

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

REPORT : ITALY

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 Italy 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 states. 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). However, these channels have been taken into consideration in the "average number of interruptions per hour" in tables 7 A 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 Italian report and despite all our efforts, the audience figures and other measurements of some channels (e.g. pay TV's) are unavailable.

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	ITALY	European Union Countries (10)	Applicant countries (5)	Countries Outside EU (3)	All Countries Observed (18)
Adult population definition	15+	13/16+	15/18+	18/20+	13/20+
Adult population universe	49.540.000	277.802.353	96.837.599	320.470.074	695.110.026
Average Rating - All Day*	16,6%	14,0%	16,7%	23,4%	18,7%
Average Rating - Prime Time*	43,5%	37,4%	39,8%	40,6%	39,2%
Prime Time slots definitions	21:00-23:00	18:55-23:00	18:30-23:00	19:00-23:00	19:00-23:00
Average Prime vs All Day (index)*	262	270	238	177	222
Average Prime part*	22%	34%	38%	26%	31%

* Weighted averages (cf. introduction)

Source : Carat

The average rating in Italy is higher than in the European average, especially during Prime Time.

The narrow definition of prime time (2 hours) explains why the Prime Time audience part only represents 22% of the All Day audience, which is less than in the average EU.

2. Socio economic data (2003)

TAB 2	ITALY	European Union Countries (10)	Applicant countries (5)	Countries Outside EU (3)	All Countries Observed (18)
Total Adv. Investments All Media (000 €)	25.600.000	106.902.530	14.958.765	153.876.973	275.738.268
Total TV Invest. (000 €)	9.140.000	37.370.852	10.518.887	88.420.354	136.310.092
Part of TV Invest.*	35,7%	35,0%	70,3%	57,5%	49,4%
Share of Top 5 channels on. Total TV Invest.*	74,4%	84,4%	82,5%	31,6%	50,0%
Average Top 5 Channels Audience Share*	79,4%	60,5%	72,1%	50,8%	57,7%
Adults population universes	49.540.000	277.802.353	96.837.599	320.470.074	695.110.026
GDP (mo €)	1.300.926	8.668.867	601.106	14.296.881	23.566.853
Average Total Adv. Invest. All Media / GDP*	1,97%	1,23%	2,49%	1,08%	1,17%
Average Total TV Adv. Invest. / GDP*	0,70%	0,43%	1,75%	0,62%	0,58%
Average Adv. Invest. / inhab. (€ per year)	516,8	384,8	154,5	480,2	396,7
Average TV Adv. Invest. / inhab.* (€ per year)	184,5	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

ITALY	Name	Status	2003
Average Rating Audience % TOTAL TV (1)			16,6%
			<i>of which :</i>
Channels with national coverage	All Music	Commercial channel free to air	-
	Canale 5	Commercial channel free to air	23,2%
	Italia 1	Commercial channel free to air	10,5%
	La7	Commercial channel free to air	2,3%
	MTV	Commercial channel free to air	-
	Rai 1	Public service	24,2%
	Rai 2	Public service	12,0%
	Rai 3	Public service	9,5%
Local channels	approximately 700 local channels	Commercial channel free to air	6,5%
Non domestic Channels	-		-
International Channels	-		-
Other channels	86 satellite channels		2,3%
	18 channels	Commercial channel free to air	-
	67 channels	Pay TV (including adv breaks)	-
	1 channel	Pay TV (no advertising)	-
Total			100,0%

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

The audience is concentrated on a public channel (RAI 1) and a private broadcaster (Canale 5).

The three public channels represent 45% of the total audience.

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COMPARISON BETWEEN THE LEGAL AND THE ECONOMIC DATA

I. ADVERTISING IDENTIFICATION

(Article 10 Directive)

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

The Italian regulation is more restrictive than the Directive as it provides that :

- Advertising should be recognisable by clear optical AND acoustical means which must introduce and close the advertising break;
- The indication “messaggio promozionale” must be indicated during the entire broadcasting of advertising;
- The sound volume of advertising cannot be higher than the ordinary one of the programmes.

Impact on commercial practices

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.

Italy remains in the overall within the European average regarding the duration of advertising screens which is however appreciably longer on public channels compared to the European average.

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

No provisions are made for the prohibition of isolated advertising.

Impact on commercial practices

Although, the Italian regulation is less restrictive than the Directive (isolated spots are not regulated), there are much less interruptions of less than 60 seconds in Italy than in the average EU.

It should be noted that an interruption of less than 60 seconds does not correspond to an “isolated spot” as such.

However, it is interesting to note that the absence of regulation does not imply an increase of short interruptions, on the contrary.

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).

? **Subliminal advertising**
(Art. 10.3 Directive)

Subliminal advertising is prohibited.

? **Surreptitious advertising**
(Art.10.4 Directive)

Surreptitious advertising is prohibited.

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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. Directive)

The rules of the Directive have been generally implemented with a few specific rules :

- Interruption of sport events must respect the natural breaks foreseen in the sport regulation;
- Interruption of “cartoons” is prohibited;
- Interruption of religious services is not prohibited.

Impact on commercial practices

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

Interruptions are longer and more or equally frequent on private Italian channels than on the EU private channels in average.

On Italian public channels, interruptions are less frequent than in average EU public channels but are longer.

In the overall, the duration and the number of advertising interruptions of the audiovisual Italian offer correspond to the European average, except for Prime Time during which the duration of the screens is 5% longer than the European average.

For Italian public channels, the duration of advertising screens is distinctly longer than the European average for "All Day" (+12%) as well as for "Prime Time" (+5,6%).

On the other hand, the number of interruptions is below the European average.

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%	-

Regulation has a direct impact on advertising investment in children's programmes & documentary.

The investment proportion being half of the broadcasting time of those programmes.

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%	-

This genre « attracts » in terms of investments almost three times the proportion of its broadcasting time.

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%	-

Information represents a proportion of broadcasting time which is the double of the EU average.

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%	-

Italian regulation contains strict rules concerning the interruption of sport events which could explain why sport is less important in terms of broadcasting time than the EU average.

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

1. Quantitative restrictions on advertising and teleshopping spots

Maximum broadcasting time of advertising

	Hourly	Daily/weekly
Private	18% (+ 2%)*	15% daily (20% when including teleshopping)
Local private	20% (+ 2%)*	15% daily (35% when including others forms of advertising)
Public	12% (+ 2%)*	4% weekly

* any eventual surplus not exceeding 2% during each hour and must be recovered in the successive hour.

In Italy, stricter rules apply to public broadcasters while less restrictive rules apply to local private broadcasters, which represent 6,5% of the total audience.

Impact on commercial practices

The proportion of advertising is slightly more important in Italy than in the average EU but is still inferior to the quotas allowed by the Italian and European regulation.

**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

The Italian regulation on teleshopping programmes varies from the Directive as :

- It defines teleshopping windows as programme with a minimum duration of 3 minutes;
- It limits the time dedicated to teleshopping programmes to 1 hour and 12 minutes or 5% of daily broadcasting time.

Impact on commercial practices:

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%

The national regulation has a direct impact on teleshopping broadcasting time (0,8% versus 1,9% in EU average).

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*

IV. SPONSORSHIP

(Art. 17 of the Directive)

The rules of the Directive have been well implemented with some extra restrictions (i.e. : when the sponsored programme does not last more than 40 minutes, the sponsor's name or logo can only appear once and for a maximum of 5 seconds.

Product placement is considered as surreptitious advertising.

Telepromozione are subjected to specific rules (i.e. : identification during the entire duration,) and are included in the advertising quantitative restrictions (? sponsorship).

Impact on commercial practices

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 commercials 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**

There are no specific rules relating to new advertising techniques.

Split screen is not used in Italy.

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

* *
*

**VI. GENERAL PRINCIPLES ON ADVERTISING AND
TELESHOPPING CONTENT**

(Article 12 of the Directive)

The Italian regulation contains provisions similar tot the Directive. These rules on context are however impossible to measure.

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

Impact on commercial practices

Tobacco

Italian regulation is in line with the EU regulation.
Advertising for tobacco is prohibited.

Medicines

Advertising for medicines that are only available on prescription is forbidden.
In addition, advertising for medicines other than those sold by prescription are subject to specific rules:

- 1) The message must be clear and the product must be clearly recognized as a medicine;
- 2) The advertising must include:
 - a. the denomination of the medicine and the active principles it contains,
 - b. a clear invitation to the consumer to read the directions written on the package;
- 3) Medicines advertising may not include any element which :
 - a. induces to think that the efficacy of the medicine does not have side effects or that its safety or efficacy is due to the fact that it is a natural substance,
 - b. induces to think that the efficacy of the medicine or the treatment is equal to or better than others,
 - c. induces to think that a medical consultation or surgical operation is unnecessary or induces to erroneous self diagnosis,
 - d. is exclusively or principally addressed to children or induces minors to a use of the product without appropriate supervision,
 - e. makes use of a recommendation by scientists, health professionals or persons well-known to the public, or the fact that a marketing authorization has been granted to the medicinal product or to refer improper or misleading terms to claims of recovery,
 - f. compares the medicinal product with a foodstuff cosmetic or other consumer product,
 - g. induces to think that the medicinal or the curative treatment can improve normal good health or the effects of avoiding a product or a treatment can be prejudicial, unless this refers to vaccination campaigns,
 - h. uses in improper, misleading or appalling ways representations of changes in the human body caused by disease or injury, or the action of a medicinal product.

In addition, television programmes may not be sponsored by natural or legal persons whose principal activity is the manufacture or sale of medicinal products or the provision of medical cures available only on prescription.

Alcoholic beverages

The Italian regulation contains provision similar to the Directive.
In addition, television programmes may not be sponsored by natural or legal entities whose principle activity is the manufacture of sale of alcoholic beverages.

Minors

The Italian regulation contains provision regarding minors similar to the Directive.

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VIII. GENERAL OBSERVATIONS

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 37,0% 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	2.128.700	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 / EF	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)

In Italy, according to law of 20 March 2001 (art. 2 bis §6), television broadcasting of programmes and services on terrestrial frequencies shall be exclusively carried out by digital systems within the year 2006.

Brussels, June 2005.