



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

REPORT : UNITED KINGDOM

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 United Kingdom 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, and despite all our efforts the following data are unavailable:

- Audience figures and measurements of several channels (e.g. pay TV's)
- 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.

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| <u>GENERAL INFORMATION</u> |
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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 | UK | 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 | 46.663.000 | 277.802.353 | 96.837.599 | 320.470.074 | 695.110.026 |
| Average Rating - All Day* | 11,2% | 14,0% | 16,7% | 23,4% | 18,7% |
| Average Rating - Prime Time* | 20,5% | 37,4% | 39,8% | 40,6% | 39,2% |
| Prime Time slots definitions | 17:25-22:59 | 18:55-23:00 | 18:30-23:00 | 19:00-23:00 | 19:00-23:00 |
| Average Prime vs All Day (index)* | 183 | 270 | 238 | 177 | 222 |
| Average Prime part* | 43% | 34% | 38% | 26% | 31% |

* Weighted averages (cf. introduction)

Source : Carat

Comments

- the average daily audience is lower than the European average, which is surprising given the fact that the UK is the best served audience in terms of number of broadcasters in Europe.
- The audience during prime time is significantly lower than the European average (general national channels). Such can be due to:
 - low cost pay tv / iDTV already more developed in the UK than in other European countries and still progressing (these are not included in the audience figures) ; the transfer of audiences from continuous video stream to postponed viewing or interactive applications cannot always be followed since measuring tools are not always adapted.

- the European average is influenced by the very high audience figures for certain European countries (Spain, Italy ...); Several Mediterranean countries, new member states and the examined third countries show a higher television consumption than the UK. This illustrates the fact that a large fragmented offer of channels and programmes and the development of iDTV does not necessarily lead to a higher television exposure. According to certain studies and sources the interactive mode for the choice of programmes (EPG or VOD) tends to reduce the volume of exposure to television.
- the definition of “prime time” is broader in the UK and starts much earlier than in other European countries (from 17:25pm...), and as a consequence includes more hours.

2- Socio economic data (2003)

| TAB 2 | UK | European Union Countries (10) | Applicant countries (5) | Countries Outside EU (3) | All Countries Observed (18) |
|--|------------|-------------------------------|-------------------------|--------------------------|-----------------------------|
| Total Adv. Investments All Media (000 €) | 11.986.590 | 106.902.530 | 14.958.765 | 153.876.973 | 275.738.268 |
| Total TV Invest. (000 €) | 5.237.400 | 37.370.852 | 10.518.887 | 88.420.354 | 136.310.092 |
| Part of TV Invest.* | 43,7% | 35,0% | 70,3% | 57,5% | 49,4% |
| Share of Top 5 channels on. Total TV Invest.* | 81,3% | 84,4% | 82,5% | 31,6% | 50,0% |
| Average Top 5 Channels Audience Share* | 35,2% | 60,5% | 72,1% | 50,8% | 57,7% |
| Adults population universes | 46.663.000 | 277.802.353 | 96.837.599 | 320.470.074 | 695.110.026 |
| GDP (mo €) | 1.589.468 | 8.668.867 | 601.106 | 14.296.881 | 23.566.853 |
| Average Total Adv. Invest. All Media / GDP* | 0,75% | 1,23% | 2,49% | 1,08% | 1,17% |
| Average Total TV Adv. Invest. / GDP* | 0,33% | 0,43% | 1,75% | 0,62% | 0,58% |
| Average Adv. Invest. / inhab. (€ per year) | 256,9 | 384,8 | 154,5 | 480,2 | 396,7 |
| Average TV Adv. Invest. / inhab.* (€ per year) | 114,7 | 134,5 | 108,6 | 275,9 | 196,1 |

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

Comments: In the UK since long the share of television advertising investments is above the European average, notwithstanding the fact that advertising is prohibited on the public channels.

Average tv advertising investment/inhabitant: the absolute amount expressed in euros per year invested in television seems rather low compared to the European average, but in fact it is the amount of total advertising investments (through mass media) in relation to GDP which are clearly below the average; Probably a more complete audiovisual offer, including BBC, would increase the total invested volume and the share of television.

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 |
|---|----------------------------|--------------------------------|-------------------|
| UNITED KINGDOM | Name | Status | 2003 |
| <i>Average Rating Audience % TOTAL TV (1)</i> | | | 11,2% |
| | | | <i>of which :</i> |
| Channels with national coverage | BBC1 | Public service | 25,9% |
| | BBC2 | Public service | 11,3% |
| | ITV1 (inc. GMTV/AM) | Commercial channel free to air | 24,2% |
| | ITV2 | Commercial channel free to air | 0,9% |
| | Channel 4 | Commercial channel free to air | 10,1% |
| | Channel 5 | Commercial channel free to air | 6,6% |
| Local channels | - | | - |
| Non domestic channels | ARD | Public service | - |
| | ARTE / KINDERKANAL | Public service | - |
| | DSF | Commercial channel free to air | - |
| | NETWORK 2 | Public service | - |
| | PRO 7 | Commercial channel free to air | - |
| | RAI 1 | Public service | - |
| | RAI 2 | Public service | - |
| | RTE 1 | Public service | - |
| | RTL | Commercial channel free to air | - |
| | RTL II | Commercial channel free to air | - |
| | SAT 1 | Commercial channel free to air | - |
| | TV 3 | Commercial channel free to air | - |
| | VOX | Commercial channel free to air | - |
| ZDF | Public service | - | |
| International channels | BLOOMBERG TV | Pay TV (including adv breaks) | - |
| | CNN | Pay TV (including adv breaks) | - |
| | MTV UK | Pay TV (including adv breaks) | - |
| Other channels | BCCCHOIC | Public service | - |
| | BBC PARLIAMENT | Public service | - |
| | CBEEBIES | Public service | 0,5% |
| | BBC 3 | Public service | 0,4% |
| | BBCNEW24 | Public service | 0,3% |
| | BBC 4 | Public service | 0,1% |
| | CBBC | Public service | 0,1% |
| | 152 channels | Pay TV (including adv breaks) | 18,0% |
| | Others | - | 1,7% |
| Total | | | 100,0% |

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

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COMPARISON BETWEEN THE LEGAL AND THE ECONOMIC DATA

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 the UK audiovisual regulation requires that television advertising and teleshopping is readily recognizable as such and kept quite separate from other programmes. Breaks must be identified in vision and/or sound (ex. identification going in and out of breaks).

UK regulation also contains specific rules which must prevent that advertising is confused with programme content.

A specific rule on “long advertisements” provides that those must be flagged as such at the beginning and at the end.

If an advertisement adopts a programme style (for example cooking programme style), there must be a 5 seconds reminder in each minute and a 3 seconds reminder in any part minute over 20 seconds.

For Channels 3, 4, 5 a specific rule imposes a maximum duration of advertising breaks. The maximum duration of a break is 3 minutes and 50 seconds, of which maximum 3,5 minutes can be devoted to advertising and maximum 20 seconds to programme promotion.

Split screen techniques: in the UK their use is tolerated to a certain extent (for example: text information on a programme during an advertising break) and to a larger extent on digital television, where separation between advertising and programme content can be spatial and must not be temporal.

Impact on commercial practices

The majority of advertising and teleshopping spots are included in traditional blocks. The average duration of a block is 236 seconds (see tab.4, p.30) which is quite long compared to average European practice and compared to the USA (main national networks) where the average duration of a block is 141 seconds, but where the frequency of programmes interruptions is much higher. The largest percentages are to be found in the categories 02:00-02:59 seconds: 35% of blocks and 03:00-03:59 seconds: 30%. During prime time the average duration of blocks is even longer: 261 seconds (see tab.4, p.31). During prime time 32% of blocks has a duration of 02:00-02:59 seconds and 41% a duration of 03:00-03:59 seconds.

The length of the blocks and cluttering effect can be explained by the prohibition of advertising on the public channels and also by the rules on the frequency and interruption of programmes applicable to private channels.

Split screen techniques are used in the UK but the importance of this technique cannot be evaluated in an objective manner since the technique is not measured as a separate format. It can be mentioned that the technique is used on digital television in relation to interactive advertising and inspired by the forms of banners and webvertising on the internet.

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 UK regulation provides that isolated spots must remain exceptional.

Impact on commercial practices

Isolated spots are not offered as a separate advertising format by broadcasters/their media sales houses (in theory such is possible if the advertiser is prepared to pay for the entire break). Isolated spots are therefore not measured as a separate format but it can be mentioned that their use is exceptional and uncommon. Occasionally isolated spots appear on some satellite channels where the broadcaster decided to shorten breaks and increase the frequency of breaks. In these instances there are occasional isolated 60+ seconds spots.

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).

The average length of a spot is around 28 seconds in UK (p32). Therefore, only 4% of the blocks contain 2 spots. These figures confirm that isolated spots remain exceptional.

3. Subliminal advertising

(Art. 10.3 Directive)

Subliminal advertising techniques are prohibited under UK law (“No advertisement may use images of very brief duration, or any other technique which is likely to influence viewers, without their being fully aware of what has been done”).

4. Surreptitious advertising

(Art.10.4 Directive)

The regulation does not contain a definition of “surreptitious advertising” but a general rule prohibits the promotion of commercial products and services in programmes (product placement is not allowed). Product placement is defined as: “the inclusion of, or reference to, a product or service within a programme in return for payment or other valuable consideration to the programme maker or licensee (or any other representative or associate of either)”. No undue prominence may be given in any programme to a product/service and any reference to those must be limited to what can be justified by the editorial requirements of the programme.

The availability of licensee produced materials or services that can demonstrate a clear relationship to the content of programmes, can be promoted if editorially justified. Books, videos, CD-roms, DVD and music may only be promoted at the end of the programme. This type of reference is subject to specific conditions and the advertising content of any form of programme support material must not exceed 35% of the total format. Moreover this advertising needs to be clearly distinguishable from the editorial content.

In game shows and viewer competitions prizes have to be described in an informational non-promotional manner. Where editorially justified, there may be two mentions of one

brand, or one mention each of two brands, in connection with the prizes in game shows or viewer competitions.

Where their use is clearly justified editorially, products and services may be acquired at no more or less than full cost. Provision of the article must not be conditional on any specific agreement as to the manner of its appearance in the programme. If the programme is not prohibited from sponsorship, a “basic text acknowledgement” of a duration of maximum 5 seconds may be included within the end credits, but only if the identity of the product is not apparent from the programme.

Impact on commercial practices

Only the standard forms of advertising are measured in the UK. Product placement is not an existing advertising format in the UK, except the specific limited forms of product placement mentioned above. Verbal references, injections and pop up’s are therefore not used in the UK.

UK broadcasters are transmitting American TV series and films which include product placement. Such is not sanctioned since the broadcaster has no control whatsoever over the content of these programmes and films and does not receive any profit or income from the product placement included in those.

The use of virtual advertising in sports programmes is tolerated in the UK under certain conditions (viewer transparency, only replacing existing on site advertising, no deterioration of picture quality: see the study on new advertising techniques, Bird & Bird, 2001). However, the guidance note clearly mentions that the broadcasters must have the contractual right to refuse virtual advertising and cannot be involved in selling virtual advertising.

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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 general rule included in art.11.1 Directive TVWF on the interruption of programmes is included in UK regulation. Furthermore, it is indicated in detail how "natural breaks" must be determined depending on the type of programme.

The rules included in article 11.2, 11.3 and 11.4 are included in UK regulation.

However, additional stricter rules apply for Channels 3,4,5. In programmes up to 20 minutes breaks are not allowed. In programmes from 21-44 min.: 1 break, 45-59 min: 2 breaks, 60-89 min.:3 breaks, 90-119 min.: 4 breaks, 120-149 min.: 5 breaks. Moreover, the duration of the breaks is limited to maximum 3 minutes 50 seconds (see above).

Article 11.5 is included in UK regulation but also other types of programmes are mentioned, such as a religious service or Royal ceremony, which may not be interrupted by advertising. Also, some particular separation requirements apply, depending of the type of programme and the type of products/services advertised. Some types of advertising cannot be inserted in or adjacent to certain types of programmes. For example some products/services cannot be inserted in or adjacent to children's programmes (for ex. drinks containing more than 1,2% alcohol by volume, medicines) and some products/services cannot be inserted in or adjacent to children's programmes or programmes likely to appeal to an audience below 18 (for ex. alcoholic drinks) or below 16 (lotteries) ...

Impact on commercial practices

In the UK, on private channels, there are approximately 1,9 breaks per hour in “All Day” and 1,5 breaks per hour during prime time, which is under the European average, in particular during prime time. Such can be partly due to the more restrictive regulation applicable to channels 3,4,5.

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

The categories Documentary (15,9%), followed by Information (13,4%) and Film & Tv film (13%) represent an important share in the total programme mix (however, taking into account that the category “Others” = theatre, short film, weather, stock market, regional programming, service broadcasting, lottery, third parties communications, loops) represents 17,5%. See also tab 11a, p49).

The same categories, Documentary, Film & TV film and Information, represent the highest part in the advertising investments.

These categories are subject to additional regulatory restrictions (45 minutes rule for film, documentary and news & current affairs programmes cannot be interrupted by advertising if their duration is shorter than 30 minutes; in documentary advertising can only be inserted where there is a change of topic), but the fact they represent an important share of total programming explains why those programmes also represent a high part in advertising investments. Moreover, the results are more differentiated when looking at the different channels separately.

Also other categories of programmes represent an important part in the advertising revenues, taking into account their share in the total broadcasting time. For example, children’s programmes represent 7,7% of the total broadcasting volume and 8,8% of the global advertising investment. There are detailed rules on inserting advertising in and around children’s programmes but those do not restrict the volume or possibility to place advertising around children’s programmes and concern in particular the content of the advertising and specific scheduling restrictions for certain types of products or services which are unsuitable for a young audience.

It has to be taken into account that for the UK 20% of advertising investments has not been attributed to any category of programmes. All figures in relation to advertising investments in the tables 10 below can be considered as under estimated.

Average number of interruptions per hour during and between the programmes

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

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

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

* weighted average (cf. introduction)

** Theoretical dayparts

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

* weighted average (cf. introduction)

** Theoretical dayparts

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

* weighted average (cf. introduction)

** Theoretical dayparts

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

* weighted average (cf. introduction)

** Theoretical dayparts

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

* weighted average (cf. introduction)

** Theoretical dayparts

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

* weighted average (cf. introduction)

** Theoretical dayparts

Proportion of broadcasting volume and advertising investment by type of programmes

Children's programmes - All Day 2003

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

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

Documentary - All Day 2003

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

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

Entertainment and Music - All Day 2003

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

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

Film, TV Films and Mini Series - All Day 2003

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

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

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

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

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

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

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

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

Series and Soap - All Day 2003

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

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

Sports - All Day 2003

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

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

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

1. Quantitative restrictions on advertising and teleshopping spots

UK regulation contains the maxima set out in article 18 of the Directive (maximum 9 minutes per hour of advertising + 3 minutes teleshopping spots; Daily maximum of 15% advertising + 5% teleshopping spots).

Nevertheless, more restrictive rules apply for Channels 3,4,5 where a maximum average of 7 minutes advertising per hour is permitted (increased to 8 minutes from 7-9 am and 6-11 pm)

Concerning long advertisements, specific rules apply also for Channels 3, 4, 5: a long advertisement can have a duration of maximum 7 minutes. Advertisements with a duration over 3,5 minutes are not allowed during certain hours (7-9 am and 6-11 pm).

Impact on commercial practices

Teleshopping spots are not measured as a separate category and are included in “total advertising”. The majority of teleshopping spots are broadcast by teleshopping channels.

From the figures “all day” (Tab 10b, p45) can be understood that Channels 3,4,5 almost use the maximum of available capacity (ITV: 7,4 min./hour; Channel 4: 7,4 min./hour, Channel 5: 7,4 min./hour).

In an average day, ITV has 12,3% advertising volume (vs total programmes broadcast), Channel 4: 12,4%, Channel5: 12,3% and other channels: 12,3%. The difference between Channels 3,4,5 and other channels is minimal, notwithstanding the more restrictive rules for Channels 3,4,5. For the other channels, which are subject to the quota of the Directive, it is clear that those remain under the permitted maxima.

During prime time (see tab.10d,p.47), all channels broadcast an average of 6,6 minutes advertising per hour against 7,4 in all day. The proportion of advertising is already at a high level during all day as a result of which the advertising levels during the prime time cannot exceed those of all day. However channels 3,4,5 do not use the full capacity available since during prime time there is a legal maximum of 8 minutes advertising available.

In total the advertising time in the total broadcasting time on UK channels is 12,3% which is high and above the European average. It seems that in the UK the measured channels have reached the ceiling of available advertising capacity.

**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

There is no additional air-time for teleshopping on Channels 3,4,5. Between midnight and 6am these channels may run long-term advertisements, including teleshopping but this airtime will count towards the daily maximum and any advertising other than a teleshopping feature of a minimum duration of 15 minutes will count towards the 12 minutes maximum per any given clock hour.

On the other channels teleshopping windows are allowed within the conditions of article 18 bis of the Directive (maximum 8 and maximum 3 hours a day).

Teleshopping channels are foreseen in UK regulation and can be licensed in the UK.

Impact on commercial practices

The economical report shows no data concerning teleshopping programmes in the channels studied. However, the majority of teleshopping programmes are broadcast by teleshopping channels and not by the measured mainstream channels.

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)**

The principle of editorial independence of Art.17.1a of the Directive is included in UK regulation.

Art. 17.1 b of the Directive concerning sponsor identification is included and further detailed (insertion of the sponsor message: front, end and bumper credits are allowed; content of the sponsor message: the principal purpose must be the association between the sponsor and the programme).

UK regulation prohibits promotional references to the sponsor or his products/services (as foreseen in art.17.1 c Directive)

News programmes and current affairs programmes cannot be sponsored, as well as the channels itself. The rules are far more detailed than the Directive and also specify which programmes can be sponsored and which sponsors cannot sponsor certain types of programmes.

Art.17.2 and 3 are included in UK regulation (prohibited and restricted sponsors). Included are also political bodies, those who cannot advertise on TV, bookmaking, gaming...etc

The rules on sponsoring are far more detailed than the provisions of the Directive TVWF.

The Code of Programme Sponsorship also includes rules on duration of sponsor credits, detailed rules on the content of sponsored programmes, product placement, references to advertisers in game shows, coverage of events, timing and information services and sponsored support material. Moreover, a key principle of the CPS is that there must remain a distinction between sponsoring and advertising in order to ensure that sponsor credits are not used to extend the time allowed for advertising

Impact on commercial practices

Sponsoring “billboard” / short spots, breakbumpers, sponsored self promotion spots), bartering, infomercials, scoreboards and chronowatches are existing and used formats in the UK, but they are not measured for audience or investment (see tab7, p38).

It can be mentioned however that sponsoring is increasing in volume and would be currently worth about 150m euro as a revenue source (gross estimate by Carat UK, see page 39 of the economic report). Today in the UK sponsoring represents a valuable alternative compared to spot advertising.

**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 inomercials and humanitarian and public interest campaigns broadcast free of charge or against important discount.

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

* weighted average (cf. introduction)

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

* weighted average (cf. introduction)

V. NEW ADVERTISING TECHNIQUES

Split screen techniques are permitted to a limited extent during advertising breaks. On digital TV the use of split screens is allowed and spatial separation between advertising and other content is permitted.

The use of interactive advertising on digital television is permitted under certain conditions.

The use of virtual advertising is permitted under conditions but broadcasters cannot be involved in the sale of this advertising format.

Impact on commercial practices

Split screen techniques are used on digital television.

Virtual advertising and interactive advertising exist in the UK but there are no figures concerning audience or for investment in the economic report.

Nevertheless, it can be mentioned that new advertising techniques are not widely used.

| 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 ITC Advertising Standards Code is based on the principles that advertising should not mislead, cause deep or widespread offence or lead to harm, particularly to the vulnerable.

It is the responsibility of the broadcasters themselves to ensure the advertising they transmit complies with both the spirit and the letter of the Code.

Control over the content of television advertising has been transferred by OFCOM to the Advertising Standards Authority (self regulatory body also competent for non broadcast advertising).

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)

UK regulation prohibits certain categories of products, such as tobacco, products sharing a tobacco brand name, guns, pornography, betting and gaming etc ...

Advertising for alcohol is permitted but subject to specific conditions to encourage moderate consumption and protect minors. Scheduling restrictions apply in relation to children's programmes and religious programmes.

Medicines can be advertised, but prohibited is advertising for medicines on prescription, therapies such as hypnosis or psychology. Only registered homeopathic products can be advertised. Advertising for medicines is subject to specific conditions and the regulation includes obliged or prohibited mentions.

Advertising addressed to children (15 and under) is subject to specific conditions, aimed to protect them against misleading or harmful advertising and to prevent pressure to purchase. There are also scheduling restrictions which apply in relation to certain products such as alcohol or medicines. Alcoholic drinks cannot be advertised in or adjacent to **children's programs** or programmes directed at or likely to appeal to audiences below the age of 18.

Also before 9pm there may be no advertising showing personalities who appear regularly in children's programmes.

Also other categories of products are subject to specific conditions.

Advertising for cars and motorbikes is subject to conditions which must encourage safe driving behaviour.

In relation to media specific guidelines apply. Licensees are allowed to promote related channels or products (such as a website) outside advertising time, under certain conditions. Channels 3,4, 5 are subject to specific restrictions.

Political advertising is prohibited and advertising referring to religion or similar is subject to specific restrictions.

Also other categories are subject to specific conditions: for example food products, slimming, finance, charities, lotteries etc ...

Impact on commercial practices

In terms of broadcast advertising minutes and number of insertions, amongst the measured categories, the important category is by far “food”, followed by “cleaning products” and “non prescription medicines” (see tab 13a-c, p60-62).

In terms of gross advertising spendings the important categories are the same three but the category “non prescription medical products” clearly generates more revenues for less advertising minutes than the category “cleaning products” (see tab 13g-i, p 66-68).

The stricter rules or conditions in relation to some categories of products such as medicines do not necessarily have an impact on the amount of advertising or the revenues generated from those categories.

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

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IX. GENERAL OBSERVATIONS

In the UK TV advertising represents 43,7% of total gross media investments (see tab 8, p42) which represents an important share and is above the European average.

Concerning television, in the UK digital TV is at a more advanced stage of development than in other European countries. Professionals estimate that 60% of UK homes have access to digital multi channel TV. It is the government's intention to switch off the analogue signal at some point between 2010 and 2012, when 95% of the population should have access to digital services. This evolution will of course have an important impact on the television advertising markets and new content delivery platforms will challenge the future viability of traditional advertising funded television.

Even though interactive advertising on digital TV is not the direct concern of the present report, it is of a certain interest to have a reduced highlight on this chapter, in order to understand the importance of this activity. UK digital TV growth is rocketing ahead, but how fast? Ofcom and BARB – the two 'official' local sources for these matters – agree that growth has been faster since Q4 2003 and that Freeview is the main reason, but are issuing increasingly divergent estimates. Ofcom is, in the view of Carat UK, overestimating Freeview and BSkyB homes. BARB's methods seem preferable and rely on its estimate of 48.1% of UK TV homes (11.9 million DTV homes).

Freeview added 350,000 homes in the first five months of 2004 to reach 2.7 million. This growth spurt is due to a mix of push factors – including rapidly declining hardware costs, relentless advertising on the BBC, and positive word of mouth – that is expected to continue and strengthen. Carat UK projects Freeview homes swelling by another 3.5 million by the end of 2006, the main contributing factor in growing DTV penetration to about two-thirds of UK homes. Sky, by contrast, added just 66,000 subscribers in Q1 2004. Provided Sky maintains its intense promotional activity, the total target of 8 million should be met by end-2005.

Digital TV access is therefore becoming popular in the UK, and may be qualified as an emerging mass media (platform). But this does not mean there will be necessarily a modification of the TV viewing patterns: having access to digital broadcast does not signify to have access to every interactive services and/or platforms. Following Forrester, "Interactive television revenues in Europe will hit just €1.6 billion in 2004, due to overambition on the part of operators and slow uptake by consumers. However, revenues will take off over the next five years, driven by increased marketing by operators and broadcasters and improved technology that makes services easier and quicker to use."

By now, advertising activities remain at a low level, including in the UKL where the DTV is more widely spread. As Forrester said in 2003 : “The UK - with more than 10 million subscribers - is Europe's lone ranger, accounting for almost 40 percent of Europe's iDTV ad spend.” Following the same source, there are few advertisers/agencies concerned by a strategic transfer of marketing efforts from traditional means (webvertising included) to iDTV modes; till 2007-2008, it is probable that such new platforms of advertising will be based on a “test-and-refine” approach limited to pioneers. Not only to avoid expensive marketing experiences and investments waste, but also due to the reduced audiences exposed to iDTV interactive advertising, not to mix with DTV access penetration.

| 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 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)

* *
*

Brussels, June 2005.