks on German private channels is significantly longer than those on public channels (201 vs.126 seconds). However, this must be moderated by the number of breaks (cf Tab7).

- During prime time the average duration of breaks on private channels is slightly longer: 212 seconds. Breaks during prime time do not exist on public channels because of the prohibition to insert advertising after 8 p.m.
- Split screen techniques are used in Germany and the importance of this technique can be evaluated in an objective manner since it is measured as a specific format. Split screen is growing in importance but remains of rather minor significance compared to traditional advertising formats such as the traditional TV advertising spot.

Average duration of advertising interruptions
(seconds - all day)

TAB 4A	Austria	Belgium N/S	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 German regulation provides that isolated spots must remain exceptional.

Impact on commercial practices

In Germany isolated spots are offered and used as a separate advertising format by broadcasters. Isolated spots are also measured as a separate format for audience and investment purposes. This type of format is growing in importance because they are economically interesting for the channels (isolated spots are about 30% more expensive than the normal price) and have a better impact in case of advertising saturation on a channel.

The table below shows that 13.5% of advertising interruptions have duration of less than 60 seconds. This percentage is above the European average and confirms the importance of isolated spots. It is clear from the table below that this technique (called “single spot”) is successful. Isolated spots are important for private channels but almost insignificant for public channels.

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*
Total	-	27,4%	9,5%	13,5%	-	5,0%	7,5%	33,5%	20,6%	4,0%	12,8%
Public Channels	-	42,1%	9,7%	0,3%	-	7,0%	0,03%	29,6%	0,0%	0,0%	10,3%
Private Channels	-	20,9%	6,4%	13,9%	-	4,5%	8,7%	41,7%	20,6%	4,0%	13,3%
Pay TV (including advertising)	-	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 privates channels).

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

* weighted average (cf. introduction)

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

3. Subliminal advertising

(Art. 10.3 Directive)

Subliminal advertising techniques are prohibited in Germany.

4. Surreptitious advertising

(Art.10.4 Directive)

Surreptitious advertising and similar techniques are prohibited: the visual or verbal mention or representation of goods, services, names, trade marks or the representation of activities of a producer of goods or of a provider of services in the editorial programmes by the broadcaster with advertising intentions are prohibited. Such representations may be legitimate in some cases, in particular if they are justified by editorial requirements.

For example in quiz and game shows it is legitimate to mention twice the name of the company offering the prize **and** to show the prize also with animated images in order to identify clearly the product twice during a short period of time.

It is also legitimate to broadcast credits at the end of a programme referring to providers of goods and/or services (for free or at low cost).

It is also permitted during sport programmes to insert the name of a company or the name of a product if there is a functional link between the information service (graphic) and the name of the company or its product.

When showing books, magazines or newspapers, it is also expressly allowed to mention the name of the publishing house or of its product during a television programme if no undue prominence is given to it.

Impact on commercial practices

Product placement is not an existing advertising format in Germany, except the specific limited forms of product placement mentioned above. Verbal references (in game shows: for example mention of the prizes that can be won), injections and pop up's (logos travelling across the screen; this is rarely used but the trend is increasing) and bartering are used in Germany within the limits of what the regulation allows. However, outright product placement is not used as it is considered as surreptitious advertising.

The use of virtual advertising is permitted in Germany under certain conditions but is rather exceptional (only in sports programmes) because of the high cost.

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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. Directive)

The German media law (RStV) is nearly identical to the rules set in Article 11 of the TVWF Directive.

However, the media law is more restrictive as advertising breaks are prohibited in all children's programmes even if the duration is 30 minutes or more.

On the other hand the prohibition set by Article 11, section 5, of the TVWF Directive to insert advertising or teleshopping breaks in news, documentaries, magazines on current affairs or religious programmes lasting less than 30 minutes **only** concerns **private channels**. The general rule concerning **public TVs** is **more restrictive** than the TVWF Directive as a single advertising break is allowed only if the programme is longer than 45 minutes.

In relation to the public broadcaster it is also important to take into account that advertising is not allowed after 8 p.m., on Sundays and public holidays.

Impact on commercial practices

There are clearly more breaks on private channels than on public channels. Private channels have an average of 2 breaks per hour during all day and 1.6 breaks during prime time. The number of interruptions on private channels during prime time is below the European average (2,5), whereas their duration is almost identical to the European average (212 vs 210 seconds).

Public channels only broadcast 0.3 breaks per hour during the day and no breaks during prime time. Such is due to the specific legal restrictions applicable to the public broadcaster (for example: insertion of advertising during prime time is not possible since no advertising is allowed after 8 pm).

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

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.

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

* weighted average (cf. introduction)

** Theoretical dayparts

TAB 7B - All Channels	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

TAB 7C - Public channels	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

TAB 7D - Public channels	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

TAB 7E - Private Channels	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

TAB 7F - Private Channels	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

1. Quantitative restrictions on advertising and teleshopping spots (Art.18 of Directive)

The regulation on private TV is almost perfectly in line with what is laid down in the Directive. However, the total airtime for advertising in ARD and ZDF on working days is limited to 20 minutes per working day (1.4 % of the daily transmission time) on an annual average. In case that the maximum allowance has not been used, public broadcasters may catch up with a maximum of 5 minutes per working day.

Moreover, for the **public broadcasters**, advertising is allowed neither after 8 p.m., nor on Sundays nor on public holidays existing in all the German states. Other national wide public TV channels broadcast by ARD and ZDF or regional public programmes are not allowed to carry advertising.

The regulations in Germany deal with a number of special types of advertising which are not explicitly mentioned in the Directive. For example:

- Split screen advertising is calculated as advertising. The provisions of article 18 on hourly and daily duration of advertising apply in full to split screen advertising ;
- "Long advertising programmes" considered as "other forms of advertising" are not calculated within the hourly allowance ;
- Virtual advertising is not calculated within the limited allowance of advertising.

In Germany, compulsory warnings at the end of medicine advertisements in audiovisual media are not calculated within the advertising allowances, since April 2004.

Impact on commercial practices

From the figures "all day" (Tab 10e, p40) can be understood that some channels are getting rather close to the maximum of available capacity of advertising spots (DSF: 10,0 min./hour; RTL:8,5 minutes/hour, Sat.1: 8,7 minutes/hour). It has to be taken into account that these figures also include teleshopping spots which are not measured separately.

In an average day, DSF has 16,6% of advertising spots (including teleshopping spots) vs total programmes broadcast, PRO7: 13,1%, RTL: 14,1% and SAT1: 14,5%, which is getting relatively close the legal maximum.

During prime time (see tab.10m, p48), it is clear that advertising volume per hour increases (DSF: 10.5 minutes, Kabel 1: 10.2 min., PRO7: 10,4 min., RTL: 9,9 min., RTLII: 9,0 min., SAT1: 10,8 min.).

When adding split screen advertising to these figures the increase is not significant (maximum 0,1 to 0,2 minute per hour).

In total the advertising time in the total broadcasting time on German channels is 6,2% which remains below the European average. Such is largely due to the specific restrictions in relation to volume, applicable for public broadcasters.

**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)
Total Advertising time (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%
Total Sponsoring time	-	0,2%	0,6%	2,1%	-	0,8%	-	0,4%	1,1%	-	1,1%
Self-promotion time	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⁾
Total Advertising time (out of sponsoring and self-promotion)	3,6%	6,1%	6,0%	4,3%	6,3%	-	11,7%	17,4%	8,0%
Total Sponsoring time	0,2%	-	0,1%	0,4%	0,2%	-	5,0%	3,4%	1,1%
Self- promotion time	0,1%	9,2%	5,8%	5,0%	5,0%	-	0,0%	3,4%	1,0%

2. Quantitative restrictions on teleshopping programmes

In Germany the regulations related to teleshopping programmes are identical to those laid down in the Directive.

Teleshopping is however forbidden for public broadcasters.

Teleshopping channels are foreseen in German regulation and can receive a specific license in Germany.

Impact on commercial practices:

From the economic report (Tab11a, p54) it appears that teleshopping (spots and ad formats excluded) represents 3,5% in the all day schedule . The majority of teleshopping programmes is broadcast by DSF, Sup RTL and VOX. Such is higher (almost the double) than the European average and it can be concluded that teleshopping programmes are an important additional source of revenue.

Proportion of teleshopping programmes vs Total broadcasting

TAB 19 A	Austria	Belgium NS	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

The German regulation is nearly identical to the provisions of the Directive.

However, the German law contains additional rules as to the content of the message, its duration and certain specific types of sponsoring (chronowatches, prizes in games, offer of products/services at low or no cost ...).

Sponsoring in its usual meaning includes all forms of financial contributions including minor activities, such as being a sponsor for a prize in a quiz show (i.e. the presenter of a prize in a quiz show or the service provider in connection with graphic inserts). However, the understanding of "sponsoring" under German legislation is more restrictive and limited to such a sponsor who supports the entire programme (head sponsor).

Impact on commercial practices

Sponsoring "billboard" / short spots, breakbumpers, sponsored self promotion spots), bartering, infomercials, scoreboards and chronowatches are used formats in Germany but most of these techniques are not measured for audience or investment.

It can be mentioned however that the increase of sponsoring in volume and as a revenue source is important. From the table below it appears that in Germany the average cost of sponsoring is lower in terms of investment and therefore the volume of sponsoring broadcasting time is more important than in other European countries.

See tab10d, p39 for figures.

**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)
% of sponsorship broadcasting time	-	3,6%	8,7%	25,2%	-	8,3%	-	3,8%	10,4%	-	12,6%
% of sponsorship investment vs Total	-	6,9%	12,2%	6,9%	-	11,7%	-	5,3%	-	-	9,0%

(1) Germany : in this percentage are also included inromercials 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)

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

* weighted average (cf. introduction)

* * * *

V. NEW ADVERTISING TECHNIQUES

Split screen techniques are permitted in Germany under certain conditions.

The use of interactive advertising is only at an early stage of development. At present there are no specific rules in media law for this type of technique so the general rules apply.

The use of virtual advertising is permitted under certain conditions (identification and only in replacement of existing on site advertising). In general this type of advertising is used in relation to sports programmes.

Impact on commercial practices

Split screen techniques are used and their use is increasing in importance but remains exceptional when compared to the volume of advertising spots in traditional breaks. Nevertheless, compared to other countries observed during this study, the split screen technique can be considered as successful in Germany.

Virtual advertising and interactive advertising exist but are only used exceptionally.

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

* Measured as Advertising Spots

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

* Measured as Advertising Spots

Split screen being only measured in Turkey and Germany, the following table shows the figures available for those two countries.

TAB 23	Nbr of insertions of every advertising category by channel in a year		Gross adv. Spendings per category in (000) Euros		Total broadcast minutes for every advertising category by channel in a year (nbr of min)		Avg broadcast minutes for every advertising category by channel in an hour (nbr of min)		Proportion time of Total in %		Proportion time vs Total programmes broadcast (%) in an average day	
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
	All Day											
Total Germany	2.597.616	2.537.652	7.248.813,06	7.428.737,82	956.547	960.938	4,7	5,0	100,0%	100,0%	7,4%	7,4%
Tot. Adv. Germany	2.507.484	2.207.665	7.074.521,26	6.914.272,95	783.332	719.065	3,9	3,7	81,9%	74,8%		
Splitscreen Germany	15.691	21.513	102.431,36	166.221,68	4.416	5.935	0,0	0,0	0,5%	0,6%		
Total Turkey	1.656.826	2.067.270	5.647.525,60	6.472.369,11	696.661	846.605	4,2	3,9	100,0%	100,0%	10,0%	11,1%
Tot. Adv. Turkey	1.656.826	2.053.760	5.647.525,60	6.384.556,32	696.661	821.357	4,2	3,8	100,0%	97,0%		
Splitscreen Turkey	240.576	327.325	439.978,04	579.587,28	33.143	45.177	0,2	0,2	4,8%	5,3%		
Prime Time												
Total Germany	366.964	372.109	3.405.135,12	3.270.189,57	130.215	127.474	5,0	5,1	100,0%	100,0%	8,0%	8,6%
Tot. Adv. Germany	353.937	341.404	3.336.989,55	3.063.915,83	128.236	119.575	4,9	4,7	98,5%	93,8%		
Splitscreen Germany	2.133	4.478	40.999,08	80.935,67	529	1.220	0,0	0,0	0,4%	1,0%		
Total Turkey	576.150	731.103	3.344.156,61	3.836.440,45	233.118	282.799	6,7	6,2	100,0%	100,0%	12,6%	15,0%
Tot. Adv. Turkey	576.150	728.602	3.344.156,61	3.821.043,65	233.118	280.480	6,7	6,1	100,0%	99,2%		
Splitscreen Turkey	83.585	128.431	179.313,09	373.103,51	11.443	17.452	0,3	0,4	4,9%	6,2%		

Total = Adv. + Sponsoring
Splitscreen is included in Tot. Adv.

* * * *

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

The level of protection in Germany is the same as under the Directive. The different fields covered by the Directive are protected in Germany as well, through various regulations (Media Laws (RsTV), TV code, Self regulation adopted by the German advertising Council).

The German regulation has a different structure and contains general rules applicable for all contents independently of their editorial, advertising or other, nature.

Furthermore, self-regulations intervene with more detailed rules. The German advertising Council applies specific guidelines in relation to advertising in general but also concerning specific products such as alcohol or cars.

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

German regulations contain the rules laid down by the TVWF Directive. However, more restrictive regulations are in force regarding advertising for alcohol, medicines and minors.

Regarding medicines, the German law is more detailed than the Directive (advertising for medicine on TV is restricted and needs to present a warning).

The provisions on advertising for alcoholic beverage are implemented in general by a Code of conduct (self-regulation) which contains a set of very detailed rules.

The German regulation provides for somewhat more detailed rules regarding the protection of minors. Moreover, it is prohibited to insert advertising in children's programmes no matter their duration.

Finally, advertising is banned regarding:

- political, philosophical or religious groups (TV and radio only)
- gambling and lotteries without official license.

Impact on commercial practices :

"Food" is an important category in terms of broadcast advertising time and number of advertising insertions, followed by "Cosmetics/Personal Hygiene" and "Products dedicated to Children" (see tab 13a-h p70-77). The same can be observed in terms of gross advertising spending (see tab 13i-13l, p78-81).

Non-prescription medicines and alcohol are clearly less advertised than the other examined categories.

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

* * * *

VIII. GENERAL OBSERVATIONS

In Germany TV advertising represents 43.4% of the total gross media investments which indicates that television is the most important medium for advertisers in Germany (tab 8, p32).

In Germany terrestrial digital television is the big issue now and it is expected that it will seduce a large proportion of the population since the benefit of digital television is to offer a large number of channels and services at low cost. However, the benefit of interactive television is at this moment not necessarily clear to the viewer.

TV stations in Germany are looking for other financing models and will probably reduce the advertising financed portion of their programmes (evolution towards pay tv, call tv, etc).

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 97,0% 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%	65,6% 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/E/F	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	136.310.082
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	788.969	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	70,6	191,2	73,5	172,1	340,8	108,6	275,9	196,1

* weighted average (cf. introduction)

Brussels, June 2005.