

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

REPORT : SPAIN

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 Spain 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 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 Spanish 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 and broadcast time volume by type of programmes
- detailed figures of split screen

In Spain the typologies of programmes and advertising formats are segmented and detailed, which renders a comparison with other countries difficult (necessity to group certain formats) or impossible. However, the analysis of this country allows to obtain information concerning certain formats which are inexistent in other countries (for example Imprssions, Virtual Ad, Ad Report, Watches ...)

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	SPAIN	European Union Countries (10)	Applicant countries (5)	Countries Outside EU (3)	All Countries Observed (18)
Adult population definition	16+	13/16+	15/18+	18/20+	13/20+
Adult population universe	34.588.000	277.802.353	96.837.599	320.470.074	695.110.026
Average Rating - All Day*	15,4%	14,0%	16,7%	23,4%	18,7%
Average Rating - Prime Time*	35,4%	37,4%	39,8%	40,6%	39,2%
Prime Time slots definitions	20:30-24:00	18:55-23:00	18:30-23:00	19:00-23:00	19:00-23:00
Average Prime vs All Day (index)*	230	270	238	177	222
Average Prime part*	34%	34%	38%	26%	31%

* Weighted averages (cf. introduction)

Source : Carat

The exposure to television is clearly more important than in the other examined countries (9% more audience), whereas “prime time” is slightly less important (- 4%). During “prime time” the television audience is 2,3 times more important than during “all day”. However, the “all day” audience is already very elevated and as a consequence “prime time” represents 34% of the total audience compared to 38% in the other examined countries.

The exposure to television of the Spanish population becomes even clearer when taking into account that there is no overlap from abroad and a relatively sharp offer. The prime time slots are also rather extended (till midnight) in comparison to other examined countries.

2- Socio economic data (2003)

TAB 2	SPAIN	European Union Countries (10)	Applicant countries (5)	Countries Outside EU (3)	All Countries Observed (18)
Total Adv. Investments All Media (000 €)	12.079.033	106.902.530	14.958.765	153.876.973	275.738.268
Total TV Invest. (000 €)	6.773.889	37.370.852	10.518.887	88.420.354	136.310.092
Part of TV Invest.*	56,1%	35,0%	70,3%	57,5%	49,4%
Share of Top 5 channels on. Total TV Invest.*	82,6%	84,4%	82,5%	31,6%	50,0%
Average Top 5 Channels Audience Share*	79,5%	60,5%	72,1%	50,8%	57,7%
Adults population universes	34.588.000	277.802.353	96.837.599	320.470.074	695.110.026
GDP (mo €)	743.046	8.668.867	601.106	14.296.881	23.566.853
Average Total Adv. Invest. All Media / GDP*	1,63%	1,23%	2,49%	1,08%	1,17%
Average Total TV Adv. Invest. / GDP*	0,91%	0,43%	1,75%	0,62%	0,58%
Average Adv. Invest. / inhab. (€ per year)	349,2	384,8	154,5	480,2	396,7
Average TV Adv. Invest. / inhab.* (€ per year)	195,8	134,5	108,6	275,9	196,1

*Weighted averages (cf. introduction)

source : Carat (Eurostat and local private sources)

Comments:

The proportion of investments dedicated to TV is significantly above the European average. Also, the share of investment per GDP point is above European standards, which consequently generates a superior TV investment index per inhabitant. In conclusion it can be said that audiovisual media in Spain are heavily used by the advertising industry because of its strong audience and its success in the large public marketing strategies.

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

SPAIN	Name	Status	2003
Average Rating Audience % TOTAL TV (1)			15,4%
			of which :
Channels with national coverage	Antena3	Commercial channel free to air	19,2%
	Canal+	Pay TV (no advertising)	2,4%
	La2	Public service	7,1%
	Tele5	Commercial channel free to air	21,7%
	TVE1	Public service	24,0%
Local channels	CANAL SUR	Public service	3,5%
	CANAL 2 ANDAL.(C2A)	Public service	0,8%
	CANAL 9 (C9)	Public service	2,4%
	CMT (Castilla La Mancha TV)	Public service	0,6%
	ETB1	Public service	0,3%
	ETB2	Public service	1,2%
	K3-33	Public service	1,0%
	PUNT2	Public service	0,2%
	TV3	Public service	3,8%
	TV CANARIAS (TVCAN)	Public service	0,4%
	TV GALICIA (TVG)	Public service	1,1%
	TV MADRID (TVM)	Public service	2,7%
Non domestic channels	CANAL+ France	Pay TV (no advertising)	-
	KABEL 1	Pay TV (including adv breaks)	-
	MOTOR	Pay TV (including adv breaks)	-
	N24	Pay TV (including adv breaks)	-
	PRO 7	Pay TV (including adv breaks)	-
	RAI UNO	Public service	-
	RTL	Pay TV (including adv breaks)	-
	RTL 2	Pay TV (including adv breaks)	-
	SAT 1	Pay TV (no advertising)	-
	TRAVEL	Pay TV (including adv breaks)	-
	VIVA	Pay TV (including adv breaks)	-
	VOX	Pay TV (including adv breaks)	-
	ZDF	Pay TV (including adv breaks)	-

TAB 3B

Adults

SPAIN	Name	Status	2003
Average Rating Audience % TOTAL TV (1)			15,4%
			of which :
International channels	3 SAT	Pay TV (no advertising)	-
	ARTE	Public service	-
	BBC WORLD	Public service	-
	CNBC EUROPE	Pay TV (including adv. breaks)	-
	CNN INTERNATIONAL	Pay TV (including adv. breaks)	-
	EURONEWS	Pay TV (including adv breaks)	-
	MTV	Pay TV (including adv breaks)	-
	SKY NEWS	Pay TV (including adv breaks)	-
Others channels	TV5 EUROPE	Pay TV (including adv breaks)	-
	3 channels	Pay TV (no advertising)	-
	53 channels	Pay TV (including adv breaks)	0,7%
	8 channels	Pay TV (including adv breaks)	-
	7 channels	Pay per view	-
Total		-	6,9%
Total			100,0%

Spain is characterized by the leadership of its 3 national channels, local channels and a large satellite offer. The national channels gather approximately 75% of the audience in Spain, whereas in the other examined countries this category represents 70%. These national channels are strong market leaders which suffer almost no competition from local channels or foreign broadcasters. The 3 market leaders seem to stagnate since new initiatives (iDTV) start to develop.

The other satellite channels or channels offered by a provider such as Quiero TV, Telecable or Via Digital, only hold a marginal market share. However, there is large number of these channels which causes important fragmentation of the offer.

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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)

In Spain audiovisual regulation requires that television advertising and teleshopping is readily recognizable as such and kept quite separate from other programmes of the programme. Breaks must be identified in vision and/or sound and there is a rule prohibiting the increase of volume during the break.

A specific rule on long advertisements, tele-promotions, infomercials and other forms of advertising which are not classic advertising spots and which could mislead the viewer as to their nature must be flagged as such permanently.

Split screen techniques: there are no specific rules in relation to this technique so the general rules on television advertising apply.

Impact on commercial practices:

The formats are classified into three groups:

- a. formats: normal spot, advertising report, TV promotion, impressions, virtual advertising, mask, watches, shared screen, micro moment;
- b. content: traditional advertising, sponsoring, teleshopping, mobile phone messages, merchandising
- c. overlap or not with the tv programme

Spain is characterized by a number of formats which overlap the Tv programmes. To classify the different formats in the group “advertising” or “sponsoring” the criterium of “overlap with the programme”, length and content of the message has been used. As advertising have been considered: normal spots, advertising reports and TV promotions. In general, these do not overlap with the programme and are included in breaks. In the category sponsoring have been included: « Impressions », « Virtual advertising », “Mask”, “Watches”, “Shared Screen”.

	% of advertising category vs Total advertising time	% of advertising category vs Total minutes Broadcast	Avg broadcast minutes for every advertising category in an hour (nbr of min)
	2003	2003	2003
TOTAL	100,0%	7,2%	4,3
TOTAL Advertising	96,2%	7,0%	4,2
Normal Spot	93,4%	6,8%	4,1
TV promotion	2,6%	0,2%	0,1
Ad Report	0,2%	0,0%	0,0

It has to be noted however that the majority of advertising and teleshopping spots are included in traditional breaks. The average duration of a break is 136 seconds during “all day” and 132 seconds during “prime time”, which is short compared to the European average. The breaks on private channels are slightly longer than the breaks on public channels. This is not compensated by a higher amount of interruptions as it is the case in many countries. Public channels in Spain globally broadcast a lower level of advertising versus private channels. This is primarily due to the legal restrictions and not to the audience shares, which are rather high and equal to the main private channels.

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 Spanish regulation provides that isolated spots must remain exceptional.

Impact on commercial practices:

Isolated spots are offered as a separate advertising format by broadcasters but are not measured separately.

The proportion of very short advertising breaks (under 60 seconds) is particularly high on Spanish channels : 33,5% of breaks. The private channels have a clearly higher number of short breaks (which can contain 1 or few spots) than the public channels.

	Avg duration of the insertion (nbr of sec)
	2003
TOTAL	20,5
TOTAL Advertising	21,1
Normal Spot	20,8
TV promotion	40,7
Ad Report	49,7
TOTAL Sponsoring	11,9
Impressions	12,7
Mask	16,8
Virtual Ad	13,2
Watches / Scoreboards	5,8
Other Formats	11,6

**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 Spain.

4. Surreptitious advertising (Art.10.4 Directive)

Surreptitious advertising is forbidden in Spain, as in the Directive.

There are no rules in relation to product placement but the control authority requires that product placement cannot be qualified as “surreptitious advertising” and in any event the product placement, if products are shown intentionally, must meet the conditions imposed for sponsoring. What is often done is the placement of products and services in a programme with identification of the advertiser at the end of the programme.

Virtual advertising is tolerated in Spain but there are no specific rules applicable.

Impact on commercial practices:

Product placement exists as an advertising category in Spain and in general it can be said that the technique is growing in importance, but it is not measured.

The technique is in particular attractive because the advertiser can more easily reach its target group. In general product placement is used in popular programmes with large audiences such as series and soaps.

Virtual advertising is also offered and used in Spain, but up to now only in sports programmes

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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 rules on insertion of advertising and teleshopping spots between and in programmes are identical to the rules foreseen in article 11 of the Directive.

Nevertheless, there are some more detailed provisions in relation to sports programmes, without being more restrictive however. A specific rule provides that the use of a split screen technique during sports programmes is allowed, if used during natural breaks on 1/6 of the screen and showing only a logo or trademark.

Spanish regulation is also more flexible in relation to the application of the 20 minutes rule. It is permitted to apply once a period of less than 20 minutes (but minimum 15 minutes) between two advertising breaks in a programme, if such is done to follow the natural breaks in the programme.

Concerning the categories of programmes in which no advertising can be inserted, the Spanish regulation contains identical rules as provided in article 11,5 of the Directive.

Impact on commercial practices:

On Spanish channels there is an average number of 3,4 breaks per hour during the day and 3,1 breaks per hour during prime time. The number of breaks is higher than the European average, but it has to be taken into account that the breaks are also shorter. The number of interruptions on public channels is somewhat lower (3,7 in all day and 2,7 during prime time) than the frequency of interruptions on private channels (4,2 in all day and 4 during prime time).

Also it is important to note that some specific advertising formats exist in Spain which are not included in the traditional breaks, such as TV promotions.

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

In terms of number of insertions and advertising spendings, important categories are Information (news, electoral programmes, opinion, etc) and Fiction (film, series & soaps, cartoons etc). Culture (educative, documentary etc) and sports programmes are more or less at the same level concerning volume of advertising and revenues (tab 12h-i, , p62-63).

The proportion time of advertising is the highest in “Info Show” (talk show, debate, reality) 22,6%, followed by “Quiz” 15,5% (tab 12d, p58) but during prime time “Information” contains a higher volume of advertising (tab 12l, p68).

It seems that there is no direct relation between the volume of advertising and advertising investments in certain categories of programmes and the applicable rules in relation to interruption of programmes.

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.

<u>TAB 7A - All Channels</u>	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 EIF	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

It is impossible to adapt Spanish typologies to the typologies used in the other countries or to regroup them regarding the objectives of the study. Comparisons are impossible but specific typologies can be found in the economical report, chapter 12.

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

1. Quantitative restrictions on advertising and teleshopping spots

Spanish regulation contains the maxima set out in article 18 of the Directive (12 minutes per hour; daily maximum of 15% advertising or 20% including teleshopping spots and all forms of advertising).

Nevertheless, the Spanish regulation mentions that 12 minutes per hour can be increased up to 17 minutes if self promotion is included in the calculation (this can differ by region and sometimes less minutes are allowed for self promotion).

It is also expressly mentioned in the regulation that sponsoring is not included in these maximum quota.

Impact on commercial practices

Teleshopping spots are not measured as a separate category and are included in “teleshopping programmes”.

The table below shows that total advertising volume in the total broadcasting time is 6,8% which is below the European average of 8%.

From the figures “All Day” can be concluded that in general channels remain under the legal maxima and do not use all the available advertising space (see tab 10e, p40). For example A3 broadcasts an average of 9,1 minutes commercial content every hour and 15,2% in a day (this includes advertising spots, other forms of advertising and sponsoring, but not teleshopping spots). T5: 8,4 minutes /hour and 14% in an average day; TVE1: 8,1 minutes per hour and 13,4% in a day. From the figures on pages 40 and following it appears clearly that traditional spots are still the most popular format.

During prime time, some channels however come close to the legal maximum and use almost all available advertising space (see tab 10m, p48): A3: 11,4 min/hour; T5: 10,5 min/hour and TVE1: 10,1 min/hour. Also during prime time classic advertising spots remain the most used advertising format.

**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

All Tv channels are authorised to broadcast teleshopping programmes under the conditions specified in the Directive.

Impact on commercial practices:

In 2003 teleshopping programmes represent 1,3% in the total programme mix which is relatively low compared to the European average (tab 11a, p53). Also, teleshopping programmes seem to be concentrated on some channels only (A3, C. SUR and T5: see tab12d, p58). This type of programme is not broadcast during prime time (see tab 12n, p70)

It is important to note that figures in relation to teleshopping programmes or “selling programmes” also include teleshopping spots and direct response TV spots (see p30)

Proportion of teleshopping programmes vs Total broadcasting

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

* weighted average (cf. introduction)

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

* *
*

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

For sponsoring the same rules as for advertising apply, except for the fact that sponsoring is not included in the maximum quota.

The rule in relation to the editorial independence of the broadcaster is identical to the rule contained in the Directive.

The sponsor identification must be placed at the beginning and the end of the programme, but may also be inserted as a breakbumper. It is also allowed to mention the sponsor during the programme on condition such does not disturb the programme.

The identification of the sponsor cannot contain any promotion for his products or services. Also the sponsored programme cannot promote the products or services of the sponsor.

As provided in the Directive it is forbidden to sponsor news programmes or current affairs programmes.

There are no specific rules in relation to the form or the duration of sponsoring messages.

Impact on commercial practices:

Sponsoring (billboard spots, breakbumpers, sponsored self promotion spots), bartering, infomercials, scoreboards and chronowatches are existing and used formats in Spain which types are measured for audience or investment, except the category breakbumpers (included in sponsoring spots) (see tab7, p29 of the economic report).

For this report have been considered as sponsoring: Impressions, Masks, virtual advertising, watches and other formats (not included in advertising).

When looking at the figures, it appears that these specific formats are rather exceptional when compared to normal spot advertising. However total sponsoring can be estimated at around 3,8% versus total advertising and sponsoring broadcasting time and 0,3% of total broadcast, which is rather low compared to other European countries and the European average. This low average can be due to the preferred intense use of various formats other than sponsoring, which are considered by the advertising industry to have more impact.

	% of advertising category vs Total advertising time	% of advertising category vs Total minutes Broadcast	Avg broadcast minutes for every advertising category in an hour (nbr of min)
	2003	2003	2003
TOTAL	100,0%	7,2%	4,3
TOTAL Sponsoring	3,8%	0,3%	0,2
Impressions	1,8%	0,1%	0,1
Mask	0,3%	0,0%	0,0
Virtual Ad	0,0%	0,0%	0,0
Watches / Scoreboards	0,1%	0,0%	0,0
Other Formats	1,7%	0,1%	0,1

**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)

VII. NEW ADVERTISING TECHNIQUES

There is no specific regulation in relation to interactive advertising, split screen advertising or virtual advertising.

Impact on commercial practices:

Split screen techniques are exceptionally used and interactive advertising on digital television only on rare occasions by way of test.

It has to be noted however that Spain is one of the exceptional countries in Europe already offering an interactive advertising format which allows the viewer to interact and search commercial information actively by using the remote control.

Virtual advertising is used but only during sports programmes (670 insertions in 2003: see tab 10b,p37 of the economic report).

It can be mentioned that new advertising techniques are not widely used.

<u>Splitscreen</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>Splitscreen</u>	Canada	Czech Rep.	Hungary	Japan	Poland	Romania	Turkey	USA
Used or not	Y	Y	Y	N	N	N	Y	N
Measured	N	*	N	-	-	-	Y	-

* Measured as Advertising Spots

* *
*

VI. GENERAL PRINCIPLES ON ADVERTISING AND TELESHOPPING CONTENT

(Article 12 of the Directive)

The rules of the Directive (art.12) are included in Spanish regulation but it also contains some more precise rules (for example: it is prohibited to use fear as an argument or to show cruelty against animals etc ...)

Impact on commercial practices:

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

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

In Spain tobacco advertising is prohibited on television as foreseen in the Directive.

The rules in relation to medicines are identical to the rules included in the Directive.

Alcohol advertising for beverages containing over 20° is forbidden. Other alcoholic beverages can be advertised under the conditions foreseen in art. 15 of the Directive.

For minors the rules of art.16 Directive apply but a specific rule adds that also the specific trust minors place in fiction characters cannot be exploited.

In relation to cars, the regulation mentions that advertising cannot encourage speed of dangerous driving.

Impact on commercial practices:

In terms of broadcast advertising minutes, amongst the measured categories, the important category is Food, followed by products dedicated to children and Cosmetics/Personal Hygiene (see tab 13b and c, p81-82).

The specific ban on advertising for alcoholic beverages over 20° clearly appears from the figures. Apart from beer, advertising for other categories of alcoholic beverages is not important (see tab13a,13b, p80-81).

In terms of number of insertions, the same three categories can be withheld(see tab 13d-f, p63-65) .

In terms of gross advertising spendings the important categories are the same three (tab 13j,k,p89-90).

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.

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IX. GENERAL OBSERVATIONS

In the Spain TV advertising represents 56,1% of total gross media investments (see tab 8, p42) which represents a very important share and shows that television is the most important medium for advertisers to reach the large public. The daily reach is already quite high and still slowly growing.

The 5 most important channels in Spain collect together 82,6% of total TV investments and hold together an audience share of 79,5%. The success of these market leaders gives the advertisers the opportunity to distribute efficient TV campaigns which reach a large public. However the smaller channels addressed to particular target groups suffer of a lack of advertising investment.

Traditional advertising on television is already at the highest possible level on the national market leaders, in particular during prime time, and is impossible to grow.

Probably the particular formats, such as “Impressions”, “Masks” and “Micro moments” (see p31 and 32) have been created to offer advertising space outside traditional advertising blocks and to avoid cluttering during breaks.

A trend in the Spanish market is the audience fragmentation (leaders losing market share, while local tv is slowly increasing its importance) therefore the broadcasters are trying to diversify their offer of advertising formats and are also looking for other financing sources.

IDTV is developing thanks to some advertisers willing to test a new way of communication.

TAB 24A	Austria	Belgium / ¹ N/S	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 / ¹ 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	96.637.599	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.