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**Advertising in the global age:  
Transnational campaigns and pan-European television channels**

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## **Advertising in the global age:**

### **Transnational campaigns and pan-European television channels**

#### **Abstract**

The first pan-regional satellite TV stations in Europe ran into financial difficulties because too few companies had the interest and ability to run international advertising campaigns. Their financial shape improved with the upturn of the pan-European advertising market in the 1990s. The pool of international advertisers expanded as multinationals adjusted their marketing strategy to the challenges and opportunities of globalization. The advertising industry restructured, creating media buying agencies with specialist knowledge of pan-European television and the network to run transnational advertising campaigns that mix local and global objectives. Pan-European TV stations began to offer flexible local advertising windows and integrated communication solutions involving cross-format and cross-platform opportunities for advertisers.

#### **Key words**

European broadcasting, European marketing, global branding, globalization, international advertising, transnational television

## **Advertising in the global age:**

### **Transnational campaigns and pan-European television channels**

#### **A Tale of two decades: The pan-European advertising market from the 1980s to the 1990s**

Cross-border satellite TV channels began broadcasting in Europe in the early 1980s. These stations were soon in the grip of a series of problems that ranged from unreliable satellite technology to governments' reluctance to grant access to their market. Channels were struggling with problems regarding programme production, scheduling, marketing and a whole range of localization issues (Chalaby, 2005; Esser, 2001). Their finances were in poor shape because advertisers rapidly lost interest in the medium. It was a difficult period for cross-border TV stations and many were out of business by the end of the decade. News International's Sky Channel (1983-1989), Thorn EMI's Music Box (1984-1986), WH Smith's Screensport (1984-1993) and Lifestyle (1985-1993), Europa (1985-1986), the Arts Channel (1985-1989), ITV's Super Channel (1987-1988) and the European Business Channel (1989-1990), were the most prominent names in a list of casualties that comprised smaller ventures and stillborn projects.

The financial difficulties that caused the demise of these channels might seem paradoxical considering the unsated demand for advertising airtime.

Approximately 27 channels accepted commercials in Europe in 1984, nearly all were in the hands of public service broadcasters who doled them out in small quantities.<sup>1</sup> Four countries banned advertising altogether: Belgium, Denmark, Norway and Sweden. A conservative estimate of the time placed the demand for

airtime at nearly twice the amount that was on offer (Syfret, 1987, pp. 34-7).

When satellite channels first appeared, advertisers were keen to book airtime. The first commercial was booked by Unilever for deodorant Impulse on Haynes' Satellite Television Plc (the channel Rupert Murdoch bought and renamed Sky in the summer of 1983), followed by multinationals ranging from Coca-Cola and Philips to Shell and Kellog. It became quickly apparent to these companies that pan-European television was a medium particularly ill-suited to advertise FMCGs (fast moving consumer goods). Most multinationals did not return to international TV stations, which ultimately saw very little of their advertising money. Research in 1988 estimated that the pan-European TV advertising market was the equivalent of 1.5 per cent of the British market or - according to a 1991 study – about the combined advertising revenue of ITV and Channel 4 in the UK for a month (O'Carroll, 1988; Barker, 1991, p. 19).

Three advertising agencies were initially interested in pan-European television: Foot Cone and Belding, McCann Erickson and J. Walter Thompson, and they all quickly spotted a range of issues. Too few companies had the need for the pan-European coverage offered by channels like Sky and Super. Brand names changed across the continent, as did packaging and product cycle. Most multinationals devolved marketing to their local affiliates, passing on the advertising budget to a local agency (Billen, 1984, p. 56). Very few campaigns were suitable for international treatment, and to place a message on pan-European television, an advertising agency had to coordinate marketing strategies across Europe.<sup>2</sup> For instance, this localized marketing structure was adopted by two big advertising spenders, Nestlé and Unilever, and they had practically no means of

running a centralised advertising campaign. As Toby Syfret summarized:

Either budgets allocated to pan-European broadcasts were constrained by client's difficulty in securing a central budget; or proposals that looked good were not acted upon because the client had no mechanism for taking a central decision; or local agency opposition defeated a consensus. From the client angle, nothing would seem to work worse than the quite common practice of going cap in hand to local offices in order to stump up their contributions.

Some want the campaign, others are sure to prefer to invest in domestic media, quite possibly urged on by the local agency, which does not want to see part of its natural budget disappear, and so on. The end result is frustration for all concerned.<sup>3</sup>

Satellite channels did not have the flexibility of offering local advertising windows. Clients could not block out a country where, for instance, their product had yet to be introduced. Pan-regional coverage was a waste if they were present in only a handful of territories. The distribution of audiences was another matter for concern. As far as they could be measured, satellite channels reached vastly different audiences both in size and demographics from one country to another. A channel could reach a young audience in high numbers in a country like the Netherlands and an older audience in fewer numbers in Germany, where cable penetration was not as extensive.

Political and cultural issues were also a matter of concern. In particular, advertising regulations differed markedly: some countries banned advertising for

children and others banned children in commercials. While advertising for tobacco was prohibited everywhere, a range of products such as alcohol faced a variety of legal restrictions. When advertising itself was not regulated, consumer markets for products such as pharmaceuticals differed from country to country.

These impediments to pan-European marketing campaigns restricted the pool of international advertisers to well below the 200 multinationals or so that possessed international brands (Syfret, 1989, p. 56). These limitations resulted in a soft market for pan-European TV advertising, which explains much of the financial difficulties that satellite channels faced in the 1980s.

#### *PETV in the 1990s: A change of circumstance*

The market for pan-European television (PETV) greatly improved in the 1990s. Technology became altogether more affordable and more reliable and EU legislation facilitated the international reception of satellite TV channels (see Krebber, 2001; Harcourt, 2005). Europe's cable and satellite reception universe grew and with it the distribution of transnational TV channels. Today, the leading PETV stations reach in excess of 100 million TV households across more than 50 territories (Table 1), and the average distribution of the top twenty channels is above 50 million homes. As the market can support more players, the number of cross-border TV stations is expanding and spreading to new genres (Table 2).

**Table 1: Full-time distribution of leading 8 pan-European television channels, 2001, 2003 and 2005 (in million of TV households)**

	<b>2001</b>	<b>2003</b>	<b>2005</b>
<i>BBC World</i>	49.4	57.5	72.6
<i>CNBC Europe</i>	40.2	54.3	63.5
<i>CNN</i>	81.0	90.0	98.2
<i>EuroNews</i>	44.0	55.5	62.8
<i>Eurosport</i>	93.0	94.4	101.2
<i>MTV</i>	94.2	99.2	107.8
<i>TV5</i>	68.0	83.7	94.6

Source: *M&M Guide to Pan-European Television*, 2001, 2003, 2005

**Table 2: Cross-border TV channels in Europe according to genre**

<b>Genre</b>	<b>Channel</b>
<i>News</i>	BBC World; Bloomberg TV; CNBC Europe, CNN; Deutsche Welle; EuroNews; Sky News
<i>Generalist</i>	Arte, TV5
<i>Factual entertainment</i>	The Biography Channel; Discovery; Fashion TV; The History Channel; National Geographic; Reality TV; Travel Channel
<i>Sports</i>	Eurosport; Extreme Sports Channel; Motors TV
<i>Entertainment</i>	E! Entertainment; Hallmark; Paramount Comedy Channel
<i>Movies</i>	13 <sup>th</sup> Street; Cinemax; HBO; Sci-Fi; Studio Universal; Turner Classic Movies
<i>Music Television</i>	MTV; TMF; VH1
<i>Children</i>	Boomerang; Cartoon Network; Disney Channel; Jetix; Nickelodeon; Playhouse Disney; Toon Disney
<i>Adult entertainment</i>	The Adult Channel; Playboy TV; Spice
<i>Shopping</i>	QVC
<i>Religion</i>	Daystar; The God Channel; Islam Channel; Revelation TV; TBN Europe
<i>Ethnic</i>	All channels that target a specific ethnic and/or linguistic community in Europe



Most channels are in much better financial shape than in the past, a change of fortune that is largely due to the upturn in the international advertising market. In the course of the 1990s, the pool of international advertisers grew as multinationals adjusted their marketing strategy to the challenges and opportunities of globalization. The pool of international advertisers further expanded with the growth of cross-border brands and companies. The advertising industry restructured, creating international media buying agencies with specialist knowledge of PETV and the network to run transnational campaigns.

### **Globalization, European integration and pan-regional advertising**

In the 1980s, attempts to use pan-European TV channels to promote FMCGs were inconclusive. Their subsequent absence from PETV screens prompted many observers to place question marks over the medium's viability and prospects. But over the following decade, international stations found new clients and FMCGs were replaced by products and services that were better adapted to international television.

European market integration and the growth of multinational companies have led to a surge of products and services sold on a multi-territory basis. An increasing number of banks (for example HSBC and UBS) and insurance companies (AXA, Allianz and Zurich), have activities that are transnational in scope. This trend is gathering pace in the services sector because of the growth of cross-border mergers and takeovers in Europe.<sup>4</sup> PETV is a useful platform for products that need little adaptation from one market to another, such as music, films, electronic games and consoles, computers and mobile phones. It is also

popular with products that have a cosmopolitan appeal such as the luxury brands of the fashion sector.

The number of international brands is growing every year. The names of products that used to differ from territory to territory are being standardized. In new sectors (e.g. energy drinks, mobile telephony), brands internationalize at the very beginning of their life cycle (e.g. Red Bull, Vodaphone). A number of these brands continue to advertise exclusively in local media but most media buying agencies have realised that cross-border advertising enables them to develop these brands homogenously across a region and achieve consistent brand image and positioning. As a result, the number of advertisers on PETV has steadily climbed throughout the 1990s to reach a few hundred today.<sup>5</sup>

Table 3 shows PETV spending by sector. Tourist boards and hotel chains (travel & tourism), airlines (transport), media and entertainment companies (culture & leisure), banks and insurance providers (services) are among the most frequent PETV advertisers. Pan-European stations are also frequently used for corporate campaigns. Companies that have figured among the top advertisers in pan-European television over recent years include Adidas, Kia, Nokia, Philips, Samsung, UBS, Toyota and Vodaphone.

Many companies that advertise on PETV are in cutting-edge sectors that are particularly sensitive to an economic downturn. Thus the advertising revenue of cross-border TV channels suffered in the early 2000s following the events of 9/11 and the burst of the Internet bubble. Following a peak at approximately €628 million in 2002, the advertising income of Europe's leading PETV channels dropped to €419 million in 2004, before picking up in 2005, when it stood at €446

million (*M&M Guide*, 2002, p. 16, 2004, p. 8, and 2005, p. 8).<sup>6</sup> These figures are a fraction of the money spent on national media but represent a marked improvement from the late 1980s when the total pan-European advertising spending was measured at the modern equivalent of €31 million (Collins, 1992, p. 44). In addition, they only take into account advertising campaigns that take place in at least three countries, leaving aside local advertising spend on PETV, which accounts for most of the advertising on certain stations (see below).

Table 3: Top 10 sectors by spending on pan-European television

2002	2003	2004	2005
Services	Publishing	Travel & tourism	Travel & tourism
Travel & tourism	Automotive	Services	Telecommunication
Automotive	Telecommunication	Culture & leisure	Transport
Culture & leisure	Travel & tourism	Telecommunication	Culture & leisure
Telecommunication	Services	Automotive	Services
Publishing	Culture & leisure	Sport equipment	Publishing
IT	Media information	IT	Energy
Corporate	Clothing & accessories	Audio & photo	Clothing & accessories
Sport equipment	Drinks	Clothing & accessories	Corporate
Clothing & accessories	IT	Corporate	Sports equipment & sportswear

Source: TNS Media Intelligence in *M&M Guide*, 2002/05

From a media buying perspective, PETV can be used in two ways. The ‘umbrella strategy’ consists of booking PETV as a complement to local campaigns. A transnational company with budgets in a handful of European countries may aim to complete its European coverage via PETV, typically in

Central and Eastern Europe. Another reason to opt for this approach is to run local and regional ad campaigns concurrently. This type of campaign implies a marketing strategy that has both local and regional objectives. In this case PETV contributes to the communication of the brand at international level. While local advertising concentrates on driving sales, a pan-European campaign can reinforce a brand message and refine its positioning. A car manufacturer can promote its models locally and outline the values of the brand at regional level. Toyota, among others, has become adept at this type of campaign, which can be qualified as transnational because such campaigns are not merely international but mix the local with the global. This strategy is sophisticated and can be difficult to implement because it involves a high level of coordination between the agency's international department and the local office, and sometimes among the local offices themselves.<sup>7</sup>

The umbrella strategy is for corporations that have the luxury of both local and international budgets. PETV is not the preserve of transnational conglomerates and is also booked by companies that have little advertising money. Not only are the rates for a 30-second advertising slot relatively cheap on PETV (see Table 4), but the medium is cost-efficient as the rate per thousand viewers is well below that of national stations. Thus small advertisers can reach key European territories through PETV at a fraction of the price of national media. Tourist boards, airline companies and banks from the accession countries to the European Union, which tend to have small advertising budgets, count among PETV regular clients.

Table 4: Selection of rates for a 30-second advertising slot, 2005

<b>Channel</b>	<b>Period</b>	<b>Time</b>	<b>Price (€)</b>
<i>BBC World</i>	Peaktime	19:00-00:00	2,103
<i>CNBC Europe</i>		17:00-19:00	1,565
<i>CNN</i>		19:00-00:00	5,390
<i>Discovery</i>	Primetime		2,278
<i>EuroNews</i>	Evening peak	19:00-20:00	2,650
<i>Eurosport</i>	Average		4,500
<i>Fashion TV</i>	Primetime		1,000
<i>Sky News</i>	Evening peak	19:00-00:00	1,740
<i>TV5</i>	Prime 1	19:00-20:59	1,500

Source: *M&M Guide*, 2005, p. 9

### *The restructuring of the advertising industry*

Among the many evolutions that benefited PETV in the 1990s is the restructuring of the advertising industry. Over the past decade a series of factors in the media sector induced full-service agencies to break up into creative shops and buying groups. The formation of global media conglomerates prompted the advertising industry to consolidate its media buying capacity. Large groups that purchase airtime and space in bulk have enough leverage to negotiate volume-linked triggers that bring discounts and other benefits. They are also able to discuss marketing partnerships that can involve content development and cross-border exploitation. In addition, the advertising industry faced an increasingly complex media environment due notably to the multiplication of content platforms and audience fragmentation. Buying groups have the resources to build up their specialist knowledge of new media such as PETV. Since they are invariably structured in transnational networks, they are also in a good position to understand the benefits that cross-border TV channels can bring to a regional campaign.<sup>8</sup>

Media buying agencies expanded their international departments as relationships with PETV owners developed. Carat has probably the largest international department in London, with over 100 staff spread on three floors. Twelve people alone are involved in planning and buying pan-regional television. It is a stark contrast to the recent past when the ‘international used to be something you would almost do in the basement [and] you would have three people who might buy a page in *Time* sometimes’.<sup>9</sup> All the international departments of London’s top media buying agencies are expanding, with an average size of between 40 and 60 people. Some agencies have smaller departments because they incorporate their international specialists in client teams (see Table 5).

Table 5: PETV's top buying agencies (ranked by M&M Guide's billing estimates)

<b>Agency</b>	<b>Billing 05 (€M)</b>	<b>Billing 04 (€M)</b>	<b>Billing 02 (€M)</b>	<b>Holding company</b>	<b>Major clients</b>
<i>MediaCom</i>	29	24	26	WPP	Dreamworks, Emirates, Nokia, Shell, Tourism Australia, Universal Music
<i>ZenithOptimedia</i>	29	28	22	Publicis	British Airways, HP, Hyundai, Lexus, Toyota, Zurich
<i>Carat</i>	26	29	30	Aegis	Adidas, Disney, Lego, Philips, Toyota, Vodafone
<i>Starcom</i>	24	23	22	Publicis	Aviva, Delta Airlines, Johnie Walker, 20 <sup>th</sup> Century Fox, UBS
<i>MindShare</i>	21	20	22	WPP	Gillette, HSBC, IBM, Nike
<i>Mediaedge:cia</i>	20	20	21	WPP	Canon, Estée Lauder, Intel, Nestlé, Sony Ericsson, Visa
<i>Media Planning Group</i>	17	18	21	Havas	Accor, Airbus, BNP Paribas, Dassault, Lacoste, Peugeot
<i>Universal McCann</i>	14	13	15	Interpublic	ExxonMobil, Motorola, UPS, Xbox
<i>OMD</i>	13	13	9.5	Omnicom	Allianz, Bridgestone, Columbia Tristar, General Electric, McDonald's, Siemens, Sony
<i>Initiative</i>	12	12	17	Interpublic	Continental Tyres, Rossignol, Samsung, Tommy Hilfiger
<i>Eurolab (BKM)</i>	2	2	2	/	Domino's Pizza, Hornby
<i>BJK&amp;E</i>	2	1.5	0	WPP	Financial Times, Systems Capital Management

Source: *M&M Guide*, 2002, 2004, 2005; holding companies: *Campaign*, 25 February 2005, p. 15.

### *Local advertising windows*

A great limitation of international stations in the 1980s is that they could only offer pan-European exposure. Capacity was too spare on analogue satellite systems for channels to be able to split their feed at a viable cost. Furthermore, legislation was in place to protect local advertising markets. Before the

implementation of the Television without frontiers directive in 1991, several countries forbade international TV channels to carry commercials specifically aimed at their market. Understandably, there was little demand for pan-European campaigns. Most advertisers that paid interest to international advertising were present in three or four markets, not the entire continent. Very few messages can be beamed across a whole region without adaptation. The same product can be at different stages of its lifecycle from one territory to another. Cars, for instance, rarely get launched in all markets at once. Different variants of the same product can be launched in different territories. Typically, car manufacturers might launch a cheap version in Central and Eastern Europe while they sell a premium model of the same car in Western Europe. Some industries, such as pharmaceuticals, face many different regulations across territories and a pan-European campaign is strictly off-limits. European cultural diversity makes it difficult for the same message to remain efficient, let alone relevant, across different markets.

These barriers began to fall when cross-border TV channels split their pan-European feed and started to insert commercial breaks for one or several territories. The pioneers in local advertising windows were CNN and MTV, who began offering local advertising in Germany in 1992. Commerzbank was one of CNN's first local sponsors, the bank's spokesman explaining the attractiveness of the deal as follows: 'we finance 11 per cent of Germany's foreign trade, and it's important for the bank and its customers to keep abreast of breaking news elsewhere in the world' (in Flynn, 1992, p. 48).

In the course of the 1990s, local advertising grew in popularity and PETV channels continuously expanded the number of windows on offer. BBC World



and CNN (which stopped the German local ad window) are about the only stations not to offer local ad inserts today, reflecting the fact that clients book these channels in order to build up the international appeal of their brand. The rest offer anything between one and 15 local ad windows (Table 6). Most channels pick the UK – Europe’s biggest TV advertising market – followed by any of the other four key territories (Germany, Italy, France or Spain). Stations also tend to open ad windows in the markets where they do well. Arte offers local inserts in Romania, EuroNews and Fashion TV in Russia, Hallmark in the Czech Republic and Hungary, and Travel Channel in Poland.

Table 6: Selection of advertising windows on PETV

<b>Channel</b>	<b>Local advertising windows</b>
<i>Cartoon Network</i>	Denmark, France, Greece, Hungary, Italy, Netherlands, Norway, Poland, Romania, Russia, Spain, Sweden, UK
<i>Discovery</i>	Benelux, Central and Eastern Europe, Denmark, France, Germany, Hungary, Iberia, Italy, Nordic countries, Poland, Sweden, UK & Ireland
<i>Jetix</i>	Bulgaria, Central and Eastern Europe, Croatia, Czech Republic, France, Germany, Greece, Hungary, Italy, Netherlands, Poland, Russia, Scandinavia, Spain, UK & Ireland.
<i>MTV</i>	Belgium (Flanders), Denmark, France, Ireland, Netherlands, Nordic countries, Poland, Portugal, Romania, Spain, Switzerland, UK
<i>National Geographic</i>	Benelux, Denmark, France, Germany, Hungary, Italy, Poland, Portugal, Romania, Scandinavia, Spain, Turkey, UK & Ireland

Source: *M&M Guide*, 2005, p. 9

Local advertising windows open up a realm of possibilities for advertisers, who can book PETV flexibly and are no longer required to buy pan-regional. Clients can buy a local campaign and advertise in one country, opt for an

international campaign and select a group of territories, or buy a whole pan-European campaign. Advertisers can also run locally produced advertising spots simultaneously across Europe, ensuring that a pan-European campaign remains relevant to all markets. Advertisers in the FMCG sector frequently employ this method since tailoring is an effective marketing strategy and aspects of their products (such as packaging) may differ from country to country. Pan-European campaigns can also be staggered in time. Advertisers can start a campaign in the Netherlands in June, run it in Scandinavia in July and carry it through across Europe during the following months. Film studios use this technique to time their promotion campaigns according to a movie's release date. Another frequent situation is that an advertiser may want to isolate a country where it cannot be seen for legal or business reasons (Vodafone, for example, cannot advertise in France), or already runs a separate campaign that would clash with its international message.

From a media owner perspective, local ad windows have enabled cross-border channels to compete for local advertising budgets. Many PETV channels (at least all those listed in Table 6), sell local advertising through offices or representatives spread across the continent. For the children's channels (Cartoon Network, Jetix, Nickelodeon), Discovery, National Geographic and MTV, local advertising represents three quarters or more of their total advertising income.

## **Delivering an affluent audience**

Most PETV channels have an audience that is more upmarket than that of terrestrial stations. It is the case of the factual entertainment channels (Discovery, History Channel and National Geographic), Fashion TV, Travel Channel and Eurosport. The news channels (BBC World, Bloomberg, CNBC Europe, CNN, EuroNews and Sky News) carry an ever more upscale and business-oriented audience. For instance, the average CNBC viewer has an income over €107,000 and a net worth of €615,000; 30 per cent are senior managers.<sup>10</sup>

A battery of surveys tracks down this lucrative but elusive audience at pan-European level. The leading one is the European Media and Marketing Survey (EMS), conducted by Amsterdam-based Interview-NSS. The EMS universe consists of 40 million Europeans (15 per cent of the adult population) living in the top 20 per cent of the population by income (corresponding to an average annual revenue of €50,000) (*EMS Guide*, 2005, p. 7). In the 2005 EMS universe's representative sample of 24,000 respondents in 16 countries, 41 per cent of individuals have a university degree, two thirds own two cars or more, the majority make several business trips a year and hold a variety of financial investments.

A couple of surveys have an ever more restrictive universe. EMS Select, from the same Dutch company, targets the top 3 per cent of the population in terms of income, which translates to frequent flyers (at least six international business flights a year) with a minimum annual revenue of €80,000 (*EMS Guide*, 2005, p. 7). The European Business Readership Survey (EBRS) is a print survey, in existence since 1978, that added questions about TV channels for the first time in

2004. EBRS has a very narrow universe, concentrating on half-a-million individuals in the business population.

The EMS surveys measure audiences in terms of *reach*, which is defined as the number of people having seen at least once a specific programme or spot over a defined period (daily, weekly or monthly). Table 7 shows the weekly reach – the most commonly used figure - of a selection of PETV channels over the last decade in the EMS *universe* (average sample size is 15,703 respondents for the period).

Table 7: PETV weekly reach in EMS regular universe of 40 million European, 1995-2005. In percentages.

<b>Channels</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
<i>BBC World</i>	1.8	2.3	3.3	4.4	5.7	6.3	6.6	7.8	9.7	11.4	10.5
<i>Bloomberg</i>	-	-	-	1.7	2.0	3.7	5.2	4.6	5.0	5.7	5.3
<i>CNBC</i>	-	-	2.0	3.9	4.5	5.3	6.1	5.6	5.8	7.0	6.4
<i>CNN</i>	16.5	15.1	15.5	16.1	18.2	17.2	19.5	17.0	18.5	19.0	18.7
<i>EuroNews</i>	12.1	11.2	12.1	13.3	16.5	16.0	15.2	15.0	15.0	16.9	15.9
<i>Sky News</i>	3.7	8.1	9.5	9.5	10.5	10.7	10.2	9.7	12.2	14.2	13.2
<i>News/business</i>	24.8	26.9	28.4	29.3	33.9	33.9	33.7	32.6	36.3	38.6	37.4
<i>BBC Prime</i>	0.3	0.3	0.5	0.7	0.7	0.6	0.6	0.6	1.0	0.9	0.9
<i>Deutsche Welle</i>	1.7	1.8	1.8	1.9	2.2	2.5	1.6	1.4	1.6	1.7	1.7
<i>Discovery</i>	6.1	7.0	8.4	9.2	10.4	12.5	12.9	13.7	14.1	16.1	15.1
<i>Eurosport</i>	31.4	33.0	32.5	33.2	33.3	34.3	30.8	28.9	27.5	31.1	29.3
<i>MTV</i>	14.5	12.1	13.5	14.1	15.6	16.0	16.7	15.6	23.4	27.9	25.6
<i>National Geographic</i>	-	-	-	-	6.0	8.0	9.0	9.7	11.0	12.6	11.8
<i>Travel Channel</i>	2.0	2.0	2.3	3.1	3.7	4.3	4.6	4.7	-	6.3	6.3
<i>TV5</i>	6.6	5.3	5.4	5.1	6.5	6.6	6.5	6.3	6.6	7.1	6.8
<i>General PETV</i>	40.4	39.4	40.3	41.1	43.2	44.8	43.7	44.5	46.9	50.8	48.9
<i>PETV</i>	42.2	42.6	42.0	41.7	43.4	44.6	43.1	44.6	48.1	48.7	48.4

Source: *EMS Guide*, 2005, pp. 19 and 25

These scores are far higher than those of the pan-European business press, which includes dailies such as the *Financial Times*, the *International Herald Tribune* and the *Wall Street Journal Europe*, and magazines like *The Economist* and *Time*. In 2005, dailies' reaches range from 0.3 per cent (*Wall Street Journal Europe*) to 1.5 per cent (*Financial Times*); among magazines, *The Economist* stands at 1.9 per cent and *Time* at 2.8 per cent. While the PETV figures are going up, those of the print titles have been falling for the past decade (*EMS Guide*, 2005, p. 23). It is arguably not fair to compare exposure to a TV channel that can last a fleeting moment to that of a press title that requires the reader's undivided attention. Nonetheless, by the early 2000s, it had dawned on media buying agencies that the reach of television was far superior to that of the press, and the news and business PETV channels established themselves as the medium of choice to reach upscale audiences.<sup>11</sup>

The unique audience profile of news and business PETV channels present several advantages. These stations offer minimum audience wastage to advertisers who wish to reach a corporate audience, either to advertise a product or deliver a corporate message. There is no point for a luxury car manufacturer to advertise on terrestrial television because it would pay for millions of viewers who cannot afford its cars. News and business channels are perfect for advertisers such as luxury goods manufacturers, technology firms and service providers to the corporate elite who prefer 'talking to the people who count' than 'counting the people they talk to'.<sup>12</sup>

These stations also offer an advertising environment that is adapted to an affluent and business audience. If a CEO stumbles on a commercial for cleaning

products, his or her attention is likely to drop. If a series of advertising spots deals with logistics, cash flow issues and luxury holiday destinations, his or her interest is more likely to be maintained.

News and business PETV channels are high-value media brands with which advertisers like to be associated. Channels like BBC World and CNN are well regarded by their audience. They are perceived as trustworthy, stimulating, up-to-the-minute in terms of reporting and ‘ahead of the game’ with their comments and analysis. When something significant happens in the world, international TV channels are where this audience turns to because they appreciate that these stations have *access* to places and key people. They know that they can report from anywhere on the planet as opposed to merely relay what other channels say.<sup>13</sup> Global newsgathering capabilities, objective coverage and reporting based on what the audience needs to know, bring credibility and a certain aura to these channels. These attributes rub off on brands that advertise on these stations and companies will pay for the kudos to be seen on them.<sup>14</sup>

### **Beyond spot advertising: Cross-format and cross-platform media deals**

PETV channels have pioneered non-spot advertising. They must try harder than terrestrial stations to attract advertising clients. They also benefit from a more relaxed cable and satellite regulatory framework. Programme sponsorship used to be the staple of non-spot advertising but many more options are available to advertisers today. Corporate profiles are one- to two-minute clips in which a company, a region or country, makes a presentation. With ad-funded programming, a broadcaster agrees to produce and air a programme paid for by an

advertiser on a mutually agreed topic (which is of course related to the client's activities). Ad-funded programming ranges from one-to two-minute vignettes to debates and full-length documentaries. In 2005, EuroNews created a debating forum for Shell (*Comment*) and a series of documentaries on space for the European Space Agency. BBC World produced a programme on world cultures for Samsung and CNBC ran a documentary series on pensions for HSBC (*Live long & prosper*), a debating forum (also for Shell), in addition to producing programmes for clients like HP and Cisco. After guidelines have been agreed, the editorial rests firmly in the control of the broadcaster. Credibility is a major asset for these channels and none of them would risk airing material that would breach the trust viewers place in them.<sup>15</sup>

Integrated communication solutions prepared by PETV stations combine several media, such as online, radio, press and events. Conglomerates like Time Warner manage to offer multimedia deals with titles that belong to the group (e.g. CNN and *Time* magazine), but it does not need to be the case. In addition to the usual on-air facilities, Jetix's online opportunities expand to games, promotions and bespoke websites. The station offers merchandising and licensing opportunities and can involve advertisers with magazines and events, such as the pan-European annual Jetix Kids Cup. All the other children's channels are able to set up similar packages. Fashion TV's offering is not quite as extensive, but the station's forte is the opportunity it gives to clients for on-the-ground presence through events such the Fashion TV Model Awards and Fashion TV parties. Some of the most intricate deals are put in place by MTV's advertising team, which can tie up on-air activities that range from spots, competitions, co-branded

messages to programme sponsorship with a multimedia campaign and on-the-ground promotional activities that can take place at ad-hoc events or the MTV Awards show (Bowman, 2005, pp. 6-7).<sup>16</sup>

On air cross-format advertising presents several advantages for PETV clients. Ad-funded programming enables them to become part of the channel, not merely to advertise on it. As they often sign long-term deals with broadcasters (6 months to a year) they benefit from their association with a strong media brand. They can articulate their own brand in different fashions and approach the audience with material that is relevant to them. Integrated communication solutions that combine several platforms allow advertisers to involve the audience even more actively and build up an intimate relationship with them, especially when interactivity plays a part in the package.

## **Conclusion**

PETV channels have travelled a long way over the past two decades to offer a focused proposition to advertisers. Their improved ratings enable them to deliver audiences with interesting demographics. They reach the young, the affluent, the corporate, and sometimes a mix of all three. Many of these channels are trusted and well regarded by their viewers, with which they engage more than with terrestrial stations.

Even if PETV stations stand still, the world is moving in their direction. Their international scope has become an essential tool for a growing number of advertisers. They help define brands internationally and achieve consistency across markets. Local windows offer the opportunity for clients to decide how



they want to run a pan-regional campaign and pick the territories in which they want to advertise. This flexibility enables advertisers to adapt advertising campaigns to marketing strategies that mix the local and the global, a decisive advantage in the age of European integration and globalization.

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### **Notes**

<sup>1</sup> 'European TV channels by country', *C&SE*, January 1984, p. 19.

<sup>2</sup> Toby Syfret, interview, 6 August 2004.

<sup>3</sup> Toby Syfret, 'A Recall for the Euro-ad?', *C&SE*, April 1989, p. 56.

<sup>4</sup> 'Europe's nascent merger boom', *The Economist*, 3 September 2005, p. 66.

<sup>5</sup> Sonia Marguin, research marketing researcher, EuroNews Sales, interview, 23 October 2003.

<sup>6</sup> *M&M Guide* refers to *Media and Marketing Europe Guide to Pan-European Television*.

<sup>7</sup> Huw Jones, account director, mediaedge:cia, interview, 6 October 2004; Adrian Smith, account director, MediaCom, interview, 3 November 2004.

<sup>8</sup> For instance, Mediaedge:cia has 118 local offices worldwide in more than 80 countries.

<sup>9</sup> Melanie Smith, account director, Carat, interview, 18 October 2004.

<sup>10</sup> Richard Thurston, research manager, CNBC Europe, presentation, 23 November 2005.

<sup>11</sup> Georgina Hickey, international business director, Carat, interview.

<sup>12</sup> Errol Pretorius, director of advertising sales, National Geographic, interview, 14 August 2001.

<sup>13</sup> Based on research by BSB Media. Belinda Barker, BSB Media, interview, 19 October 2004.

<sup>14</sup> Gérard Benoit, client service director, Universal McCann, interview, 13 April 2005.

<sup>15</sup> In the case of the European Space Agency, it could be argued that without ESA's research into communications satellites in the 1970s, channels like EuroNews would not exist.

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<sup>16</sup> Sonia Marguin, EuroNews Sales, research marketing manager, interview, 29 September 2004; Sylvie Burger, Fashion TV, directrice de publicité, 17 November 2004.