



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

REPORT : HUNGARY

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 Hungary 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 and Sweden during all day 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 report for Hungary and despite all our efforts, the following data are unavailable:

- Audience figures and measurements of non-domestic channels and international channels
- Proportion of advertising investment by type of programmes
- Sponsorship measurements
- Measurement 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.

<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	HUNGARY	European Union Countries (10)	Applicant countries (5)	Countries Outside EU (3)	All Countries Observed (18)
Adult population definition	18+	13/16+	15/18+	18/20+	13/20+
Adult population universe	7.799.734	277.802.353	96.837.599	320.470.074	695.110.026
Average Rating - All Day*	19,0%	14,0%	16,7%	23,4%	18,7%
Average Rating - Prime Time*	49,8%	37,4%	39,8%	40,6%	39,2%
Prime Time slots definitions	18:30-21:29	18:55-23:00	18:30-23:00	19:00-23:00	19:00-23:00
Average Prime vs All Day (index)*	262	270	238	177	222
Average Prime part*	33%	34%	38%	26%	31%

* Weighted averages (cf. introduction)

Source : Carat

In Hungary, the TV viewing time is largely higher than the patterns recorded in the other countries examined in the study, including the Applicant Countries. Note that this average is inclusive of data concerning Hungary. In All Day, the average rating is in line with the level of the USA but prime time is higher : during this day part, Hungary records the highest rating observed, above the 43% in Czech Republic, Italy and France.

These figures show that one person out of five is watching TV during the day and one person out of two during prime time. Amongst these people, 75% view one of the three channels with a national coverage (see TAB 3A).

2- Socioeconomic data (2003)

TAB 2	HUNGARY	European Union Countries (10)	Applicant countries (5)	Countries Outside EU (3)	All Countries Observed (18)
Total Adv. Investments All Media (000 €)	1.460.785	106.902.530	14.958.765	153.876.973	275.738.268
Total TV Invest. (000 €)	956.867	37.370.852	10.518.887	88.420.354	136.310.092
Part of TV Invest.*	65,5%	35,0%	70,3%	57,5%	49,4%
Share of Top 5 channels on. Total TV Invest.*	100,0%	84,4%	82,5%	31,6%	50,0%
Average Top 5 Channels Audience Share*	80,5%	60,5%	72,1%	50,8%	57,7%
Adults population universes	7.799.734	277.802.353	96.837.599	320.470.074	695.110.026
GDP (mo €)	73.213	8.668.867	601.106	14.296.881	23.566.853
Average Total Adv. Invest. All Media / GDP*	2,00%	1,23%	2,49%	1,08%	1,17%
Average Total TV Adv. Invest. / GDP*	1,31%	0,43%	1,75%	0,62%	0,58%
Average Adv. Invest. / inhab. (€ per year)	187,3	384,8	154,5	480,2	396,7
Average TV Adv. Invest. / inhab.* (€ per year)	122,7	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

HUNGARY	Name	Status	2003
Average Rating Audience % TOTAL TV (1)			19,0
			of which :
Channels with national coverage	M1	Public service	16,8
	RTL Klub	Commercial channel free to air	29,5
	tv2	Commercial channel free to air	29,4
Local channels	Budapest TV (regional)	Pay TV (including adv breaks)	-
	Duna Television	Public service	1,8
	F+	Pay TV (including adv breaks)	-
	Filmmúzeum	Pay TV (including adv breaks)	-
	Fix TV (regional)		-
	Fönix (regional)		-
	Hálózat TV - av.in sw.since 2004	Pay TV (including adv breaks)	-
	Hír TV		-
	Humor1		-
	M+		-
	M2	Public service	2,4
	Magyar ATV	Pay TV (including adv breaks)	0,6
	Minimax		0,7
	Music Boks		-
	Music Max		-
	Pax		-
	Satelit	Pay TV (including adv breaks)	-
	Spektrum	Pay TV (including adv breaks)	-
	Sport 1	Pay TV (including adv breaks)	1,0
	TV11		-
	TV13		-
	TV20		-
	Viasat Explorer	Commercial channel free to air	-
	Viasat3	Pay TV (including adv breaks)	2,4
	Zenit TV		-

TAB 3B

Adults

HUNGARY	Name	Status	2003
<i>Average Rating Audience % TOTAL TV (1)</i>			<i>19,0</i> <i>of which :</i>
Non domestic channels	Belgrad 1	Please refer to Chap.I of the economic report of the concerned country	-
	Belgrad 2		-
	Belgrad 3		-
	ESZÉK		-
	ERT (Greek)		-
	Horvat tv2 (Croatia)		-
	Horvat tv3 (Croatia)		-
	Horvath tv1 (Croatia)		-
	Jugoszlav 1 (Yugoslavia)		-
	Jugoszlav 2 (Yugoslavia)		-
	MARKIZA (Czech)		-
	Medija		-
	NOVI SAD		-
	NOVI SAD 2		-
	Oszrak 1 (Austrian)		-
	Oszrak 2 (Austrian)		-
	POLSAT (Polish)		-
	Szerb (Serbian)		-
	ROMAN		-
	Szlovak 1 (Slovak)		-
	Szlovak 2 (Slovak)		-
	Szloven 1		-
	Szloven 2		-
TV Andalúzia	-		
TV Bulgaria	-		
TV Dubai	-		
TV Polonia (Polish)	-		
TVN Siedem (Polish)	-		
UKRAN TV	-		
International channels	134 foreign channels	Please refer to Chap.I of the economic report of the concerned country	2,7
Other Channels	HBO		-
	HBO2		-
	other Hungarian channels		10,0
	Video		2,6
Total			100,0

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

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

Advertising must be identified as such directly before and after the insertion and must be readily recognizable as such.

There is no specific regulation concerning split screen techniques but their use is tolerated.

Impact on commercial practices

The majority of advertising and teleshopping spots are included in traditional breaks. The average duration of a block is 167 seconds and somewhat longer in prime time (174 seconds) which is short compared to average European practice. Nevertheless, such is entirely due to shorter breaks on public channels. There is a significant difference between private and public broadcasters: the break duration on public channels is much shorter than on private channels (105 vs. 238 seconds) and the difference is even clearer during prime time where the breaks on public channels have an average duration of 101 seconds and on private channels an average duration of 293 seconds. Breaks on private channels are also clearly above the European average of 195 seconds.

The split screen technique is being used in Hungary.

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 Hungarian regulation provides that advertising must be grouped in blocks and isolated spots must remain exceptional.

Impact on commercial practices

Isolated spots are offered as a separate advertising format by broadcasters/their media sales houses.

The number of short interruptions (under 60 seconds) is important on Hungarian channels, where 19,2% of breaks have a duration below 60 seconds. In particular public channels and pay tv contain the highest amount of very short breaks. In comparison with the other Applicant States, the result for Hungary appears to be lower which is due to the high pressure on TV and the large part of advertising investment in this media. The strong pressure of advertisers on both private channels is illustrated by “only” 7,3% of interruptions under 60 seconds. Restrictions on public channels generate a higher proportion of short breaks.

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 private 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 private channels).

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

Subliminal advertising techniques are prohibited under Hungarian law.

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

Surreptitious advertising is prohibited under Hungarian law.

Impact on commercial practices

Product placement is used in Hungary.

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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;

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 between programmes or in sports programmes or programmes containing natural breaks, but only during the natural breaks.

The private television broadcasters are entitled to, under the conditions described below, interrupt television broadcasting by advertising and teleshopping spots, under the conditions provided in article 11 Directive.

Hungarian regulation is different from the Directive as it provides that a period of 20 minutes must elapse between advertising breaks inside all types of programmes (for example, also in sports programmes).

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 (which are defined as broadcasts targeting minors under the age of 14), unless their scheduled duration is longer than 30 minutes. Hungarian regulation also provides that programmes reporting on national events cannot be interrupted by advertising unless their duration is over 30 minutes.

Impact on commercial practices

In “All Day” there are only 1,3 interruptions per hour and 1,5 interruptions per hour in “Prime Time”, which is under the European average and partly due to the strict rules in relation to insertion of advertising and advertising volume applicable to public broadcasters.

There is a significant difference between public and private broadcasters. On public broadcasters there is an average of 1 break per hour during all day and 1,2 breaks per hour during prime time, which is below the European average. Also the duration of the breaks is below the average.

On private channels the number of breaks per hour in all day (1,8) and during prime time (1,7) which is more than the public channels but still below the European average of private channels. Nevertheless, it has to be taken into account that the breaks are long, in particular during prime time (293 seconds compared to the European average of 210 seconds).

There are no standard figures available on the number of interruptions or volume of advertising 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 NS	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 Union 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 advertising time may reach 20 percent of the daily transmission time if it includes teleshopping spots.

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The proportion of transmission time devoted to advertising spots shall not exceed 15 percent of the daily transmission time.

For commercial broadcasters, in *any one hour* of transmission time, calculated in any way, the time devoted to advertising may not exceed 12 minutes. The Hungarian legislation seems to cover "sliding hour" versus "clock hour"

In case of national **public service broadcasters and public program broadcasters**, the time devoted to advertising may not exceed 6 minutes in any single hour, calculated in any way. The duration of advertising may not exceed 5 minutes per hour calculated in the average of the daily broadcasting time.

Non-profit broadcasters may broadcast 3 minutes of advertising per hour.

Unlike the TVWF Directive, self promotion, public service announcements and charity appeal not free of charge are not excluded from the calculation of the maximum time period devoted to advertising.

Impact on commercial practices

During all day the public broadcasters broadcast between 0,4 and 3,4 minutes of advertising and teleshopping spots in an hour, which is very low and only partly due to legal restrictions .

The private channels in general remain under the maximum permitted quota during all day (RTL Klub: 6,8 min/hour, Tv2:7 min/hour, Magyar ATV: 10 min/hour)). 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 channels do not significantly increase the volume of advertising and teleshopping spots per hour. Most private channels slightly increase the volume of advertising and teleshopping during prime time (see tab10d, p.40).

The global percentage of advertising in the total programme mix 6,1% is below the European average. This is mostly due to the public channels subject to restrictive regulation.

It has to be remarked that self-promotion represents an important volume (9,1%) compared to advertising and compared to the European average for this category.

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

Public and private broadcasters are allowed to transmit teleshopping windows. The conditions of the directive apply (minimum duration of 15 minutes and maximum 8 windows), except that maximum 2 hours in 1 day are allowed.

For public broadcasters, the teleshopping windows broadcast during 00h and 5h are included in the maximum quota applicable for advertising and teleshopping spots.

Under Hungarian regulation teleshopping is considered as advertising and not as a separate category and as a consequence all rules applicable to advertising also apply to teleshopping (except for the rules in relation to volume as specified above).

Impact on commercial practices

Teleshopping programmes represent 3,3% in the total programme mix which is quite high compared to the European average, especially taking into account the specific restriction applicable to public channels during the night.

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%

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

As provided in the Directive, the content and scheduling of sponsored programs may not be influenced by the sponsor in such a way as to affect the responsibility and editorial independence of the broadcaster in respect of the programs. The sponsor of the program shall be identified directly before or directly after the sponsored program.

The sponsor can be mentioned in program announcements and his logo or emblem can be used. In the program however, the trade mark, distinctive logo or slogan of the sponsor can not be mentioned.

News and current affairs programs cannot be sponsored.

For public broadcasters, specific prohibitions apply. The following programs cannot be sponsored:

- religious programs;
- programs in relation to artistic and cultural events;
- programs broadcast in the mother tongues of national and ethnic minorities, and presenting the life and culture of national and ethnic minorities;
- programs made for groups in a seriously disadvantaged position with regard to their age, physical, moral and psychological state or social circumstances.

In general, the whole channel cannot be sponsored.

Programs 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, weapons, medicines on prescription) Also political parties are excluded from sponsoring.

A special rule provides that advertising of products or services of the sponsor cannot be broadcast 30 minutes before or after the sponsored program.

Impact on commercial practices

Sponsoring “billboard” spots, breakbumpers, sponsored self promotion spots, bartering and infomercials are existing and used formats in Hungary.

Sponsoring messages generally have the format of a small spot, in which the products or services of the sponsor can be shown.

There are no figures available concerning sponsoring volume or investment in Hungary.

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 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)

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)

VI. NEW ADVERTISING TECHNIQUES

Split screen techniques are not subject to specific regulation. The competent authority decided that the use of split screen techniques is tolerated on condition all the rules in relation to advertising are observed (maximum volume; identification ...).

Virtual advertising is not subject to specific regulation in Hungary but it seems to be tolerated by the authorities.

Interactive advertising is not subject to specific regulation.

Impact on commercial practices

The split screen technique is being used in Hungary but it is not possible to measure the success of this technique in an objective way.

Virtual advertising is being used for sports programmes (for example during Formula 1).

Interactive advertising is not being used yet in Hungary.

<u>TAB 22A</u>	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

<u>TAB 22B</u>	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

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

The Broadcasting Act provides that:

- Religious and ideological convictions may not be disseminated through advertising in , broadcasting;
- No advertising may be published if it is offensive to religious and political beliefs (// art. 12 c. TVWF Directive);
- No advertising may be broadcast directly before or after programs reporting on national events, religious and church services/ceremonies;
- Surreptitious and subliminal advertising may not be broadcast;
- All messages conveyed in advertising must be true, accurate and fair;
- Advertising shall not encourage behavior prejudicial to health, to safety or to the protection of the environment (// art. 12 d. and 12 e. TVWF Directive).
- The internal and external staff regularly appearing in news and current affairs programs may not appear in advertising, either in image, or in sound;

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Apart from the specific broadcasting law, general consumer protection regulation contains rules prohibiting misleading advertising and regulating comparative advertising or competition issues.

A self-regulatory code in relation to advertising content is also applied in Hungary.

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.

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

As foreseen in the Directive the Hungarian regulation contains a ban on Tv advertising and teleshopping for tobacco and sponsoring by tobacco manufacturers. There is an exemption for sponsors of international car racing events taking place in Hungary (for a definite period of time).

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. Advertising for OTC product is allowed if the advertising observes certain rules (aimed to avoid misleading of the public and to encourage safe consumption) It cannot be addressed to children.

The rules in relation to alcohol advertising included in the Directive are mentioned in Hungarian law. However, some more detailed rules apply: advertising cannot give the impression that beverages with low alcohol content can avoid alcohol dependence and alcohol advertising cannot be broadcast during prime time, with the exception of the low alcohol-content drinks (under 12%). Also alcohol advertising may not be broadcast before, during or after programs addresses to children or youngsters.

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The rules in relation to advertising addressed to minors are identical to the rules contained in the Directive. However, the regulation also mentions that advertising for toys cannot be misleading in relation to the possibilities of the toy

Hungarian regulation also contains specific provisions in relation to political advertising (specific restrictions but this type of advertising is not included in the maximum quota for advertising; advertising for weapons is prohibited and advertising for pornographic or sexual products or services is prohibited on television.

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 Non prescription medicines (see tab 13, p55-63).

Products dedicated to children are clearly less advertised than the other examined categories, whereas there are no more restrictive rules applicable to minors than the rules provided in the Directive. Alcohol, in particular beer, is a relatively important category which generates more revenues than non prescription medicines and shows an important growth in 2003. However, alcohol advertising is subject to specific rules and scheduling restrictions.

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 Hungary 65,5% of total gross media investments which is clearly above the European average but it has to be taken into account that total media investments are below the European average.

Concerning the development of the television market, it can be noted that the number of available channels increased a lot recently and competition is very high between the channels. The public channels have lost some importance with the emergence of commercial channels. There are no indications that IDTV will appear in Hungary in the near future.

TAB 24A	Austria	Belgium NIS	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	136.310.092
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.