

Performance of Public and Private Television in Iceland 1993–1999

An Assessment¹

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Introduction

A Short Overview of Television Broadcasting in Iceland

The 279 thousand Icelanders that occupy their North-Western island outpost of Europe are relatively small players when compared to most of their European neighbours in terms of the media. At first glance, one can easily assume that the media and broadcasting landscape in a country like Iceland would be one lacking in diversity due to diseconomics of scale (e.g. Noam, 1991: 233). Such a description could have applied to Iceland once, but with the process of deregulation that swept European broadcasting in the 1980s, the broadcasting market in Iceland has acquired all the main characteristics and features of any other broadcasting market in Europe.

Iceland was one of the last nations in Europe to introduce television broadcasting in 1966 – only Albania and the European microstates Andorra, Liechtenstein and San Marino commenced broadcasting later. The origins of television broadcasting in Iceland can be traced to the mid-1950s, when the American NATO forces, stationed at the Keflavik military air base in Southwest Iceland commenced a television service in 1955. This television station was, first and foremost, intended for the service members and their families. However, the signal could also be enjoyed by a considerable number of the Icelandic population outside the pa-

rameters of the military base. The programmes on offer consisted largely of popular American entertainment series and children's programmes.

Partly in response to this 'cultural invasion' the Icelandic National Broadcasting Service (Ríkisútvarpid – RUV) started television transmissions in September 1966. Its programming consisted of just a few hours, three days a week. Shortly, it was increased to six days a week, and within six years, the signals were reached by over 98 percent of the population. Until 1983, the month of July was television-free, and until 1987 RUV-TV sent no television broadcasts on Thursdays (for an overview of the origin and development of television in Iceland, see Bjarnason et al., 1997, Broddason, 1996a, 1996b, 1998).

Until 1986, the Icelandic National Broadcasting Service had a monopoly over broadcasting for both radio and television. The Broadcasting Act of 1985 paved the way for private interests to enter the field of broadcasting. Some months after the new law came into effect on January 1, 1986, the first private commercial radio station was in business and a few months later the first private commercial television station was in the air.

Today, Iceland has nine domestic national, regional and local television channels. Only three of these are of interest for this study, all of them having almost a universal technical penetration. Despite the television market in Iceland can be considered a thriving one, as measured in terms of supply of channels and output, it is highly concentrated. This applies equally as dependence of imports of programmes, market share of viewers, revenue and ownership are concerned. The Icelandic

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broadcasting market is probably among one the most deregulated markets in Europe, with almost none restrictions on ownership and cross-media ownership, whatsoever, and little regulation on programming of the private television actors.

Disposition of the Work

The following study is concerned with general-interest, nationwide, television companies in Iceland. It addresses questions of public service vs. private enterprise; ownership structure and concentration; differing sources of revenue; the companies’ share of advertising; comparisons of programme contents in terms of origins and costs; and market analysis. The period of study primarily spans the years 1993 to 1999 with occasional references to other periods.

Actors in Icelandic Television Broadcasting

Major Television Actors

Drawing the line between major and minor actors in the case of Iceland is relatively unproblematic. There are at present three television stations that provide a full programme service with a general appeal as well as a potential reach of a majority of the population. As will be demonstrated below, the financial scope of these stations corresponds to these engagements. These three stations will be the prime focus of this study. They are:

- RUV-TV – a publicly owned television station, founded in 1966.
- Channel 2 (Stod 2) – a privately owned television station, founded in 1986.
- Vision TV (Syn) – a privately owned television station, effectively in operation since 1995.

A concise description of the major television actors in Iceland is presented in the following sub-chapters and in Table 1.

RUV-TV

RUV-TV is a state owned organisation and operates along the principles of public service broadcasting. In accord to the Broadcasting Act, RUV-TV is required to transmit to the Icelandic nation as a whole, i.e. the requirement of universal penetration. Since the 1970s, RUV-TV has had almost a universal technical coverage. Already in 1970, four years after the foundation of RUV-TV, some 85 percent of the population had access to television (Berg, 1971). At the end-of-year 1999, its transmissions reached 98 percent of all homes in the country, equivalent to some 96.000 homes out of a total of 98–99 thousand (see Table 2).² The license fee for RUV-TV, including license for radio, in 1999 was 25,200 ISK per annum (346 EUR).³ Besides of being financed by license fees, which in 1999 did make up 69 percent of total turnover of the station, the other receipts of the station derive mainly from

Table 1. The Three Major Television Actors in Iceland

	RUV-TV	Channel 2	Vision TV
Owner	The State	Icelandic Broadcasting Corporation	Icelandic Broadcasting Corporation
Transmission area	Whole country	Whole country	Whole country
Financing	License fees, commercials & sponsoring	Subscriptions, commercials & sponsoring	Subscriptions, commercials & sponsoring
Technical coverage of households %	≈100	≈100	≈95
Text TV	Yes	Yes	Yes
Distribution	Terrestrial & cable	Terrestrial	Terrestrial
Encryption	Clear	Encrypted ¹	Encrypted
Statutory	Public	Private	Private
Programming format	General-interest	General-interest	Sports and fiction
Average weekly broadcast hours	65	109	64
Year of regular transmissions started	1966	1986	1995

¹ Practically the entire programme schedule of Channel 2 is encrypted, apart from its news and current affairs programmes, breakfast TV and occasional other program items.

Sources: Karlsson (ed.), 1999a; Statistics Iceland, unpublished information.

advertisements, and to a much lesser extent sponsoring (RUV, 1998).

In 1999, RUV-TV transmitted television programmes for a total of 3.369 hours or just over 9 hours per day on average. In accord to the Broadcasting Act, RUV-TV is an open-for-all television station that offers a varied menu of programmes, such as news, news analysis, documentaries, entertainment, drama, feature films, sports, music, children's and youth programmes, etc.

Channel 2

Channel 2 was the first television station to take advantage of the new opportunities provided by the Broadcasting Act of 1985. Channel 2 began transmitting television programmes in November 1986. It is owned by the Icelandic Broadcasting Corporation Ltd. – IBC (Islenska útvarpsfélagid), which is a subsidiary company of the multi-media company Northern Lights Corporation Ltd. (Nordurljos). The mother company has vested interests in television and radio broadcasting and in most other sectors of audio-visual media, as well as having interests in cellular telephone services and assorted information and communication technology activities (ICT), either directly or through its daughter companies (see page 116 for chapter on ownership). Channel 2 derives its income from a subscription fee, advertising revenue and the sponsorship of individual programmes.

According to the Broadcasting Act, there are no legal obligations for private television stations to adhere to the principle of universal penetration. However, Channel 2 has almost a universal technical penetration since in the mid-1990s. The sub-

scription share among the population is of course much lower. Information on development of the subscription base of the station is not available. However, media rating surveys give a crude indication of the penetration of the station (see Table 2). Only a year after the station commenced broadcasting, in 1987, some 33 percent of the population claimed to have access to the station through subscription at home. This can roughly be translated to some 28.000 households of a total of 84.000 in that respective year.⁴ Surveys seem to affirm that the number of subscribers to the station has reached the point of saturation. Since in the early-1990s, the percentage of subscribing population to Channel 2 has remained stable, or between 50 and 60 percent of all homes. In October 1999, 55 percent of the population had access to the station (Gallup, 1999b), which roughly translates to 54.000 households. Thus, the key to further growth of the IBC, in the field of television seems to be based on niche markets, instead of that of the general viewer as its recent launch of a special movie channel would seem to indicate (Karlsson, 1999b: 183).

Except for its news broadcasts and breakfast TV and occasional other programs, Channel 2 scrambles its programme schedule and all subscribers need a decoder (Tudi Nicam RTP 200) to receive a clear signal. The annual subscription rate for Channel 2 in 1999 was 43.389 ISK (596 EUR) per annum.

The programme profile of Channel 2 can be described as a 'general-interest' format. It is to a large extent based on imported material of Anglo-American origin. According to the legal framework, there are no requirements for private television sta-

Table 2. Penetration of Main Television Stations in Iceland 1987–1999

Time of survey	RUV-TV		Channel 2		Vision TV	
	Percent of population	License fee households in '000s	Percent of population	Subscribing households in '000s	Percent of population	Subscribing households in '000s
1987 Oct.	..	..	33	28	•	•
1991 Feb.	..	..	59	54	•	•
1993 Apr.	97	90	53	49	•	•
1994 Mar.	97	91	51	48	•	•
1995 Mar.	99	93	55	52	•	•
1996 Mar.	98	93	57	54	11	10
1997 Mar.	98	94	51	49	18	17
1998 Mar.	98	96	54	53	18	18
1999 Apr.	98	96	54	53	27	26
1999 Oct.	98	96	55	54	29	28

Note: Number of license fee and subscribing household is estimated.

Sources: Gallup, 1999a, 1999b; Karlsson (ed.), 1999a; Statistics Iceland, unpublished information.

tions to have on offer particular genres or programme formats. They have a totally free hand in that respect. What Channel 2 has to offer its viewers consists mainly of sitcoms, soap operas, drama series, feature films and other fictional television programmes, teleshopping, but also news and current affairs programmes such as 60 Minutes. Channel 2 also broadcasts daily an hour-long news and current affairs magazine programme, *19>20*. In November 1999, the station started a breakfast TV, a news and current affairs magazine that lasts for about two hours, five days a week. There is little domestic television programming on Channel 2. During 1999, Channel 2 was on the air for some 5.662 hours, thus averaging a little less than 16 hours a day.

Vision TV

Vision TV commenced regular broadcasting in November 1995. Vision TV is a private station owned by the Northern Lights Corporation, through the Vision Ltd. (Syn). Vision TV has an estimated technical coverage of some 95 percent of Icelandic households (Statistics Iceland, unpublished information). Its signal is encrypted. According to a recent survey, in October 1999, 29 percent of the population have access to the station through a subscription in the home (Gallup, 1999b), which translates to approximately 28.000 subscriptions (see Table 2).

In 1999, the station was on the air for a total of 3.307 hours or nine hours per day on average. The programme output of Vision TV is of a different nature from that of the two other stations. On Vision TV, there is a strong leaning towards sports programmes, and adventure and action films of Anglo-American origin. The yearly subscription rate for the station in 1999 was 32.953 ISK (453 EUR). Vision TV is financed by advertising revenue and sponsoring in addition to the subscription fee.

Minor Television Actors

Alongside these previously mentioned key players, six private and commercial television stations exist in the country. Most of them are based in the Capital region. All of these stations are either niche or thematic in programme profile, catering to special segments among the audiences.

These six minor players in the television market in Iceland are *Action TV* (Aksjon), *Hafnarfjörður TV* (Sjonvarp Hafnarfjordur), *Omega TV*, *Pop-TV* (Popp-tíví), the *Movie Channel* (Bíórásin) and *Screen One* (Skjar 1). The two first-mentioned stations have a very limited reach, as they are re-

stricted to their respective local communities. The other stations operate in the Capital region and thus have a potential reach of approximately 60–70 percent of the Icelandic population. Apart from the Movie Channel, which is only offered by subscription, all the stations concerned transmit in an open signal, free-for-all. Following is a short description of these minor television stations, which otherwise fall mostly outside the scope of this study.⁵

Omega TV was founded in 1992. The station is situated in Reykjavik and transmits its signal to the Capital region and the Southwest. It is a religiously oriented television station. In the years 1994–1996 the station transmitted 24 hours a day, seven days a week, but in 1997 and 1998 it transmitted some 8 hours a day at the average. In the beginning of 2000, the broadcasting time was increased again to 24 hours a day. The programme output stems from two main sources. On the one hand, Omega transmits recordings of sermons from American televangelists, and on the other, from ‘in-house’ discussions and religious services. Omega is a free-for-all channel and derives its income mainly from donations and partly from advertising. Although Omega has a reach to the Capital region and the Southwest, its audience share on any given day is only some 5.000–7.000 viewers. In the near future, Omega plans to encrypt parts of its signal and operate a pay-per-view service for subscribers. Omega is planning to transmit its programmes via satellite to 77 countries (*visir.is*, 6 April 2000). The station has a staff of seven persons, whose work is mainly delivered on a voluntarily basis.

Hafnarfjörður TV commenced its operations in April 1995. It is a strictly local station, which sends its programmes of only some two hours a week during the winter months to the 15 thousand inhabitants of Hafnarfjörður. Its programmes consist mainly of live transmissions from the studio and a single in-house production, of local news and discussions. The station is subsidised from other activities of the owning company, Almidlun Ltd., a local newspaper publishing and printing service. In terms of personnel, Hafnarfjörður TV engages less than one person.

Aksjon TV started regular transmissions in October 1997. It is a local station, oriented towards one single community of less than 15 thousand inhabitants. The number of personnel, which was some seven people in 1998, is an indication of the size of the operation. In 1998 – the first whole year in operation – the station was in the air for 700 hours, or two hours on average a day seven days a week. Since then, transmission time has gradually

increased up to four hours a day on average. The programming consists mainly of commentary, discussions, interviews, and 10–15 minutes genuine daily local news programme during mid-week, produced in partnership with the daily newspaper *Dagur*. Domestic programming made up some 90 percent of the content in 1998, mostly in-house productions, transmitted live from the studio. Advertising and sponsoring finance *Aksjon-TV*.

The Movie Channel is a film channel that commenced broadcasting in the fall of 1998. Northern Lights Corporation, through the IBC, owns the station. The station broadcasts 24 hours a day, seven days a week. Its programme fare consists predominantly of recent US feature and TV films. In 1999, domestic content was only nine hours of a total of 8.761 hours. Subscriptions to the station are sold either singly or as part of package of Channel 2 and Vision TV. The subscription rate for the Movie Channel in 1999 was 46.620 ISK (640 EUR).

Screen One entered the television market in October 1998. To begin with, the station specialised in B movies, old US and UK fictional and comedy series (i.e. *Dallas*, *Lucy Ball*, *Benny Hill*, etc.). Originally founded by a private initiative,

Screen One soon got into financial troubles and was taken over by new owners in autumn 1999. Since then the programme fare has become more varied, with one 10 minute daily news programme and half an hour daily news and magazine programme during mid-week, some children's programming, current affairs, etc. Today the station transmits some ten hours a day on average, whereas domestic programming makes up approximately 60 percent of the total. The domestic programmes consist mainly of in-house production, host-shows and sitcoms. Moving gradually closer to 'general' programme format, the station caters predominantly to adolescents and young people. **Screen One** derives its receipts from advertising and sponsoring.

Pop-TV is a 24-hour music television station. Originally called Channel 8 (*Attan*) the station went on the air in autumn 1998, transmitting pop music videos and for some time also the daily television schedules of the domestic television channels in a text-format. The programme profile of the station is an adaptation of transnational satellite music channels, such as *MTV* and *VH-1*. In December 1999, Northern Lights Corporation acquired majority of shares in the station.

Table 3. *Minor Television Actors in Iceland*

	Omega TV	Hafnar-fjörður TV	Aksjon TV	Movie Channel	Screen One	Pop-TV
Owner	Missionary Church	Almidlun	Aksjon	Icelandic Broadcasting Corporation	Icelandic Television Company	Framtidar-midlun
Transmission area	Capital region and Southwest	Hafnar-fjörður	Akureyri	Capital region and Southwest	Capital region and Southwest	Capital region and Southwest
Financing	Donations & commercials	Sponsoring	Commercials & sponsoring	Subscriptions & commercials	Commercials & commercials	Commercials & commercials
Technical coverage of households – % ¹	60–70	5–7	5–7	60–70	60–70	60–70
Distribution	Terrestrial & cable	Terrestrial & cable	Terrestrial	Terrestrial	Terrestrial & cable	Terrestrial & cable
Encryption	Clear	Clear	Clear	Encrypted	Clear	Clear
Statutory	Private	Private	Private	Private	Private	Private
Programming format	Th, Christian	Th, local affairs	Th, local affairs/GI	Th, movies	GI, news, fiction, host shows and sitcoms	Th, pop music videos
Broadcast days in a week	7	3–4 ²	7	7	7	7
Average weekly broadcast hours	168	3–4 ²	25	168	70	168
Year of regular transmissions started	1992	1995	1997	1998	1998	1998

Note: Abbreviations: GI = general-interest; Th = theme channel.

¹ Estimated.

² Only during winter.

Sources: Karlsson (ed.), 1999a; Statistics Iceland, unpublished information.

A descriptive summary of the minor actors is presented in Table 3.

Other Televisual Alternatives in Iceland

Apart from the above-mentioned television channels, Icelandic viewers have access to a number of non-domestic satellite stations that are redistributed via MMDS transmitters and cable in localities throughout the country. A change in the broadcasting legislation in 1993 made it permissible for Icelandic television companies to redistribute simultaneously programmes from foreign television channels without having to translate the text into Icelandic. This action was taken in response to pressure from commercial interests, as well as to accommodate the legislation to the European Economic Area Agreement.

Several companies in Iceland have taken advantage of this change in the law. For instance, the Northern Lights Corporation, the owner of Channel 2, Vision TV and the Movie Channel, offers its subscribers such a service, *Fjölvarp*, enabling them to purchase a package, either directly or with subscription to its TV channels. Presently the service consists of 15 foreign satellite television channels – exclusively English language channels. Technical penetration of the service is limited to the Capital region and the Southwest, or some 60–70 percent of the population. The subscription rate in 1999 was 17.415 per annum (240 EUR).

In addition, in 1999 there were five other companies that offered similar services, relaying from some six to 12 channels. They are located throughout the country and re-transmit programmes to their local community and their vicinities.

The last entrant into this market is the state-owned Iceland Telecom Ltd., the former PTT monopoly. It started its distribution service, *Breidvarp*, via broadband – a fibre-cable network – in March 1998. Hitherto, one of the more significant features of the television ‘environment’ in Iceland was the low penetration of cable. With a density of one household per square km, cable connections are highly expensive. Today some 30 percent of households are passed with the network, most of them in the Capital region, while the actual number of subscribing households is considerably lower. According to Iceland Telecom’s forecasts, some 40 percent of households will have been passed with the broadband system before end of the year 2000. Presently, 23 foreign TV channels are offered to subscribers via this network, plus relaying of the free domestic television channels as complying with the must-carry rule. In addition, the network

broadcasts sessions from the Icelandic parliament, and some 20 domestic and foreign radio channels. The yearly subscription rate for the service is 26.340 ISK (362 EUR).

The number of subscribers to these relay services, and their market share in terms of viewing is not known. It can, however, be estimated that the number of subscriptions totalled between 15.000 and 20.000 homes by the end of 1999.

For a summary the development of the television supply in Iceland from 1966–1999 due to stations, their programme profile and ‘life span’ is exemplified in Figure 1.

I. Legal Analysis

General Overview of the Legislation

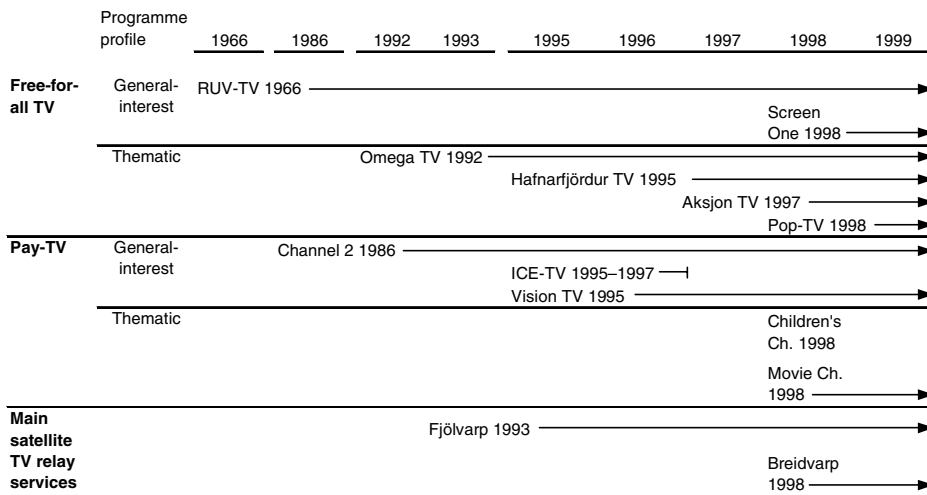
The legislative framework within which public and private television broadcasting in Iceland operate derives from the *Broadcasting Act of 1985* (Law no. 68/1985). In addition, there are several ministerial regulations that outline to a further extent how the details of the Broadcasting Act shall be implemented.

It should be noted that no particular distinction is made, in the legal framework, between radio and television when references are made to obligations and privileges.

Prior to the introduction of the Broadcasting Act of 1985, the Icelandic National Broadcasting Service (RUV), an independent organisation owned by the Iceland State, had exclusive rights to transmit radio and television signals in Iceland. After a lengthy public debate during the former half of the 1980s, the government of time presented a bill to Iceland’s legislative assembly, the Althingi, that introduced fundamental changes to the then existing structure of broadcasting. With the passing of the Broadcasting Act in 1985, the private sector was allowed to enter the field of broadcasting.

According to the Broadcasting Act, private television broadcasting is subject to the control of the Broadcasting Licensing Committee (Utværpsrettarnefnd) which oversees and regulates the private broadcasting sector. The Committee consists of seven members, elected by the Althingi, by a proportional ballot. The Minister of Culture and Education appoints a chairman and a vice-chairman from among the members. The Committee issues temporary television broadcasting licenses (a minimum of five years) to applicants who fulfill certain requirements or conditions.

Figure 1. Television Stations in Iceland 1966–1999



Source: Karlsson (ed.), 1999a: 185.

The Committee can revoke a television license, either temporary or permanently, if the television station in question fails to comply with the terms of its license.

The public television sector (RUV-TV) is subject to the control of RUV's Broadcasting Council (Utvarpsrad). It consists of seven members, also appointed by the Althingi. The functions of the Broadcasting Council are of a different nature than of the Broadcasting Licensing Committee. The main concern of the Broadcasting Council is more content oriented. According to the Broadcasting Act, the role of the Council is to make policy decisions on programming within the framework of RUV's budget. The Council makes decisions on the ratio between the various programme genres, news and news related material, entertainment, education, cultural programmes, etc. The Council reviews applications and makes recommendations to RUV's Director-General when permanent staff members are employed. On the other hand, the Director-General of RUV and the Directors of RUV-Radio and RUV-TV are appointed by the Minister of Culture and Education.

Obligations and Requirements

The Broadcasting Act, along with the ministerial regulations, places considerable obligations and requirements upon the television sector, particularly

on the public one, but to a much lesser extent on the private one. In the following four sub-chapters the obligations and requirements of both sectors are detailed.

Cultural Obligations

According to the Broadcasting Act, both private and public television is intended to play an important cultural role. They are required to promote a general cultural advancement and strive to strengthen the Icelandic language. Furthermore, the Act dictates that:

- Television stations shall make every effort to see to it that the greater part of their programming shall be Icelandic and European material (article 3a).
- Programme material in a foreign language, which is shown on television, shall in general be accompanied by dialogue or subtitles in Icelandic, as appropriate. This does not apply, however, to lyrics of foreign songs, or news and current affairs reports from live events broadcast via satellite. In such cases, the television station shall, whenever possible, provide a recapitulation or presentation in Icelandic of the events taking place. Emphasis shall be placed on ensuring that all dialogue and subtitles shall be in correct Icelandic (article 3a).

- A 10 percent levy of all advertising revenue shall go to the Broadcasting Cultural Fund (Menningarsjodur utvarpsstodva), a governmental fund which main purpose is to allocate grants to broadcasting stations and independent producers to encourage indigenous programming, such that its cultural and educational value will be increased (articles 10–11).
- Of the total daily programme profile, advertising may not exceed 15 percent of the entire transmission time. This proportion may however be increased to 20 percent if direct offers to the general public for the sale, purchase or rental of products or provisions of services are included (article 4).

Political Obligations

Television stations in Iceland are required to uphold basic fundamental democratic principles, such as the freedom of expression. They are also to ensure that diverging opinions and views in controversial matters are aired. Any parties, whether individuals, companies or institutions who consider that their legitimate interests, in particular reputation and good name, have been damaged by an assertion or incorrect allegations in a broadcast programme shall have the right to reply or equivalent remedies at the broadcast station concerned (article 3b).

Sponsoring and Advertising

The legislative framework reflects considerable concern for advertising and sponsoring. According to the Broadcasting Act, private television can derive its revenue via a subscription fee, advertising and sponsoring. The public television system is allowed to derive its income from advertising and sponsoring, in addition to the license fee.

- All advertising shall be readily recognisable as such and kept distinctly separate from other parts of the programme material by optical and/or acoustic means and shall be broadcast in special general advertising sessions between programmes (article 4).
- It is permissible to interrupt an individual programme by advertisements, provided that such a break does not result in the distortion of programming material nor lead to a major disruption in a consecutive broadcast or infringe upon copyright. Sports programmes and motion pictures of a duration more than 45 minutes may be interrupted by advertising once for every 45 minutes of programming (article 4).
- It is forbidden to place advertisements in the broadcast of church services or religious programmes, news or current affairs programmes, or children's programmes (article 4).

- Surreptitious advertising is forbidden (article 4).
- Advertising shall not use subliminal techniques (article 4).
- Television stations may seek sponsoring for the production of individual programmes (article 4a).
- News programmes and news-related programmes may not be sponsored (article 4a).
- Sponsoring is permitted as long as the sponsor has no say on the programme's content and style. The sponsor may not affect the responsibility and editorial independence of the broadcasting station (article 4a).
- A sponsored programme may not encourage the purchase or rental of products or services of the sponsor (article 4a).

Other Legal Obligations

- All television stations are compelled to transmit announcements from the National Civil Defense authorities, rescue services, the police force, and shall interrupt their programming in the interest of public welfare, in cases of emergency (article 3.4).
- Television stations shall in their programming conform with laws on the Protection of Children and Adolescents, the Penal Code or other laws, as appropriate (article 3.5).

Special Obligations of RUV-TV

The public service role of RUV-TV is emphasized with the Broadcasting Act. RUV-TV is required to preserve and further Icelandic culture, Icelandic language and cultural heritage (article 15). Among the special demands that are made of public television are as follows:

- RUV-TV shall transmit at least one television channel that can be received throughout the whole country and adjoining fishing grounds all year round (article 16).

- RUV-TV shall hold in regard basic democratic principles and principles of human rights and freedom of speech (article 15).
- RUV-TV shall maintain a position of impartiality in its reporting, interpretation and programming (article 15).
- RUV-TV shall provide a general news service and act as a forum for diverse opinions and views on matters that are on the national agenda and that concern members of the general public (article 15).
- RUV-TV shall broadcast diverse entertainment suitable for individuals of all ages. Particular emphasis shall be put on the needs of children (article 15).
- The programme output shall take into account the diversity of Icelandic society (article 15).
- RUV-TV shall offer a variety of material in the field of art, literature, science and history, as well as music. It shall provide general education material and produce separate programmes dealing with Iceland or Icelanders specifically (article 15).

Finance and Funding of Public Television in Iceland

According to the Broadcasting Act, the Icelandic National Broadcasting Service (RUV) shall be a financially independent institution. All incoming revenue may only be used for broadcasting purposes (article 22).

The main sources of income are:

- the license fee
- advertising revenue
- import duties on television sets and their components
- other sources of revenue as determined by the Legislative Assembly.

All television set owners in Iceland are compelled by law to pay the required license fee.

The Public and Private Television Sector: A Comparison

The private and public television sectors share a number of legal obligations. Both sectors are meant

to fulfill relatively similar functions within Icelandic society, particularly in the realm of culture. However, there do exist important differences between the two systems that need to be highlighted. See Table 4 for a summary of the legal obligations put on private and public television.

As has been illustrated above, the Broadcasting Act is explicit about the roles that RUV-TV is meant to fulfill within Icelandic society. Being a public institution, RUV-TV is required by law to broadcast to the nation as a whole, offer a news service, meet and maintain certain content criteria, educational obligations, diversity of content, etc.

In the case of private television, broadcasting the Broadcasting Act is less explicit. Apart from very general aims concerning cultural issues and general democratic principles, very little is outlined in the legal framework that directly concerns the private television sector.

What is perhaps of particular interest is what is not mentioned in the Act. Private television is not required to televise to the nation as a whole. There are no requirements to operate a news service, nor are there any requirements that concern content or the programme output. The obligation of offer open-for-all transmissions (i.e. un-encrypted signals) are not made upon the private television sector.

Recent Developments and Future Outlook

In 1993 and 1995 amendments were made to the Broadcasting Act. In the former case, the amendments did not introduce fundamental changes to the legal framework. Changes were made regarding advertising. Concepts that concern advertising were defined in more detail and sponsoring was introduced. Furthermore, changes were made to bring the Act in accord with Iceland's international commitments as a member of the European Economic Area. In the latter instance, sections of the Act were updated to accommodate for changes in encryption technology.

During the 1999–2000 legislative session, the Minister of Culture and Education introduced proposals for a new Broadcasting Act (*Broadcasting Bill*, 241/207, 1999–2000) which signals some important departures from the present broadcasting legislation. The new bill provides a general legal framework for for broadcasting, whereas a separate legislation concerning the State Broadcasting Service is intended to follow if the bill becomes law. The immediate occasion for this proposed revision

Table 4. *Obligatory Status of Public and Private Television*

Duties, obligations and perquisites as ascribed in laws and regulations	Public service TV	Private TV
Services		
News service	Yes	No
Universal penetration of transmissions	Yes	No
Sign-language interpretation from meetings in television for general-election	Yes	No
Educational broadcasting ¹	Yes	No
Transmissions in open signal	Yes	No
Programming and content		
Impartiality	Yes	No
Democratic presentation of issues	Yes	Yes
Varied programming	Yes	No
Child and youth programmes	Yes	No
Cultural programmes	Yes	No
Strive for at least 50 percent domestic and European programmes of programming ²	Yes	No
Limits on advertising time	Yes	Yes
Language of programming		
Icelandic in speech or subtitles	Yes	Yes
Financing		
Licenses	Yes	No
Subscriptions	No	Yes
Advertisements	Yes	Yes
Sponsoring	Yes	Yes
Other	Yes	Yes
Taxes		
VAT on licenses/subscriptions (14%)	Yes	Yes
Advertising levy (10%) ³	Yes	Yes
Exemption from income and property taxes	Yes	No
Other		
License fee/subscription discount to pensioners and disabled persons (20%)	Yes	No

¹ Not implemented since 1988–1989.

² Programming less news, sports, games, advertisements, teletext service and teleshopping, according to the EU's Council of Ministers Directive.

³ Attributed to the Icelandic Broadcasting Cultural Fund for reallocations to the broadcasting stations (radio and TV) to promote Icelandic programming to the extent possible in the interests of culture and education. The statutory contribution of the Icelandic National Broadcasting Service (RUV) to the Icelandic Symphony Orchestra is paid out of this revenue before grants are awarded to radio stations.

Sources: The *Broadcasting Act 1985 No. 68/1985* (with amendments *Laws 82/1993; 98/1995*), the *VAT Act No. 50/1988*, the *Income and Property Tax Act No. 75/1981*, *Regulation No. 357/1986, 29/1991, 370/1997*, *Judgement of the Supreme Court No. 151/1999* and *EU's Council of Ministers Directive No. 89/552 and 97/36*.

of the Broadcasting Law is a new EU-directive which, among other things, obliges the signatories of the EEA to make a list of important events which must be televised in an open signal irrespective of exclusive rights that a television station may have bought.

II. Market Analysis

Introduction

Since the deregulation of radio and television in the mid-1980s, broadcasting in Iceland has established

itself as a viable economic industry. In terms of turnover, the broadcasting industry is the second most important of the media and cultural industries in the country, next to newspaper publishing. In 1997, the total turnover of broadcasting was 5.342 million ISK (73.3 million EUR) of a total of 13.921 million ISK (191 million EUR) of the cultural industries, or some 38 percent (Karlsson (ed.), 1999a: 32). Television's share in these figures amounts to some 4.000 million ISK (55 million EUR).

A characteristic feature of the Icelandic television market is the duopoly between the two major

Table 5. Daily Television Viewing 1993–1998

	1993	1994	1995	1996	1997	1998
Daily television reach	87	88	88	87	87	86
Average viewing time (minutes per day)	140	133	140	145	139	142

Notes: All television channels; Age of respondents 12–80 years.

Source: Karlsson (ed.), 1999a: 190.

television actors RUV-TV and Channel 2. Irrespective of whether measured in terms of market shares of viewing or revenue, these two actors are sharing the market, more or less on equal terms. In the following account the marketing position of the main television actors is discussed as the audience market and division of advertising revenue are concerned.

Not all the data that would have been needed evaluating the market position of the main television stations were made available for this study. This applies particularly to material that is considered market sensitive, such as competition transmission rights for films, sports, and events, and competition for talent.

The Audience Market

In Iceland, television is an indispensable part of the daily media ‘diet’ of most (see Table 5). In the years 1993–1998, between 86 and 88 percent of the population, aged 12–80, watched television on a given day.⁶ The daily reach is among the highest in Europe as well as elsewhere in the industrialised world. Only some of the East European countries and Japan rank higher than Iceland in this respect (IP, 1999b).

A totally different picture appears, however, when television consumption is considered in terms of viewing time. In the years 1993–1998, television

viewing has remained almost stable, or at average some 140 minutes per day in 1998, despite an increased supply of television channels and programming time (see Table 5). On a week basis, this roughly amounts to some 16 hours and 20 minutes at average. In comparison, the average viewing in the other Nordic countries ranged from 150 to 164 minutes a day in 1998, whereas the average for Europe was 208 minutes. Accordingly, television viewing in Iceland ranks among the lowest in Europe, with only the German speaking part of Switzerland, Luxembourg and Slovenia ranking lower, or 131, 112 and 95 minutes a day in 1998, respectively (IP, 1999b: 20–1).

Channel Reach and Market Share

Translating these figures to the individual television stations in question, indicates that RUV-TV and Channel 2 have unequal market positions. On a given day (in October 1999) 65 percent of the population tunes in to RUV-TV. For Channel 2, the figure is a bit lower, or 59 percent. Vision TV and other stations trail far behind. It is worth noting that the daily reach of RUV-TV and Channel 2 has remained more or less stable over the period in question. For the daily reach of single channels in the years 1993–1999, see Table 6.

The dominant position of RUV-TV and Channel 2 is further confirmed by reviewing their audience share (see Table 7 and Figure 2). From 1993–1998,

Table 6. Daily Channel Reach 1993–1999 (%)

	April 1993	March 1994	March 1995	March 1996	March 1997	March 1998	April 1999	Oct. 1999
RUV-TV	67	65	71	69	68	67	68	65
Channel 2	58	55	60	56	58	59	57	59
Vision TV	•	•	•	12	8	5	9	17
Screen One	•	•	•	•	•	•	7	6
Other channels ¹	5	5	6	17	11	9	..	..

Note: The survey period was one week in each month.

¹ Satellite TV channels included.

Sources: Social Science Research Institute, University of Iceland (1993–1998); Gallup (1999a, 1999b).

Table 7. Audience Share of Television Stations 1993–1998 (% share of viewing time)

	RUV-TV	Channel 2	Vision TV	Other stations ¹
1993	59	40	•	1
1994	52	48	•	–
1995	49	47	•	4
1996	47	39	4	10
1997	50	39	4	6
1998	46	43	3	8

Note: Age of respondents 12–80 years.

¹ Including non-domestic television stations.

Source: Karlsson (ed.), 1999a: 190.

the audience share of RUV-TV dropped from 59 down to 46 percent. Notwithstanding a significant loss in terms of total viewing, RUV-TV retains nearly a 50 percent market share. On the other hand, the audience share of Channel 2 has remained fairly stable over the period, or between 40 and 43 percent. Vision TV and other stations are trailing far behind these two dominant players.

What is perhaps of more interest is the proportion of ‘channel share’ during prime-time viewing, i.e. how many are watching television at a particular moment, and how they are distributed between channels, as shown in Table 8. The figure of channel share also gives a clear indication of the concept ‘prime-time’.

These figures coincide more or less, with the television stations’ definition of prime-time. Both Channel 2 and RUV-TV define prime-time as the period between 7 p.m. and 10 p.m. In the case of RUV-TV, viewers start to tune in when the main news programme goes on the air at 7 p.m. and it is not until between 10 p.m. and 11 p.m. that the number of viewers starts to lower. The bulk of Channel 2’s viewers start to tune in at 7 p.m. when an hour-long news and current affairs magazine programme starts, and around 10:30 p.m. the number of viewers begins to trail off. The viewing figures for the other two stations indicated in the table, namely Vision TV and Screen One, are so low and steady that no induction of prime-time can be made.

Figure 2. Percent Share of Viewing Time of Television Stations 1993–1998

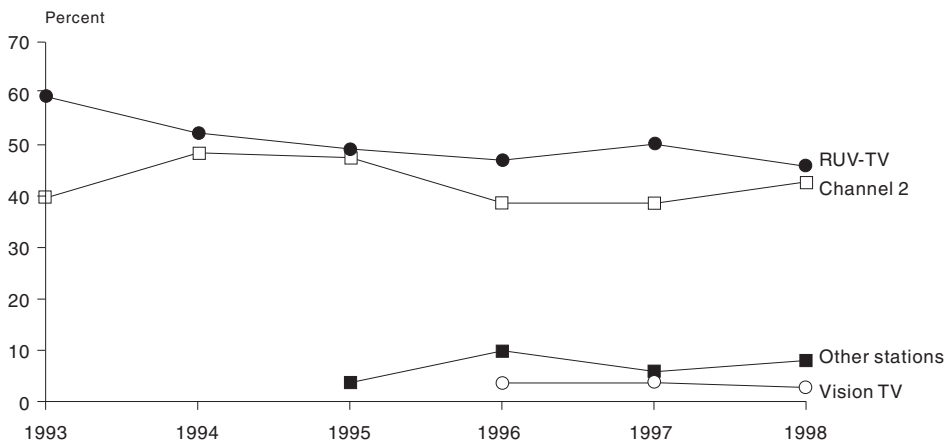


Table 8. Channel Share in Mid-Week and Weekend, October 1999 (average viewing – %)

Time	Thursday 21 October 1999				Saturday 23 October 1999			
	RUV-TV	Channel 2	Vision TV	Screen One	RUV-TV	Channel 2	Vision TV	Screen One
09:00	•	•	•	•	1,7	2,1	•	•
09:45	•	•	•	•		1,6	•	•
10:15	•	•	•	•		1,3	•	•
10:45	•	•	•	•		1,5	•	•
11:15	•	•	•	•		1,7	•	•
11:30	•	•	•	•		2,0	•	•
12:00	•	•	•	•		3,1	•	•
12:30	•	•	•	•		12,9	•	•
13:00	•	2,8	•	•		3,9	3,7	•
13:30	•	2,0	•	•	3,1			•
13:45	•		•	•		8,6		•
14:00	•		•	•				0,3
14:30	•		•	•				
15:00	•	3,8	•	•				0,1
15:30	2,7		•	•	3,2			
15:45		1,1	•	•	0,4			
16:00	4,8	2,7	•	•	7,5	4,7	3,3	0,1
16:30		1,6	•	•				
16:45	0,6		•	•				
17:00	7,8		•	•		4,0	4,8	0,3
17:15		6,5	•	•				
17:45	0,9	1,3	•	•	0,0			
18:00	2,5	5,7	1,8	0,7	0,3			
18:15				0,2				
18:30	3,5	5,5	0,5		1,0			
19:00	36,4	20,6	4,1		31,5	15,3	0,6	
19:30	24,6	38,4			20,8	30,9		
19:45	25,5				8,5		0,3	
20:00		4,9		0,7	27,1	11,5		1,4
20:15	29,6			0,9				
20:30		7,0				14,9	0,7	
20:45	28,8				17,7			
21:00			0,7			4,2		0,8
21:15		6,2					0,3	
21:45	22,9	5,4						
22:00				2,3				0,2
22:15	14,0				17,8			
22:30		19,0	4,6					
22:45						5,6		
23:00	20,4	13,5					2,5	
23:15	0,9		1,1					
23:30	0,2						4,7	3,1
23:45	•				5,4			•
00:00	•			0,0	0,1			•
00:30	•			•	•	4,7		•
01:00	•	1,5	0,0	•	•			•
02:00	•	•	•	•	•	1,3	8,6	•

Notes: Only the first 15 minutes of each programme item are included in the measurements which explains columns of empty cells. The dots in the table indicate that no programme was running at the particular time.

Source: Gallup, 1999b.

National Advertising Market and Distribution

Television in Iceland is still a relatively underdeveloped medium for advertising. The relation between production costs for television advertising spots and the potential audience is not as encouraging as in more populated countries. As in most North-European countries (IP, 1999a: 5), the press still dominates the advertising market, accounting for nearly 60 percent of the total advertising revenue. Television is the second most important advertising medium in Iceland. Table 9 shows the advertising market share of different Icelandic mass media 1995–1998.

In 1998, the advertising receipts of the television sector was 887 million ISK, or just over 12 million EUR. This equals a 21 percent share of the total advertising market. In this four year period television has increased its share in the total advertising media revenue, while the market share of other media have remained stagnant or decreased in proportional terms. In real terms, the advertising revenue of television increased 50 percent from 1993 to 1998, while the growth rate of the total market was 40 percent.

Worth noting here is the increase of newspaper advertising revenue in real terms between the years 1997 and 1998. This increase can largely be explained by receipts related to sale of advertising space in their online editions.

Another significant feature of the advertising market in Iceland is the strong position of radio,

with more than one-tenth of the receipts from advertising. The reason for this is partly historical. From the early beginning in the 1930s, RUV-radio has been an important advertising medium. This is due to the fact that up until after the World War II the radio was the only medium that was nationwide in any true sense of the word. Internal communication between the regions of the country were inadequate and the newspapers were often a week old when they finally reached outlying areas. Radio, on the other hand, had within a decade after its introduction a national penetration and reached instantaneously almost all corners of the country.

In the years 1993–1998, the television advertising revenue is split almost equally between the public service RUV-TV and the private television stations. The advertising revenue of private actors other than Channel 2 and Vision TV are almost negligible.

The advertising receipt distribution between RUV-TV and the private television stations is shown in Table 10 and Figure 3.

III. Ownership, Concentration and Corporate Strategies

Introduction

After being mostly staid for decades, the media market in Iceland has witnessed profound structural changes in recent years, with substantial impact on media concentration as far as ownership and market position are regarded. Today most of

Table 9. Advertising Revenue by Different Sectors of the Media 1995–1998

	Total	Newspapers	Magazines	Radio	Television	Cinema and video
Revenue (million ISK)						
1995	3 023	1 701	248	487	587	..
1996	3 429	1 877	221	602	675	54
1997	3 561	1 949	238	573	740	61
1998 ¹	4 232	2 382	330	571	887	62
Revenue (%)						
1995	100,0	56,3	8,2	16,1	19,4	..
1996	100,0	54,7	6,4	17,6	19,7	1,6
1997	100,0	54,7	6,7	16,1	20,8	1,7
1998 ¹	100,0	56,3	7,8	13,5	21,0	1,5
%s difference						
1995–1998	•	0,0	-0,4	-2,6	+1,6	-0,1

Notes: Data are in most cases based on information from annual accounts. The figures presented in the table, therefore, are mostly comparable to survey data according to the *European Advertising Tripartite Standards*. Data for magazines are rate card figures; Figures are rounded to the nearest decimal and do not necessarily have to add up to the total.

¹ Preliminary figures.

Sources: Karlsson (ed.), 1999a; Statistics Iceland, unpublished information.

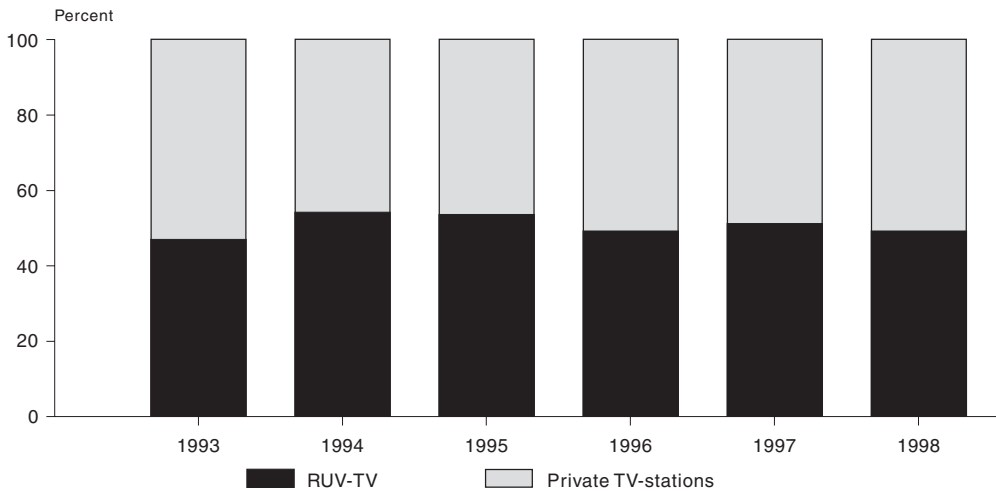
Table 10. *Television Advertising Revenue 1993–1998*

	Total value in thous. ISK	RUV-TV		Private TV stations		Advertising revenue per capita
		Thous. ISK	% share	Thous. ISK	% share	
1993	470 148	223 148	47,5	247 000	52,5	1 775
1994	506 335	274 335	54,2	232 000	45,8	1 898
1995	586 848	313 848	53,5	273 000	46,5	2 191
1996	674 537	332 537	49,3	342 000	50,7	2 501
1997	739 761	377 761	51,1	362 000	48,9	2 719
1998	886 734	435 927	49,2	450 807	50,8	3 221

Note: Data are in most cases based on information from annual accounts. The figures presented in the table, therefore, are mostly comparable to survey data according to the *European Advertising Tripartite Standards*. Data for magazines are rate card figures.

Sources: Karlsson (ed.), 1999a: 187; Statistics Iceland, unpublished information.

Figure 3. *Advertising Share of RUV-TV and Private TV Stations 1993–1998*



the media markets in Iceland are highly concentrated and can be described either as oligopoly or monopoly markets, depending on the definition used (e.g. Picard, 1989).

The deregulation of the audio-visual sector in the mid-1980s, which was accompanied by an increased technological capability for programme delivery, has enabled media companies to expand their activities and encouraged investors from outside the media to enter the broadcast market. Bearing in mind that the media industry is a high-risk investment and extremely capital-intensive, the ‘high-flyers’ are inevitably those with sufficient capital to invest in costly technology, where returns, whilst potentially high, may materialise only in the long run. Moreover, an important incentive for the media companies’ expansion of activities is

the greater uncertainty of success for cultural products as compared to any other goods delivered to the market. Compensating for and recouping the costs of this ‘waste’ and to reduce the risks involved in new technologies encourages media corporations to spread load of investment as possible, in order to improve their market position (e.g., see Garnham, 1990, 1994; Miège, 1989).

In search for economics of scale and scope by mergers and take-overs, the formation of strategic alliances and the search for new fields of operation have encouraged the horizontal and vertical integration of the media and cross-media ownership. The concentration process in the Icelandic media markets has been pushed further forward by reallocation of revenues between different sectors of the media, in favour of the electronic media, especially

television, with the inevitable result of newspaper deaths.⁷

Ownership and Diversification Strategies

The question of ownership mainly concerns the two private television stations, Channel 2 and Vision TV. The public service television station, RUV-TV, is a part of an independent organisation, the Icelandic National Broadcasting Service (RUV), owned by the Iceland State, whose activities are solely concerned with radio and television broadcasting. Besides television activities, RUV operates two nationwide general-interest radio channels, plus three regional radio windows.

Channel 2 and Vision TV are owned by the Icelandic Broadcasting Corporation Ltd. (IBC). Ever since IBC was founded in 1984, it has gone through a series of mergers and acquisitions (for the early history of the IBC and its forerunner the Icelandic Television Corporation, see Ragnarsson, 1990). In July 1998 the IBC became a part (100 percent owned) of a new multi-media concern, the Northern Lights Corporation Ltd. (NLC) with a merger of a number of media companies. The total turnover of NLC in 1999 was 4.131 million ISK (some 56,7 million EUR) (NLC, 2000), or twofold of that of RUV, with some 350 employees. The company is by far the largest of its kind in the country.⁸

NLC has vested interests in a wide range of media and related activities, such as Pay-TV, interactive media, an Internet service provider, cellular telephony, besides being the far largest actor in private radio broadcasting. The main shareholders of the NLC have wide interests in banking, financing, film production at home as abroad⁹, etc.

One of the strategies of achieving synergies of large media companies is by diversification (i.e. the movement of a company into an industry in which it has not previously operated) and by repurposing (i.e. the use of already existing media content in a new mode, spinoff products) (cf. Meyer et al., 1998: 52). For that reason, mergers, acquisitions, joint ventures and strategic alliances play a vital role in cross-media concentration.

In Table 11, the diversification and repurposing strategies by the main and minor television broadcasting companies are indicated. As clearly shown in the table, the search for synergy is largely dependent upon size and overall market position of the companies. The activities of the smaller television companies tend to be confined to one or a few fields of activities, while the larger companies tend to spread their activities to a higher degree. This is particularly true with NLC, which has established itself in all kinds of audio-visual mediation, telecommunication and ICT, by mergers, acquisitions, joint ventures and strategic alliances.

Table 11. *Diversification and Repurposing Strategies by the Television Broadcasting Companies in Media and Related Activities*

	RUV	NLC	Screen One	Aksjon TV	Omega TV	Hafnar-fjordur TV
Newspapers						√
Radio channels	√	√				√
TV channels	√	√	√	√	√	√
TV distribution		√				
Teletext	√	√				
TV/film production	√	√	√			
Cinema exhibition		√				
Video release and distribution		√				
Music release and distribution		√	√			
On-line	√	√	√			
Multimedia		√	√			
Other activities		Telecom., ICT, theatre, rights and licenses	Telecom. and ICT			

Note: Media and related activities by direct and indirect ownership and strategic alliances. Information early 2000.

Cross-Media Ownership

Questions concerning cross-media ownership apply solely to the private television sector. It must be noted that no special restrictions apply to cross-media ownership in Iceland.

The Icelandic National Broadcasting Service (RUV) has no interests in other media companies or organisations.

The Northern Lights Corporation has vested interests in many media related activities in Iceland. They can be summarized as follows:

- Television activities: NLC is the sole owner of the Pay-TV television stations Channel 2, Vision TV, the Movie Channel. NLC owns a multi-channel microwave distribution system, Fjolvarp, which transmits a package of foreign satellite channels to subscribers using MMDS technology. The company holds 88 percent of the shares in the free-for-all Pop-TV.
- Radio activities: The company owns four radio stations, thereof one nation-wide channel, the Wave (Bylgjan).
- NLC is the sole owner of Skifan, which runs cinemas, and is one of the main actors in the release and distribution of sound recordings, cinema film distribution, video and DVD. Moreover, the company is one of the largest in the country in the retail sale of audio-visual products, game consoles and multimedia content.

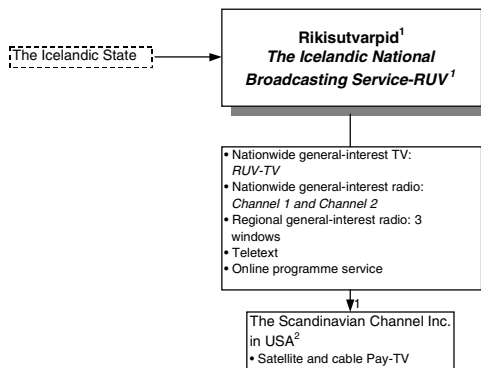
- NLC has a 35 percent stake in the GSM cellular telephone company and Internet access service, the Tal. The main co-partner is the US telephone company, the Western Wireless Corporation (47 percent of shares).
- NLC has a stake in theatre production and staging.

The NLC has no international investments, as far as is known, neither has the ITC. The same applies to RUV, apart from holding a minor share in the Scandinavian Channel Inc., a satellite and cable Pay-TV station, that is intended to distribute Nordic television programmes in the US market.¹⁰

The Icelandic Television Company (ITC) deserves to be mentioned here as a possible future contestant to the dominant actors RUV and NLC. The company is the owner of the general-interest television station Screen One, and the TV and film production company, Nyjabio. Some of the main owners of ITC have wide interests in other industries, e.g. release and distribution of sound recordings, telecommunications, Internet, multi-media and assorted ICT activities, banking, whole sale and retail, etc.

The ownership structure and activity of the Icelandic National Broadcasting Service, the Northern Lights Corporation and the Icelandic Television Company is presented in Charts 1–3. We have striven to achieve as full coverage as possible of structure of ownership of the media companies concerned and their activities. Nonetheless, readers

Chart 1. Ríkisutvarpid Icelandic National Broadcasting Service – RUV (fall 1999/early 2000)



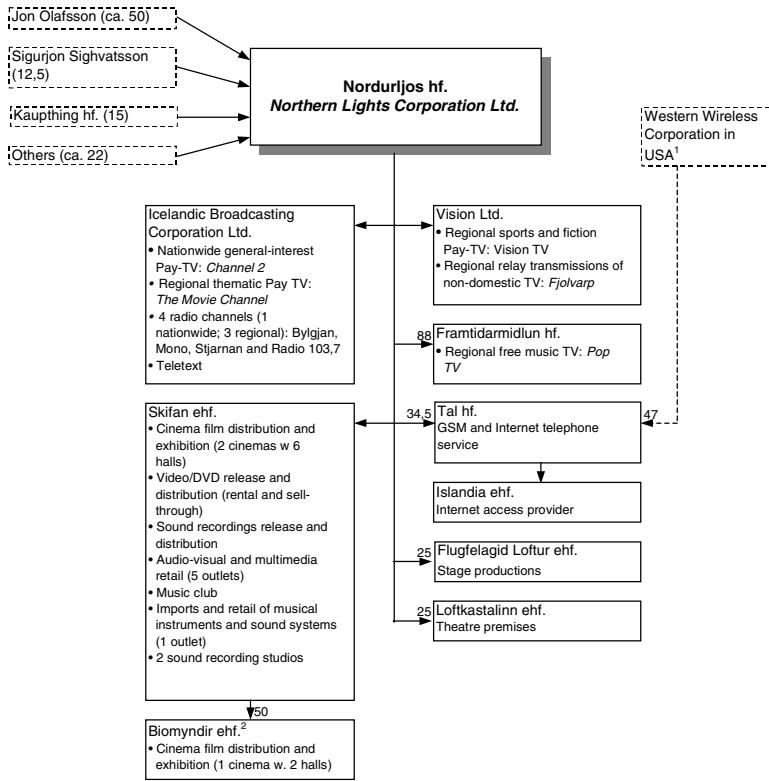
Notes: Figures indicate percent of shares. Unless otherwise indicated, the company is wholly owned (100 percent).

¹ An independent, public (state-owned) corporation.

² Co-partners are the Nordic public broadcasting services, DR, NRK, SVT and YLE holding six percent of shares each, plus Telenor and Klingsberg from Norway, the US investors Norris, Borgen, Myhren, Ericson and The International Channel in Colorado.

Sources: Company report and branch news.

Chart 2. *Nordurljos hf. The Northern Lights Corporation Ltd. (fall 1999/early 2000)*



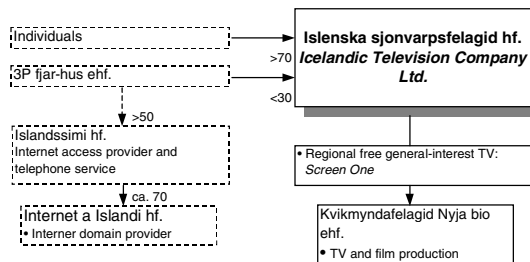
Notes: Figures indicate percent of shares. Unless otherwise indicated, the company is wholly owned (100 percent).

¹ Co-partner the American Western Wireless Corporation, through the subsidiary, Western Wireless International. Besides having interests in Iceland, Western Wireless operates GSM telephone services in USA, Latvia and Georgia, and holds commercial GSM licenses in Croatia, Haiti and Ireland. Total turnover of the Western Wireless Corporation in 1998 amounted to USD 584.6 million.

² Co-partners are the cinema distribution and exhibition companies Haskolabio and Myndform, holding 25 percent of shares each.

Sources: Company report and branch news.

Chart 3. *Islenska Sjónvarpsfélagid hf. Icelandic Television Company Ltd. (fall 1999/early 2000)*



Notes: Figures indicate percent of shares. Unless otherwise specified, the company is wholly owned (100 percent).

Sources: Branch news.

should bear in mind that the information in the charts may not be complete. The information given in the charts is in most cases based upon press releases, branch news and annual reports when available.

Corporate Strategy

Questions concerning strategy of any kind are based on what an individual, company, organisation, or any other entity is doing at a given moment and what it plans to do in the near future. In the case of a television station, questions concerning corporate or management strategy would evolve around issues such as the actions and known intentions of competitors, the legislative environment, economic and political factors, to name a few.

Corporate Strategy: The Northern Lights Corporation

According to available information the Northern Lights Corporation does not envisage much growth in the number of subscribers in the years to come. In 1999, Channel 2 had 54.000 subscribers (55 percent household share) and Vision TV had 28.000 subscribers (29 percent household share). It is believed by NLC that the subscriber figure has reached a certain plateau. However, the potential for growth for NLC is estimated to lie in the advertising market. Hence, NLC intends to increase the share of television advertisements in general in the total advertising market in Iceland. As noted above (see Table 9), the television market in Iceland is estimated to have a 21 percent share of whole advertising market, whilst many other European countries have between 30 and 40 percent share (cf. IP, 1999a, 1999b).

In terms of programme content, NLC foresees increased expenditure in sports programmes. Competition, in recent years, between television stations in Iceland, as well as on an international level has driven the purchasing price of sports programmes upwards. As a part of its marketing strategy, NLC has placed increased emphasis on sports programmes. For example, when NLC secured the rights to transmit matches from the English Football Association in 1997, it attracted an estimated 3.000 new subscribers. In addition, NLC currently owns the exclusive rights to broadcast from many lucrative sports events such as, matches from the Italian Serie A, the National Basketball Association, and the UEFA Champions League.

The Northern Lights Corporation has plans to widen the time frame of the concept 'prime-time'. Currently, prime-time is defined as the period between 7 p.m., and 10 p.m. According to audience rating surveys, this is when the majority of Channel 2's and Vision TV's viewers tune in. NLC increasingly schedules popular television programmes during the 6–7 p.m. time slot, thus lengthening prime-time by one hour.

Another factor that will influence the programme strategy of NLC in the coming years, is the average age of viewers of Channel 2 and Vision TV. The average age of the Channel 2 viewer is gradually getting higher. This will undoubtedly have an effect on programme policy in the future.

The NLC plans to offer its subscribers a wider choice, such as by adding new channels in the near future. An example of this strategy is the recently established Movie Channel, showing films for 24 hours a day.

For many countries, the impact of foreign satellite stations has been considerable. The Astra, Intelsat and Viasat satellite 'footprints' cover Iceland, and many homes have access to the channels transmitted via these satellites. Although, the NLC acknowledges the potential threat of such channels, it believes that their impact will be marginal. At present, NLC owns the exclusive rights to films made by all major Hollywood production companies, such as Universal, Columbia-Tristar, Paramount, 20th Century Fox, Disney, MGM and Warner Bros.

In terms of technical developments in television broadcasting, digital television is becoming an increasingly important factor. At present, NLC has no plans to launch a digital transmission service. What NLC plans to do at the moment is to observe the current developments in digital technology and see what steps other countries will take in this particular area.

NLC foresees a future growth potential in expanding its services to other countries, although at present there exist no definite plans of the exact nature of such an expansion.¹¹

NLC has announced its intention to float its shares on the open stock market in the year 2001 (NLC, 2000).

Corporate Strategy: RUV-TV

RUV-TV sees its role, first and foremost, as a public service television station. Being an institution

owned by the Icelandic State, decisions on policy and strategy are partly made in the political arena.

The main role of RUV-TV is to provide the viewing public with a wide selection of programmes, to cater to the public as a whole, i.e. the needs of most groups in society, as well as targeting certain programmes to small niche groups.

According to the Broadcasting Act, RUV-TV is meant to operate in a dual function, so to speak. It is meant to operate as a public service television station, and on a commercial level, by attracting advertising revenue. The amount of the license fee had remained unchanged for five years, until in 1999 when it was increased (from 21,600 to 25,200 ISK per annum). It must be noted, that any change in license fees is decided by the Minister of Culture and Education. This has had the effect that RUV-TV has been forced to seek an increased share of its revenue from advertising. It can be argued that this is a certain limitation for RUV-TV to maintain its public service role. This, however, does not mean that the directors of RUV-TV would necessarily like to see it to be removed from the advertising market. Having to compete, to a certain extent, on a commercial level, as claimed, gives RUV-TV an incentive to cater to popular taste.

Similarly as NLC, RUV-TV has recently attempted to change its prime-time, by moving the main news and current affairs magazine programme forward, to 7 p.m. from 8 p.m. and the late night news from 11 p.m. to 10 p.m.

Cost/Revenue Structure

In this chapter the revenue base and costs of RUV-TV, Channel 2 and Vision TV is compared. Tables 12–14 offer a detailed breakdown of the costs and revenue structure of the three major television stations. Comparison between revenue and costs of the stations should, however, be made with caution, as the accounting methods of RUV-TV, on one hand, and Channel 2 and Vision TV, on the other hand, are not completely identical in the period in question. Notwithstanding the limitations of the data, the tables show clearly enough certain similarities between RUV-TV and Channel 2. The total revenue of Channel 2 is considerably higher than that of RUV-TV. This can be attributed to a higher income from subscription fees than RUV-TV's corresponding income from the license fees. Conversely, receipts from advertising are almost equal for the two stations. The television operating costs of Channel 2 are somewhat higher than those of RUV-TV, while the programme cost is significantly lower of than those of RUV-TV.

Cost per Genre

Comparing the expenditure of the television stations by content, a totally different picture does emerge, as the cost of programme expenditure varies significantly between the stations.¹² Tables 15 to 17 offer a detailed breakdown of the costs or ex-

Table 12. *Television Revenue and Costs 1993–1999: RUV-TV (million ISK)*

	1993	1994	1995	1996	1997	1998	1999
Television revenue	1 241	1 309	1 356	1 405	1 500	1 591	1 702
Thereof							
License fees	1 032	1 038	1 033	1 019	1 081	1 077	1 178
Advertising	223	274	314	366	378	436	446
Other	53	49	74	80	74	78	78
(Write offs)	(67)	(53)	(65)	(60)	(33)	(32)	(25)
Television operating costs	1 320	1 389	1 452	1 465	1 513	1 735	1 738
Thereof							
Programme costs	821,0	919,5	901,6	931,6	1 019,9	1 123,7	1 158,7
Distribution system	67,9	65,6	73,7	74,3	52,2	61,8	61,5
Administration	131,2	128,3	124,9	129,8	134,6	182,0	303,8
Real estate costs	44,0	41,9	44,9	46,0	71,9	58,6	
Capital costs	9,5	8,1	5,5	0	0	0	0
Contribution to RUV's construction fund	149,4	133,9	137,8	140,4	156,6	163,4	174,7
Depreciations	26,5	19,8	15,9	13,2	13,1	13,2	14,0
Other costs	70,5	72,0	147,9	129,5	65,0	132,3	25,6

Note: Figures are rounded to the nearest decimal and do not necessarily have to add up to the total.

Source: RUV, 1993–1999 and unpublished information.

Table 13. *Television Revenue and Costs 1993–1999: Channel 2 (million ISK)*

	1993	1994	1995	1996	1997	1998	1999
Television revenue	1 365	1 353	1 525	1 652	1 698	1 846	1 959
Thereof							
Subscription fees	1 118	1 121	1 258	1 334	1 290	1 390	1 468
Advertising	247	232	267	318	343	411	440
Other	–	–	–	–	65	45	51
(Write offs)	–	–	–	–	–	–	–
Television operating costs	1 237	1 194	1 538	1 641	1 604	1 810	1 863
Programme costs	749,3	734,0	903,4	800,0	802,1	938,8	949,5
Administration	208,4	201,7	184,1	233,6	204,5	218,7	239,4
Marketing costs	120,5	101,5	163,7	241,0	225,4	204,3	228,8
Depreciations	159,1	156,7	286,5	366,7	372,2	448,1	445,7

Note: Figures are rounded to the nearest decimal and do not necessarily have to add up to the total.

Source: IBC, unpublished information.

Table 14. *Television Revenue and Costs 1996–1999: Vision TV (million ISK)*

	1996	1997	1998	1999
Television revenue	102	268	305	407
Thereof				
Subscription fees	95	252	287	367
Advertising	6	15	17	39
Other	1	1	1	1
Television operating costs	235	372	419	414
Programme costs	168,8	244,1	271,8	273,7
Administration	–	–	–	–
Marketing costs	30,6	53,9	65,1	59,0
Depreciations	21,2	46,1	49,6	56,3
Other costs	14,2	27,8	32,1	24,9

Note: Figures are rounded to the nearest decimal and do not necessarily have to add up to the total.

Source: IBC, unpublished information.

penditures of the three major television stations according to programme content or genres.

The figures for domestic programming reflect solely the direct programme production costs. For non-domestic programming, the figures reflect the purchasing costs, transmission rights costs, plus the costs that are necessary to make the foreign material presentable for the Icelandic viewers, i.e. subtitling and dubbing.

The total programme expenditure for RUV-TV is 58 percent higher as that of Channel 2 and about twice as high as that of Vision TV in 1999. Something similar applies to the amount of costs related to domestic programming, whereas the costs of RUV-TV are more than two times higher than of Channel 2 throughout the period. Once again, it must however, be pointed out that the method of dividing the programme costs is not the same between RUV-TV and Channel 2 and Vision TV.

Cost of Public Service Obligations

As stated earlier in this report, the Icelandic television market can be characterised as a ‘dual market’, with the public service television station (RUV-TV) on the one hand, and the two private television stations (Channel 2 and Vision TV) on the other. According to the Broadcasting Act, both sectors have to comply with certain obligations. In the case of RUV-TV, these obligations are of a specific nature. Whereas for the private sector, they are of a more general nature. For example, RUV-TV is required by law to offer its viewer a certain programme menu, to cater to individuals of all ages, in particular to children. RUV-TV is also required to provide a general news service, and to offer a variety of material in the field of art, literature, science and history, as well as music. Finally, it shall provide general education material and produce separate programmes dealing with Iceland or

Table 15. Television Expenditure by Content 1993–1999: RUV-TV (million ISK)

	1993	1994	1995	1996	1997	1998	1999 ¹
Total programme expenditure	715,2	850,0	902,5	840,1	882,4	883,0	951,2
Thereof							
News	170,8	186,6	205,0	185,1	193,9	203,1	213,4
Non-fiction	105,5	136,7	133,2	111,1	135,9	145,5	153,6
Domestic entertainment & drama	49,7	80,8	51,4	66,0	95,7	87,1	90,1
Non-domestic entertainment & drama	119,2	103,0	170,3	116,4	124,1	94,1	98,8
Domestic feature & TV films	16,7	17,5	24,3	16,3	17,3	25,8	63,2
Non-domestic feature & TV films	89,4	118,6	126,4	106,6	123,5	75,7	77,9
Sports	73,9	97,7	89,9	130,8	85,2	133,6	131,2
Children and youth	78,2	92,3	88,5	93,5	88,3	92,9	109,2
Other & unspecified	11,8	16,8	13,5	14,3	18,5	25,2	13,8
Domestic programming	422	509	550	487	550	550	592
Non-domestic programming	293	341	352	353	332	333	359

¹ Preliminary data.

Source: RUV, unpublished information.

Table 16. Television Expenditure by Content 1993–1999: Channel 2 (million ISK)

	1993	1994	1995	1996	1997	1998	1999
Total programme expenditure	431,4	403,5	433,4	429,5	461,9	535,1	600,2
Thereof							
News	186,5	169,7	190,3	181,2	198,1	222,3	237,3
Sports	29,1	35,8	33,9	41,0	50,6	57,2	63,2
Other & unspecified	215,8	198,0	209,2	207,3	213,2	255,6	299,7
Subtitling/dubbing ¹	35,2	36,5	38,0	43,7	43,3	50,6	50,6
Domestic programming	214,7	199,9	225,1	212,1	233,2	250,4	291,1
Non-domestic programming	216,7	203,6	208,3	217,4	228,7	284,7	309,1

¹ Subtitling and dubbing are not included in total programme expenditure

Source: IBC, unpublished information.

Table 17. Television Expenditure by Content 1996–1999: Vision TV (million ISK)

	1996	1997	1998	1999
Total programme expenditure	222,7	396,6	461,0	478,8
Thereof				
Cost of programme dept.	129,5	197,5	213,6	213,2
Purchased programmes	57,5	107,5	133,1	150,0
Sports	12,3	62,5	74,8	81,4
Subtitling/dubbing	15,3	14,1	15,1	13,2
Satellite costs	8,1	15,0	24,4	21,0

Source: IBC, unpublished information.

Icelanders specifically. The private television sector is exempt from such particular requirements. These requirements have been highlighted in the legal analysis in Part I.

Formal and Related Costs

Formal costs are those costs that are directly associated with the obligations and requirements laid down by the Broadcasting Act. Whilst related costs are those programme related expenditures that do not correspond to the obligations and function to offer a mass attractive programme profile to the whole viewing audience.

Expenditure items and genres that fall under the category of formal costs are in the Icelandic context defined in relatively conservative terms. The following expenditure and programme categories are:

- news
- non-fiction
- domestic entertainment and drama
- domestic feature and television films
- children and youth programmes

- subtitling and dubbing costs

Related costs consist of:

- non-domestic entertainment and drama
- non-domestic feature and television films
- sports
- other programming

Formal and related costs of specific programming of RUV-TV in the years 1993–1998 are highlighted in Tables 18 and 19.

It should be pointed out that these figures include production and programme purchasing costs, but not overheads and distribution costs.

With regard to Channel 2 and Vision TV formal costs are limited to subtitles and dubbing (see Tables 16 and 17).

Costs Inflicted on RUV-TV for Obligatory Services

On basis of Table 20 we may assess the formal costs (as defined in this project) of RUV-TV. In the table, legally binding obligations in terms of programming are shown.

Table 18. *Formal Costs of Specific Programming 1993–1999: RUV-TV*

	1993	1994	1995	1996	1997	1998	1999 ²
News	170,8	186,6	205,0	185,1	193,9	203,1	213,4
Non-fiction ¹	105,5	136,7	133,2	111,1	135,9	145,5	153,6
Domestic entertainment & drama	49,7	80,8	51,4	66,0	95,7	87,1	90,1
Domestic feature & TV films	16,7	17,5	24,3	16,3	17,3	25,8	63,2
Children and youth	78,2	92,3	88,5	93,5	88,3	92,9	109,2
Subtitling and dubbing costs	44,0	42,0	51,0	54,0	54,0	57,7	51,2
Total formal costs	464,9	555,9	553,4	526,0	585,1	612,1	680,7

¹ I.e. documentaries and informative, religious, arts and culture programmes.

² Preliminary data.

Source: RUV, unpublished information.

Table 19. *Related Costs of Specific Programming 1993–1999: RUV-TV (million ISK)*

	1993	1994	1995	1996	1997	1998	1999 ¹
Non-domestic entertainment & drama	119,2	103,0	170,3	116,4	124,1	94,1	98,8
Non-domestic feature & TV films	89,4	118,6	126,4	106,6	123,5	75,7	77,9
Sports	73,9	97,7	89,9	130,8	85,2	133,6	131,2
Other & unspecified	11,8	16,8	13,5	14,3	18,5	25,2	13,8
Total related costs	294,3	336,1	400,1	368,1	351,3	328,6	321,7

¹ Preliminary data.

Source: RUV, unpublished information.

As the table clearly demonstrates, the privilege of the license fee of just over one thousand million ISK compensates for the formal costs of RUV-TV. In 1993 to 1997 and 1999, there is a margin from some 5–20 percent, whereas in 1998 the costs and obligations even out. Moreover, what is of interest here is that the surplus of license fee revenue has lowered almost constantly through out the period in question (see Figure 4). In 1993, there was a margin of some 175 million ISK, or about 20 percent, compared to some 57 million ISK, or about five

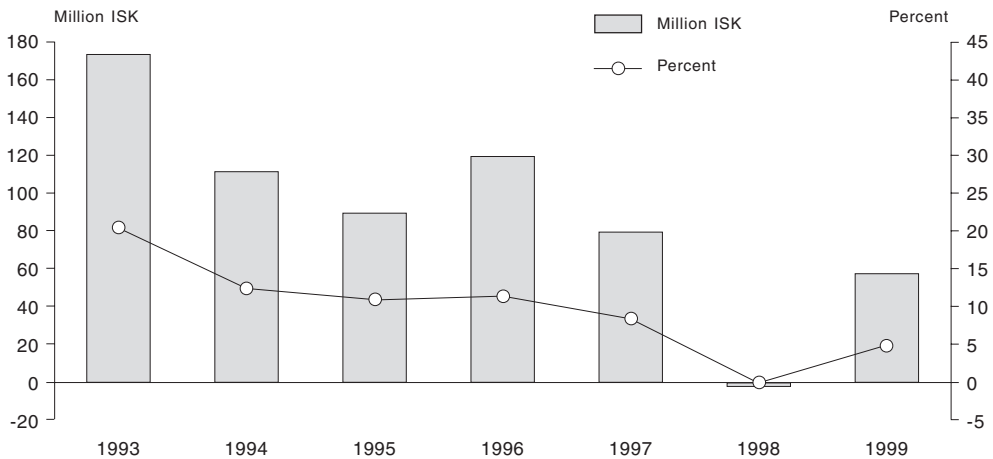
percent in 1999. It must be noted, as legal obligations require RUV-TV to supply the whole population with television programmes, most of the related costs are also covered by obligations. This is particular true for sports broadcasts, responsible for some 100 million ISK on average per year. In the case of Channel 2 and Vision TV the formal costs are limited to subtitling and dubbing which amount to some 50 million ISK a year for Channel 2 and about 13 million for Vision TV (cf. Tables 16–17).

Table 20. Balance between Costs of Obligations and Revenue of RUV-TV 1993–1999 (million ISK)

	1993	1994	1995	1996	1997	1998	1999
Revenue							
<i>Market revenue:</i>							
Advertising	223	274	314	366	378	436	446
Other	53	49	74	80	73	78	78
<i>Non-market revenue:</i>							
Licence fees	1 032	1 038	1 033	1 019	1 081	1 077	1 178
Cost of obligations							
<i>Formal costs:</i>							
Real estate costs	44,0	41,9	44,9	46,0	71,9	58,6	303,8
Administration	131,2	128,3	124,9	129,8	134,6	182,0	
Contribution to RUV's construction fund	149,4	133,9	137,8	140,4	156,6	163,4	174,7
Distribution system	67,9	65,6	73,7	74,3	52,2	61,8	61,5
Subtitling and dubbing	44	42	51	54	54	57,7	51,2
Specific programming	420,9	513,9	502,4	472,0	531,1	554,4	629,5
Total formal costs	857,4	925,6	934,7	916,5	1 000,4	1 077,9	1 120,7
Related costs:							
Mass attractive programming	294,3	336,1	400,1	368,1	351,3	328,3	321,7
Total related costs	294,3	336,1	400,1	368,1	351,3	328,3	321,7

Source: RUV, 1993–1999 and unpublished information.

Figure 4. Margin of License Fee Revenue versus Formal Costs of RUV-TV 1993–1999 (million ISK and percentages)



IV. Programme Analysis

General Discussion on Programming

The discussion above has demonstrated the different regulatory ‘environments’ of public and private television, and that the programme expenditure varies widely between the main television stations. In the discussion in this part of the report it is demonstrated that the different sets of obligations and cost structure are linked to differences in programming of the stations.

Programme Output: Transmission Hours

The total programme output of the three major television stations in Iceland has risen significantly during the period of 1993–1999: from a total of 7 159 programme hours in 1993 to 12 338 hours in

1999 – an increase of over 70 percent. This increase can be explained by two main factors. Firstly, by the arrival of the newcomer in 1995 – Vision TV. Secondly, the programme output of RUV-TV and Channel 2 has greatly expanded with the introduction of a new programme genre onto the Icelandic television scene in 1995, namely teleshopping.

The programme output of all the three stations for the period of 1993–1999 is shown in Table 21 and Figure 5.

Daily Scheduling and Programme Flow: a Typical Day in a Week

Much as the quantity of output of the stations is far from identical, there are also major differences between the stations in daily segmentation and pro-

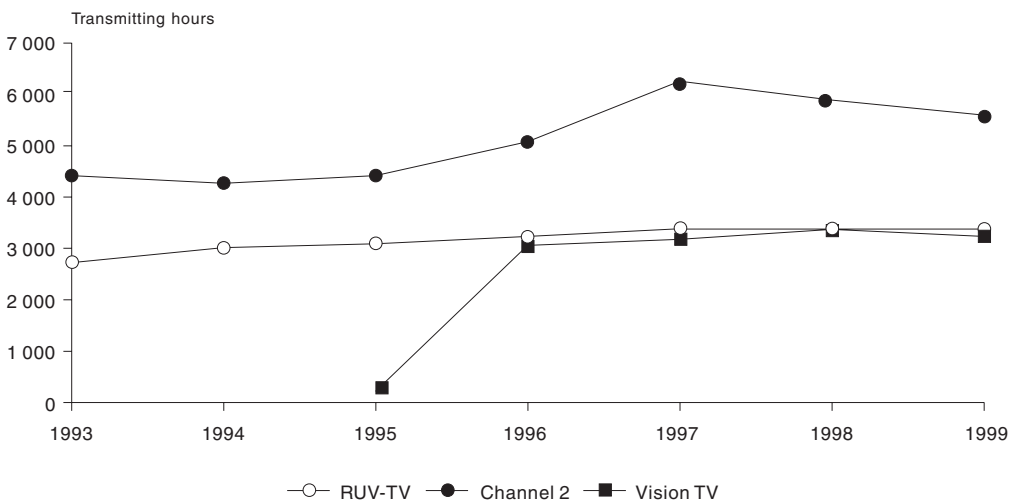
Table 21. Total Transmitting Hours of the Main Television Stations 1993–1999

	RUV-TV	Channel 2	Vision TV ¹
1993	2 748	4 411	•
1994	2 991	4 287	•
1995	3 082	4 425	236
1996	3 223	5 087	3 080
1997	3 338	6 272	3 185
1998	3 438	5 887	3 444
1999	3 369	5 662	3 307

¹ Regular transmissions commenced November 16, 1995.

Sources: Karlsson (ed.), 1999a; Statistics Iceland, unpublished information.

Figure 5. Total Transmitting Hours of the Main Television Stations 1993–1999



gramme flow. Table 22 gives an overview of the programme schedule of the general-interest television stations during a typical day in mid-week in the spring of 2000.

Apart from the obvious differences in programming hours between Channel 2 and the other stations, there is also a marked difference in the programme schedule of RUV-TV and Channel 2, especially after prime-time. RUV-TV schedules regularly culture and informative programmes after prime-time, which have to an increased degree been pushed out of the peak hours. Conversely, Channel 2 broadcasts almost only films after 10 p.m. The programme schedule of RUV-TV and Channel 2 is mostly similar during the early evening hours and especially during prime-time. The programme schedule of the other stations varies much more.

During weekends, the schedule is somewhat different from the week-day schedule. All the stations transmit for more hours a day during weekends, placing more emphasis on children's programmes in the morning and early midday, and fictional content, especially films, during the evening until in late night.

First Transmissions and Repeats

The differences in the programme output of the stations are further highlighted when the amount of repeats is considered. In the case of the public service channel RUV-TV, the amount of repeats has remained stable despite increased output. The share of repeats has ranged from 8,5 percent to 10 percent of the total programme output during the years of 1994–1999 (see Table 23). The number of repeats on the two private stations, Channel 2 and Vision TV is markedly higher, from some 36 to 64 percent of the programme output. This can be largely explained by the fact that on Channel 2 and Vision TV, films are generally shown three times, for the purpose of securing a maximum share of viewers. Repeats are an integral part of the NLC's programming strategy. RUV-TV does this to a certain extent, but mainly in the case of domestic and children's programmes. In other words, when the amount of first transmissions of RUV-TV and Channel 2 is considered gives us a totally different picture than when the total transmitting hours are reviewed (cf. Table 21 and Figure 5). In 1995–1999, the amount of first transmissions of RUV-TV has been some 320 hours higher than of Channel 2 per year on average (see Table 23 and Figure 6).

Table 22. *Programme Segmentation of General-Interest Television Stations during Mid-Week in March/April 2000*

	RUV-TV	Channel 2	Vision TV	Screen One
Morning 07–09		Breakfast TV begins 06:50: current affairs magazine and news		
Midday 09–16		Fiction and comedy series, sports and life style television		
Early evening 16–19	Regular broadcasts begin 16:00 with news headlines, followed with fiction series and teleshopping and children's programmes	Children's programmes, followed with tele- shopping and fiction and comedy series and 'celebrities' news	Regular broadcasts begin 17–18 with sports, teleshopping and occasionally fiction series	Regular programmes starts 17:00 with pop music videos, 'Top 20', followed with news headlines at 18:00, comedy series and entertainment
Prime-time 19–22	Main news at 19:00, followed by information, cultural programmes and fiction series	Main news at 18:55, followed by information, cultural programmes, entertainment and fiction series	Sports, direct trans- missions and fiction series	Commentary and debates, life style television and culture, followed by host shows and fiction series
Night 22–07	Late night news at 22:00, followed by informative, sports news, culture and teleshopping; end of programme 00:00	Films; end of programme 01–02	Fiction series and films; end of programme 01–02	Life style television, host shows, fictions and pop music videos; end of pro- gramme in late night

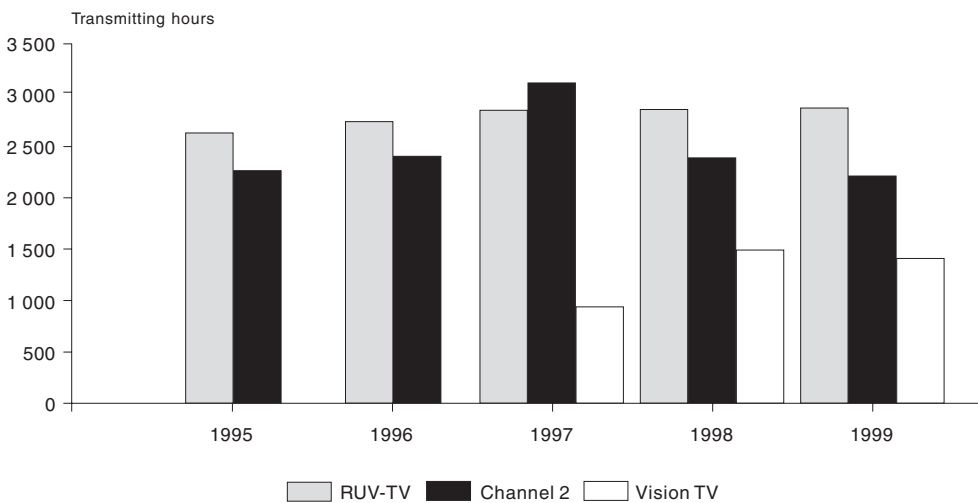
Table 23. *First Transmissions and Repeats 1994–1999*

	RUV-TV		Channel 2		Vision TV	
	First transmissions	Repeats	First transmissions	Repeats	First transmissions	Repeats
Yearly hours						
1994	2 564	260	..	..	•	•
1995	2 622	229	2 266	1 987	..	..
1996	2 736	240	2 405	2 220	..	..
1997	2 865	253	3 137	2 329	942	1 683
1998	2 890	289	2 407	2 771	1 530	1 350
1999	2 918	248	2 237	2 838	1 448	1 402
Percent						
1994	90,8	10,1	..	..	•	•
1995	92,0	8,7	53,3	46,7	..	..
1996	91,9	8,8	52,0	48,0	..	..
1997	91,9	8,8	57,4	42,6	35,9	64,1
1998	90,9	10,0	46,5	53,5	53,1	46,9
1999	92,2	8,5	44,1	55,9	50,8	49,2

Notes: Less advertising, fill-ups and insert slots; Figures are rounded to the nearest decimal and do not necessarily have to add up to the total.

Sources: Karlsson (ed.), 1999a; Statistics Iceland, unpublished information.

Figure 6. *Hours of First Transmissions on the Main Television Stations 1995–1999*



Domestic Programming

When it comes to domestic or genuine programming on Icelandic television, there is a considerable difference between the public and private sector. During the period of 1993–1999, domestic programming on RUV-TV has been around a third of its total programme output. It should be noted that this figure includes all domestic production, such

as news and sports programmes. The figures for Channel 2 range from 11,1 percent to 21,8 percent. As can be seen from Table 24, Vision TV, has very little of genuine programming on its schedule. Rather, it consists of sports programmes, action programmes and films of an Anglo-American origin.

Table 24. *Domestic (Genuine) Television Programming 1994–1999*

	Yearly total transmitting hours	Domestic programme hours	Domestic programmes %
RUV-TV			
1994	2 824	1 033	36,6
1995	2 851	897	31,5
1996	2 976	867	29,1
1997	3 118	842	27,0
1998	3 179	986	31,0
1999	3 166	943	29,8
Channel 2			
1994	4 287	849	19,8
1995	4 253	927	21,8
1996	4 626	574	12,4
1997	5 467	678	12,4
1998	5 178	576	11,1
1999	5 075	682	13,4
Vision TV			
1996	2 752	35	1,3
1997	2 625	119	4,5
1998	2 880	104	3,6
1999	2 850	71	2,5

Notes: Less advertising, fill-ups and insert slots; Figures are rounded to the nearest decimal and do not necessarily have to add up to the total.

Source: Statistics Iceland, unpublished information.

Origin of Programmes: an Unbalanced Worldview

One of the more characteristic features of Icelandic television is the remarkably small proportion of home-produced programmes on offer, which has put Icelandic television in an unenviable last place so far as European comparison is concerned (e.g., see Nordenstreng et al., 1974; Varis, 1985;

Sepstrup, 1989; De Bens, et al., 1992). ‘Against international comparisons’, as noted, ‘there may be one or two countries which might push Iceland out of this spot’ (Broddason, 1998: 36).

In Tables 25–27, we can see the supply of domestic and foreign programmes on offer of the three major television stations in Iceland 1993–1999. The tables show the origin of the material that is transmitted to the viewing public.

Table 25. *Television Programming by Origin 1993–1999: RUV-TV (yearly hours)*

	1993	1994	1995	1996	1997	1998	1999
Domestic programmes	826	1 033	897	867	842	986	943
Foreign programmes	1 842	1 852	2 035	2 176	2 302	2 234	2 203
Thereof:							
U.S.A.	559	457	626	525	672	687	793
British	178	257	233	253	331	291	261
Scandinavian	88	101	102	77	98	108	127
French	79	29	52	–	43	52	58
German	19	56	34	54	58	31	72
Italian	16	10	3	–	5	9	14
European other	25	12	33	22	42	73	24
Canadian	45	45	31	43	37	40	33
Oceania	75	65	40	88	61	79	70
Other countries	6	6	10	6	–	11	9
Not specified ¹	752	814	871	1 108	955	853	742

Notes: Less advertising and teleshopping; Figures are rounded to the nearest decimal and do not necessarily have to add up to the total.

¹ Co-production, foreign news, sports and undefined.

Sources: Karlsson (ed.), 1999a; Statistics Iceland, unpublished information.

Table 26. *Television Programming by Origin 1993–1999: Channel 2 (yearly hours)*

	1993	1994	1995	1996	1997	1998	1999
Domestic	793	849	927	574	678	576	682
Foreign	3 618	3 438	3 498	4 078	4 789	4 602	4 391
Thereof:							
U.S.A.	2 385	2 330	2 350	2 446	2 480	2 579	2 765
British	402	424	370	501	453	506	452
Scandinavian	–	2	2	1	2	5	22
French	75	162	115	137	106	123	173
German	33	59	45	38	35	49	22
Italian	77	56	31	34	79	78	51
European other	19	14	73	20	27	32	27
Canadian	189	141	190	180	126	119	92
Oceania	412	194	140	162	102	107	135
Other countries	4	4	28	19	–	1	5
Not specified ¹	22	52	154	540	1 379	1 003	647

Notes: Less advertising, fill-ups and insert slots and teleshopping; Figures are rounded to the nearest decimal and do not necessarily have to add up to the total.

¹ Co-production, foreign news, sports and undefined.

Sources: Karlsson (ed.), 1999a; Statistics Iceland, unpublished information.

Table 27. *Television Programming by Origin 1996–1999: Vision TV (yearly hours)*

	1996	1997	1998	1999
Domestic	35	119	104	71
Foreign	2 718	2 506	2 776	2 778
Thereof:				
U.S.A.	1 265	1 299	1 372	1 176
British	130	141	276	228
Scandinavian	3	2	6	1
French	12	45	59	48
German	10	1	17	11
Italian	47	75	71	50
European other	39	51	10	11
Canadian	14	16	12	11
Oceania	12	19	8	20
Other countries	1	2	1	7
Not specified ¹	1 185	855	944	1.216

Notes: Regular transmissions of Vision TV started November 16, 1995; Less advertising, fill-ups and insert slots and teleshopping; Figures are rounded to the nearest decimal and do not necessarily have to add up to the total.

¹ Co-production, foreign sports and undefined.

Source: Karlsson (ed.), 1999a; Statistics Iceland, unpublished information.

There are three items of particular interest here. Firstly, there is the difference between RUV-TV and Channel 2 in terms of domestic material. For the period in question, nearly a third of RUV-TV's output was sought from domestic markets. The figure for Channel 2 was nearly 20 percent in the first 3 years and then it dropped to ca. 11–12 percent. Secondly, hardly any programmes are purchased from the Nordic countries by Channel 2. RUV-TV is slightly more Scandinavian in its outlook. Despite the historical, language and alleged cultural

affinities that Iceland shares with the other Nordic countries, imports of Nordic programmes amount to only 3–4 percent on RUV-TV over the period. The share of Nordic programming on RUV-TV is somewhat lagging behind compared to the other Nordic public service television channels (for a comparison between the Nordic public channels, see Carlsson et al. (eds.), 1999).¹³ Thirdly, we note the large share of material purchased from the United States on Channel 2. Well over half of all programmes shown on Channel 2 originate from the

States. RUV-TV purchases 16–25 percent of its programmes from that country.

In the case of Vision TV, we can see that nearly half of its programmes are from the United States. Hardly any other country, apart from Britain, supplies Vision TV with programmes. However, what complicates matters with regard to all three stations is the frequent use of the category ‘not specified’. This includes among other things multi-national co-productions, fill-ups and insert slots.

Programme Genres

Comparative Programme Analysis between Channels

Of the three major television stations in Iceland, Channel 2 has by far the largest volume of pro-

grammes, ranging from 4.411 programme hours in 1993 to 5.662 hours in 1999. RUV-TV and Vision TV, however, are in a roughly similar broadcast hour range. In 1999, RUV-TV was on the air for 3.369 hours, whilst Vision TV transmitted for 3.307 hours. It should, however, be noted that in terms of first transmissions (see Table 23 and page 126 for discussion on first transmission and repeats), RUV-TV and Channel 2 send a similar length of time.

Data concerning the programme output or programme profile of RUV-TV, Channel 2 and Vision TV can be seen in Tables 28–33.

When comparing the programme output of the three stations in terms of broadcast hours within the genres of *news and non-fiction*, there is not much of a difference between the public television

Table 28. *Television Programming by Content 1993–1999: RUV-TV (yearly hours)*

	1993	1994	1995	1996	1997	1998	1999
Yearly transmitting hours	2 748	2 991	3 082	3 223	3 338	3 438	3 369
News and current affairs	342	438	432	408	379	395	433
Non-fiction ¹	301	299	349	293	241	268	331
Entertainment and drama	592	647	609	846	590	640	687
Feature and TV films	421	377	521	343	436	462	463
Sports	285	410	389	604	556	741	582
Music	50	70	21	28	88	63	39
Children and youth	562	553	507	512	539	496	480
Advertisements and teleshopping	80	106	150	180	194	218	222
Other and unspecified ²	115	91	104	11	315	155	132

Note: Figures are rounded to the nearest decimal and do not necessarily have to add up to the total.

¹ I.e. documentaries and informative, religious, arts and culture programmes.

² Mainly fill-ups and insert slots and *EBU* and *Nordvision* programmes.

Sources: Karlsson (ed.), 1999a; Statistics Iceland, unpublished information.

Table 29. *Television Programming by Content 1993–1999: RUV-TV (percentages)*

	1993	1994	1995	1996	1997	1998	1999
News and current affairs	12,4	14,6	14,0	12,7	11,4	11,5	12,9
Non-fiction ¹	11,0	10,0	11,3	9,1	7,2	7,8	9,8
Entertainment and drama	21,5	21,6	19,8	26,2	17,7	18,6	20,4
Feature and TV films	15,3	12,6	16,9	10,6	13,1	13,4	13,7
Sports	10,4	13,7	12,6	18,7	16,7	21,6	17,3
Music	1,8	2,3	0,7	0,9	2,6	1,8	1,2
Children and youth	20,5	18,5	16,4	15,9	16,1	14,4	14,2
Advertisements and teleshopping ²	2,9	3,5	4,9	5,6	5,8	6,3	6,6
Other and unspecified ³	4,2	3,0	3,4	0,3	9,4	4,5	3,9

Note: Figures are rounded to the nearest decimal and do not necessarily have to add up to the total.

¹ I.e. documentaries and informative, religious, arts and culture programmes.

² Advertisements are included in other and unspecified where no information is given.

³ Mainly fill-ups and insert slots and *EBU* and *Nordvision* programmes.

Sources: Karlsson (ed.), 1999a; Statistics Iceland, unpublished information.

Table 30. Television Programming by Content 1993–1999: Channel 2 (yearly hours)

	1993	1994	1995	1996	1997	1998	1999
Yearly transmitting hours	4 411	4 287	4 425	5 087	6 272	5 887	5 662
News and current affairs	309	331	334	317	312	343	523
Non-fiction ¹	311	270	157	230	189	172	266
Entertainment and drama	956	821	953	1 179	1 303	1 231	1 376
Feature and TV films	1 633	1 705	1 675	1 534	1 499	1 800	1 806
Sports	275	292	288	195	314	377	268
Music	275	174	175	42	130	64	91
Children and youth	652	674	671	807	655	697	738
Advertisements, teleshopping, fill-ups and insert slots	..	..	172	781	1 861	1 199	590
Other and unspecified	..	20	–	2	9	4	4

Note: Figures are rounded to the nearest decimal and do not necessarily have to add up to the total.

¹ I.e. documentaries and informative, religious, arts and culture programmes.

Sources: Karlsson (ed.), 1999a; Statistics Iceland, unpublished information.

Table 31. Television Programming by Content 1993–1999: Channel 2 (percentages)

	1993	1994	1995	1996	1997	1998	1999
News and current affairs	7,0	7,7	7,5	6,2	5,0	5,8	9,2
Non-fiction ¹	7,1	6,3	3,5	4,5	3,0	2,9	4,7
Entertainment and drama	21,7	19,2	21,6	23,2	20,8	20,9	24,3
Feature and TV films	37,0	39,8	37,9	30,2	23,9	30,6	31,9
Sports	6,2	6,8	6,5	3,8	5,0	6,4	4,7
Music	6,2	4,1	4,0	0,8	2,1	1,1	1,6
Children and youth	14,8	15,7	15,2	15,9	10,4	11,8	13,0
Advertisements, teleshopping, fill-ups and insert slots	–	–	3,8	15,4	29,7	20,4	10,4
Other and unspecified	–	0,4	–	0,0	0,1	0,1	0,1

Note: Figures are rounded to the nearest decimal and do not necessarily have to add up to the total.

¹ I.e. documentaries and informative, religious, arts and culture programmes.

Sources: Karlsson (ed.), 1999a; Statistics Iceland, unpublished information.

Table 32. Television Programming by Content 1996–1999: Vision TV (yearly hours)

	1996	1997	1998	1999
Yearly transmitting hours	3 080	3 185	3 444	3 307
News and current affairs	–	–	–	–
Non-fiction	..	20	30	41
Entertainment and drama	602	775	824	594
Feature and TV films	1 035	819	907	1 004
Sports	345	707	911	1 160
Music	738	264	140	24
Children and youth	15	15	18	25
Advertisements, teleshopping, fill-ups and insert slots	328	560	564	457
Other and unspecified	17	25	50	2

Note: Figures are rounded to the nearest decimal and do not necessarily have to add up to the total.

Sources: Karlsson (ed.), 1999a; Statistics Iceland, unpublished information.

Table 33. Television Programming by Content 1996–1999: Vision TV (percentages)

	1996	1997	1998	1999
News and current affairs	–	–	–	–
Non-fiction	..	0,6	0,9	1,2
Entertainment and drama	19,5	24,3	23,9	18,0
Feature and TV films	33,6	25,7	26,3	30,4
Sports	11,2	22,2	26,5	35,1
Music	24,0	8,3	4,1	0,7
Children and youth	0,5	0,5	0,5	0,8
Advertisements, teleshopping, fill-ups and insert slots	10,6	17,6	16,4	13,8
Other and unspecified	0,6	0,8	1,5	0,1

Note: Figures are rounded to the nearest decimal and do not necessarily have to add up to the total.

Sources: Karlsson (ed.), 1999a; Statistics Iceland, unpublished information.

station, RUV-TV, and the private station, Channel 2, although, RUV-TV does devote slightly less time to those genres. Vision TV does not operate a news service and the genre ‘non-fiction’ is practically non-existent.

In terms of percentages, the output of news and non-fiction programmes on RUV-TV is almost twice as high as that on Channel 2. In absolute figures, however, Channel 2 comes out on top.

During the years between 1993–1999, Channel 2 has the highest total programme output of *entertainment & drama, feature & TV films*. Within these genres little less than three times as many programme hours are transmitted on Channel 2 as on RUV-TV. Vision TV comes in second place in this respect.

During the period of 1993–1999, RUV-TV has transmitted about 1.500 more hours of *sports programmes* than Channel 2. This can be attributed to the fact that RUV-TV has had the rights to broadcast from some of the major sports events which are relatively time consuming, such as the Winter and Summer Olympic Games, the World Cup in football, and until 1997, matches from the English Football Association, the Premier League. However, Vision TV leads in this respect with the highest figure of broadcast sports hours. Therefore, one can claim that Vision TV has emerged as the television sports channel in Iceland.

Channel 2 broadcasts almost twice as many hours of *children’s and youth programmes*, as RUV-TV. In proportional terms, the stations devote almost the same percentage of their total programming to this particular content category. Vision TV devotes an extremely low proportion of its programme profile to the younger viewers, only 15 to

25 hours per year in 1996–1999. Table 34 gives a detailed breakdown of children’s programming between the three television stations.

What is of special interest here, is the decrease of domestic content for children and youth on RUV-TV and Channel 2, both in real terms and proportionally. In the years 1993–1994, RUV-TV transmitted 244 hours per year on average of domestic programmes for children and youth, compared to less than 60 hours per year on average in 1995–1999. The figures presented in the table indicate strongly that domestic content for children and youth has become almost an extinct ‘species’ on Icelandic television.

When looking at the programme profile of RUV-TV, Channel 2 and Vision TV, a number of similarities emerge, as well as differences. RUV-TV, being a public service television station, is by law required to offer the viewing public a diverse menu of all major programme genres. Although Channel 2 is not bound by legislation to offer its viewers a specific programme menu, it nevertheless realises the benefit of offering its subscribers a wide range of choice, thus, focusing on similar genres as RUV-TV. However, what is characteristic about Channel 2 is that it is more entertainment oriented in its programming than RUV-TV. Channel 2 offers a much larger selection of feature films, drama programmes, sitcoms and music programmes than RUV-TV.

Vision TV can be categorised as the ‘male leisure channel’ (a term that was used as a marketing slogan when the channel was re-launched in 1995) in the Icelandic television market. The films on Vision TV are very often of a violent nature and carry high age restrictions, thus principally excluding

Table 34. *Children's and Youth Programming 1993–1999 (yearly hours and percentages)*

	Total hours	Domestic hours	Foreign hours	Domestic %	Foreign %
RUV-TV					
1993	562	272	290	48,4	51,6
1994	553	216	337	39,1	60,9
1995	507	60	447	11,8	88,2
1996	512	58	454	11,3	88,7
1997	539	55	484	10,2	89,8
1998	496	44	452	8,9	91,1
1999	480	67	413	14,0	86,0
Channel 2					
1993	652	46	606	7,1	92,9
1994	674	33	641	4,9	95,1
1995	671	43	628	6,4	93,6
1996	807	11	796	1,4	98,6
1997	655	4	651	0,6	99,4
1998	697	12	685	1,7	98,3
1999	738	4	734	0,5	99,5
Vision TV¹					
1996	15	–	15	–	100,0
1997	15	–	15	–	100,0
1998	18	–	18	–	100,0
1999	25	–	25	–	100,0

¹ Regular transmissions of Vision TV commenced November 16, 1995.

Sources: Karlsson (ed.), 1999a; Statistics Iceland, unpublished information.

children and younger teenagers (cf. Bjarnason, 1996). Vision TV is also the only television station that broadcasts, twice a week, softcore pornographic movies.

The Film 'Menu'

Differences in programming of the main television stations are affirmed further when the supply of films is viewed. The output of films of the main television stations is presented in Table 35.

Through the period 1993–1999, the number of film showings on Channel 2 has been about four-fold compared to RUV-TV, and twofold to that of Vision TV. US films dominate on all stations, with occasional films from Europe, mostly British made, and Oceania. Films from the Nordic countries are rarely on the 'menu'. Showings of Icelandic films are naturally few, given the small catalogue of domestic films to tap off.¹⁴

Table 35. *Films Shown on Main Television Stations 1993–1999*

	1993	1994	1995	1996	1997	1998	1999
RUV-TV¹							
No. of showings	250	225	320	205	260	275	278
Films premiered	..	..	..	..	..	..	..
Channel 2							
No. of showings	928	988	985	990	952	1.097	1.072
Films premiered	310	330	327	344	353	322	333
Vision TV							
No. of showings	•	•	..	676	527	560	624
Films premiered	•	•	..	295	210	241	243

Note: Figures include both TV and feature films.

¹ Estimated from average length of films, ca. 100 minutes.

Sources: Karlsson (ed.), 1999a: 184; Statistics Iceland, unpublished information.

The number of premiered films on Channel 2 and Vision TV is of course much lower than the number of film showings, given that each film is scheduled for three to four times. Though no figures are available concerning film premieres on RUV-TV, films are almost never repeated, which supports the conclusion that the number of premiered films is not as different as it might seem when the number of film showings is only considered.

During mid-week, Channel 2 has on offer two films in the evenings, usually one premiere and one repeat from earlier in the day. During weekends, three to four films are on offer a day, one to two premieres and two or three repeats. The same can be said for Vision TV, unless live sports transmissions are on offer.

Conversely, RUV-TV does not usually schedule films during mid-week, only during weekends, one to two on Friday evenings, two on Saturday evenings, and more recently one on Sunday evenings.

Prime-Time Schedule: A Comparison

Reviewing the prime-time supply of RUV-TV and Channel 2 gives an indication of the programme policy of the stations and the programme mix at the peak hours, and, what is no less important, how the public service broadcaster has responded to the threat from the private and commercial entrants.

Yves Achille and Bernard Miège, for instance, maintain that in Europe since in the 1980s there has been a general drift of public service broadcasters towards commercial programming, linking the costs of programmes closely to the audience and advertising revenue gained, and leading to the marginalization of minority genres. However successful this can be in the short term, they argue that this undermines the legacy of the public service ideal in the long term, and hence of the justification for the license fee, by making the public services indistinguishable for its commercial rivals (Achille et al., 1994).

Research by Trine Syvertsen (1997) of the programme supply of the nationwide general-interest television stations in Norway (NRK-TV, TV 2 and TV Norge) in the period 1988–1996 would seem to confirm this assertion. NRK has pushed marginal programmes to an increased degree outside the prime-time schedule and relies more heavily on popular entertainment, like its commercial rivals. Syvertsen maintains that the choices available to the viewing public during the period 1992–1995 diminished due to tendencies to schedule programmes one against the other during prime-time (Syvertsen, 1997).

There does not have to be a simple drift of public broadcasting towards the commercial model. Rather there can be a convergence between channels, where the public broadcaster seeks to maintain audience loyalty through popular entertainment programming while at the same time the commercial competitor seeks political legitimacy through the scheduling of ‘prestige’ programmes, especially news and current affairs. Results from analysis of the shifts in prime-time of Finnish public and private television stations between 1970–1995 point strongly in this direction (Hellman et al., 1994, 1996).

Table 36 shows the prime-time programme schedule of RUV-TV and Channel 2 during weekdays and weekend in spring 2000. Both stations rely heavily on popular entertainment during prime-time (mainly comedy series and fiction), and to a lesser degree informative content. There seems also to be a strong tendency to schedule programmes one against the other. Marginal programming is an extinct ‘genre’ during prime-time on both stations. In later years this kind of programming has been pushed out of prime-time of RUV-TV and has become almost non-visible during the peak hours.

Apart from news and current affairs and some relatively low-cost in-house productions, mainly host and quiz shows, there is very little of domestic programming on prime-time on both channels. This is hardly of any surprise, when the small amount of overall domestic programming is kept in mind (see Table 24).

Until more recently, the prime-time scheduling of the stations have differentiated as concerns transmissions of Nordic programmes. Through the years, RUV-TV has frequently scheduled Nordic series during prime-time. Some of these programmes, like the Danish fiction series *Matador*, have proved to be extremely popular, especially among middle-aged audiences and the old. In the respective days indicated in Table 36, RUV-TV scheduled two Nordic series during prime-time, the Swedish action series *Insider* and the Danish drama series *Taxa*. It is just recently, that Nordic programmes have appeared on Channel 2 in some degree, whether speaking of prime-time or not. Currently the station schedules two Nordic comedy series during prime-time, the Swedish one *Segemyhr* and Danish one, *Ved Stillebækken*.

There seems to be a convergence between the channels during the peak hours. This assertion is so far based on an informal assessment. It must, however, be stressed that Channel 2 has always mar-

Table 36. Prime-Time Schedule of RUV-TV and Channel 2, Mid-Week and Weekend Spring 2000

RUV-TV		Channel 2	
Tuesday			
19:00	<i>Fréttir og kastljós</i> (main news, weather and current affairs)	18:55	<i>19>20</i> (main news, weather and current affairs)
20:00	<i>Velin</i> (entertainment and lifestyle affairs, domestic)	20:05	<i>Segemyhr</i> (Swedish comedy series)
20:30	<i>Maggie</i> (US comedy series)	20:35	<i>King of the Hill</i> (US comedy series)
20:55	<i>Insider</i> (Swedish action series)	21:05	<i>Stomp</i> (US culture programme)
22:00	<i>Tíu fréttir</i> (late night news)	22:00	<i>Sex í Reykjavík</i> (domestic documentary)
Programme ends 22:15		Programme ends 22:30	
Thursday			
19:00	<i>Fréttir, íthrottir and vedur</i> (main news, sport news and weather)	18:55	<i>19>20</i> (main news, weather and current affairs)
20:00	<i>The Dinosaurus</i> (UK documentary series)	20:05	<i>Kristall</i> (cultural affairs, domestic)
20:30	<i>DAS 2000-utdratturinn</i> (lottery, domestic)		
20:35	<i>Þetta helst...</i> (quiz show, domestic)	20:40	<i>Dawsons Creek 2</i> (US comedy series)
21:10	<i>Taxa III</i> (Danish fiction series)	21:30	<i>Ink</i> (US comedy series)
22:00	<i>Tíu fréttir</i> (late night news)		
Programme ends 22:15		Programme ends 22:00	
Saturday			
19:00	<i>Fréttir, íthrottir and vedur</i> (main news, sport news and weather)	18:55	<i>19>20</i> (main news, weather, current affairs and lottery)
19:40	<i>Stutt í spunann</i> (host show, domestic)		
		20:05	<i>Friends</i> (US fiction series)
20:30	<i>Days of Thunder</i> (US feature film 1990)	20:40	<i>Spin City</i> (US comedy series)
		21:10	<i>Fathers Day</i> (US feature film, 1997)
Programme ends 22:20		Programme ends 22:55	
Sunday			
19:00	<i>Fréttir og vedur</i> (main news and weather)	18:55	<i>19>20</i> (main news, weather and current affairs)
20:00	<i>Walking with Dinosaurus</i> (UK documentary)	20:05	<i>60 Minutes</i> (US news analysis from CNBS)
20:50	<i>Real Women</i> (UK fiction serie)		
		21:00	<i>Mad About You</i> (US comedy serie)
		21:30	<i>Rosewood</i> (US drama/action film, 1997)
21:45	<i>Helgarsportid</i> (weekend sports news)		
Programme ends 22:10		Programme ends 23:45	

Notes: Programmes as scheduled 28 and 30 March, 1 and 2 April 2000; Prime-time as defined from 7 p.m. – 22 p.m.

Source: Programme schedule as announced.

keted itself as a ‘journalistic’ medium, no less than as a popular entertainment channel (as in the case of TV 2 in Norway, see Syvertsen, 1997: 82–3, 173–75ff). The station has sought ‘political legitimacy’ by maintaining a news service and current affairs department since it commenced broadcasting in 1986, thus indicating ‘complementary competing’ (Hellman et al., 1994: 65) with RUV-TV in this particular field of programming. RUV-TV, on

the other hand, seems to have adopted a ‘mixed strategy’ in response to the challenges of private television. While it has tried to maintain its role as a public broadcaster and stick to a informative, cultural and national profile during prime-time, it has at same time taken significant steps towards a more popular entertainment approach to protect its ratings.

Conclusion

Differences between Public and Private Television

When Channel 2 was launched in 1986, RUV-TV already had been in operation for twenty years. Some key people in the personnel of the new private television service were recruited from RUV-TV. It is fair to say that Channel 2 in the beginning joined an already existing television culture with certain standards that it seemed natural to observe. As the years went by Channel 2 found its own identity, contributed to the shaping of the television culture and inevitably influenced RUV-TV in some ways. The 20-year old tradition of television-free Thursdays was broken when Channel 2 introduced a seven-day television week in 1986. For a while, RUV-TV persisted for its part, but held out only a few months into 1987 when it also started transmissions every day of the week. Another example is Channel 2's pioneering work in the dubbing of children's programmes.

Harking back to Table 4 in this report we note that RUV-TV – as opposed to Channel 2 – is obliged to supply a news service; to provide universal access to its signals; to broadcast a varied menu of programmes of educational and cultural nature; to cater to the tastes of minorities as well as the majority; and, finally, to contribute in its programming to the strengthening of a national identity, whatever that means exactly in practice. Nevertheless, Channel 2 has found it expedient to build up a full-fledged news service, available to all viewers (subscribers as well as non-subscribers); it also provides an extensive supply of children's programmes many of which – as already mentioned – have been ambitiously furnished with Icelandic voices. Channel 2 also strives after a potential

reach of a very high percentage of the population. Thus the public service and the private station are up to a point cut out of the same cloth. The other private nation-wide station, Vision TV, is much more limited on all the above accounts. The same can be said of the newcomer Screen One, although the station has already taken important steps to increase its domestic programming and provides a news service to a limited degree so far.

At the same time there are obvious and important differences between RUV-TV and Channel 2 that are best illustrated by considering some of the tables in previous chapters of this report.

- The total transmission time of Channel 2 is almost twice that of RUV-TV (Table 23).
- Close to half of Channel 2's transmission time and almost two-thirds of that of Vision TV constitutes repeats, whereas RUV-TV never reaches the 10 percent mark in this respect (Table 25).
- Domestic programmes constitute a markedly higher percentage of RUV-TV's output than is the case with Channel 2, while domestic programmes are practically non-existent on Vision TV (Tables 25–28).
- The total revenue and operating costs of RUV-TV and Channel 2 are remarkably similar; this applies even to the break-down of revenue into license/subscription fees and advertising. The operating costs of the two stations also show strong apparent similarities (Tables 12 and 13).

The programming strategies of the general-interest television stations, RUV-TV, Channel 2 and Vision TV, and the late entrant Screen One, can be summed up as shown in Table 37.

Table 37. *Programming Strategies of the General-Interest Television Stations in Iceland*

	RUV-TV	Channel 2	Vision TV	Screen One
Information	*	*	–	+
Education	–	–	–	–
Entertainment	+	++	++	++
Sports	+	+	++	–
Children's	*	+	–	+
Domestic	+	*	–	++

Note: Explanations of signs: – denotes marginal emphasis; + denotes emphasis; ++ denotes great emphasis; * denotes stagnation, but an element that remains important.

Acquisition of Foreign Programmes

The deregulation of the television market in the 1980s, and largely increased transmission time, has led to inflation of purchasing costs of popular programmes. For instance, as noted, in Italy in the 1980s, one of the effects of increased competition between television stations for the acquisition of foreign programmes did vastly increase the cost of bought-in programming, or by as much as 1000 per cent (Collins et al., 1988: 24).

The complete absence of competition between broadcasters for the acquisition of foreign programming before private television broadcasting in 1986 kept purchasing costs, in terms of international comparisons, very low for Iceland. Since, the cost of imported television programmes has risen considerably, particularly from Iceland's main foreign programme supplier, the US. In the years between 1986, when Channel 2 commenced transmissions, to 1994, the average purchasing costs rose by 25–30 per cent, from some 12 USD to 15–16 USD per minute (Karlsson, 1994). It should be noted, however, that the rise in costs for individual programmes occasionally far exceeded this average figure. In 1995, the major Icelandic television stations were paying between 800 and 1.000 USD for each imported commercial 'programme hour' (50 minutes), or 16–20 USD per minute (Hoskins et al., 1997: 70-71).

Moreover, introduction of Pay-TV has largely contributed to this 'inflation' in purchasing costs of popular foreign programmes. The release-window for Pay-TV is usually six months after a feature film, for instance, is released on rental video/DVD. In the case of free-for-all terrestrial television, the window is usually 18–24 months after cinema release. This places traditional television in a somewhat 'inferior' situation compared to the Pay-TV stations.

It is quite possible that 'inflated' purchasing costs of popular foreign programmes will force the free-for-all television stations to put increasing emphasis on domestic programming, mainly low-budget production, and the adaptation of foreign popular programme formats, which has obviously been the case with Screen One. This in turn, along with increased transmission time and dividing of resources of television in a whole, could in the long-run place traditional television in a situation, which Henrik Søndergaard refers to as 'discount television' (Søndergaard, 1996: 185–86).

Programme Expenditure and Supply

The programme expenditure by programme hour 1993–1999 of RUV-TV, Channel 2 and Vision TV is shown in Table 38. It should be noted that any comparison of programme expenditure between the three television stations is to some extent limited due to the lack of information of genre cost. Moreover, no notice is here taken of initial and retransmissions of the stations.

In terms of overall programme expenditure between RUV-TV and Channel 2, costs have remained fairly constant over the period of study, and in the case of Vision TV they have doubled. Sport is one genre where considerable competition has taken place between the public and private television sector. For RUV-TV programme expenditure for sport has fluctuated, but the general trend is slightly downwards, whereas for Channel 2 we see fluctuations with a very strong upwards trend. Competition between RUV-TV and Channel 2 has not manifested itself within 'news and current affairs' as far as costs are regarded. Costs for RUV-TV have remained virtually the same since 1993 and Channel 2 has decreased its spending for that particular genre. In the case of RUV-TV there is an increased emphasis in expenditure for 'children and youth' programmes and 'non-fiction'. Similar figures do not exist for Channel 2 and Vision TV.

Costs for domestic programmes for RUV-TV have risen by roughly one-fifth, however costs increased nearly 60 per cent for Channel 2 between 1993 and 1999. No figures exist for Vision TV. However, RUV-TV currently spends nearly 50 per cent more for each domestic programme hour than Channel 2 does. The rise for expenditure for foreign programmes has been marginal for RUV-TV (2,5 per cent), but has risen nearly 17 per cent for Channel 2, despite periods of fluctuation for both stations.

The relations between resources for television and the supply of programmes constitute a freedom or a constraint that each television station manages in its own way. According to Pierre Kopp (1989), an examination of the two variables, the supply of programmes and production expenditure, allows us to divide television stations into four main groups: *poverty*, where quantity and quality is highly limited due to scant resources; *quantity*, signifying a large quantity of programming at a relatively low cost; *quality*, where the level of resources allows a more abundant supply; and, finally, *size*, where re-

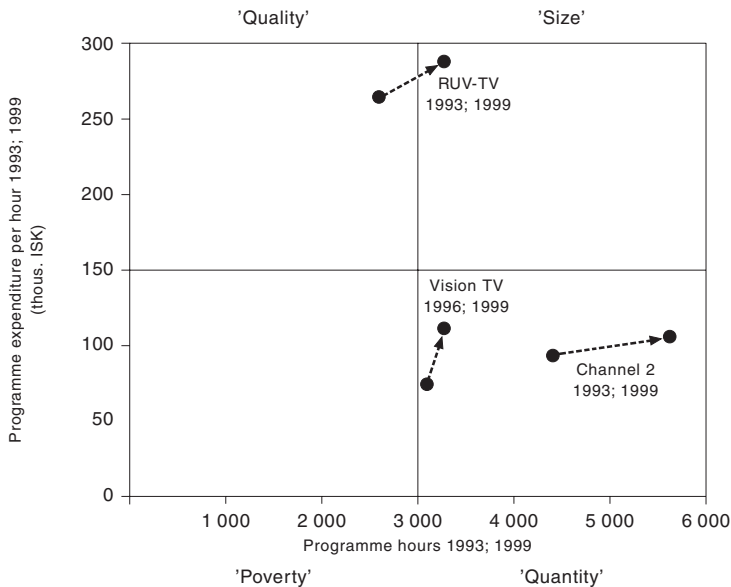
Table 38. Programme Expenditure of the Main Television Stations by Hour 1993–1999 (thous. ISK)

	1993	1994	1995	1996	1997	1998	1999
RUV-TV							
All programmes ¹	260	284	293	261	264	257	282
News and current affairs	499	426	475	454	512	514	493
Non-fiction	350	457	382	379	564	543	464
Entertainment, fiction and drama	106	127	190	113	129	93	104
Children and youth	139	167	175	183	164	187	227
Sports	259	238	231	217	153	180	225
Domestic programmes	511	493	613	562	653	558	628
Non-domestic programmes	159	184	173	162	144	149	163
Channel 2							
All programmes ¹	98	94	98	84	74	91	106
News and current affairs	604	513	570	572	635	651	454
Sports	106	123	118	210	161	152	236
Domestic programmes	271	235	243	361	344	435	423
Non-domestic programmes	60	59	60	53	48	62	70
Vision TV							
All programmes ¹	•	•	•	72	125	134	148
Sports	•	•	•	36	88	82	70

¹ Including advertising, teleshopping, fill-ups and insert slots.

Sources: see Tables 15–17; 20; 24–26.

Figure 7. Cost and Quantity of Television Programmes on the Main Television Stations 1993 and 1999



sources allow for a large quantity of relatively expensive programmes.

Comparing the programme supply and programme expenditure of the three main television stations for the years 1993 and 1999 signifies a

clear difference between the stations, i.e. RUV-TV on the one hand, and Channel 2 and Vision TV on the other. The programme expenditure of all programmes per hour of RUV-TV is nearly triple of that of Channel 2 and double of that of Vision TV.

This in turn would indicate that RUV-TV places more emphasis on the 'quality' side of programming, while Channel 2 and Vision TV place greater emphasis on the 'quantity' of programming (see Figure 7).

Some Future Scenarios

In the ever-changing 'environment' of the media at the turn of the 21st century it is almost an impossible task to envision a sensible scenario of the development of the broadcasting media. The outcome of the present turmoil will depend upon a quite a number of factors, technical, political and economic ones and the interplay them between. However clouded the future may be, some scenarios can be put forward concerning the possibilities of development of the public service broadcasting institutions. Firstly, an emergence of a new public service television model can be imagined, which differs from the 'commercial model' both in terms of scheduling and specificity of its programmes. Secondly, a mixed system can be imagined, which legitimises a sort of equilibrium between the two models, which avoids the worst excesses of the commercial channels and at same time maintains and lives up in some degree to its public service role and ideals. Thirdly, and last, we have the possibility of more rapid disintegration of audiences with the 'commercial model' and to the abandonment of the public service ideals altogether (Achille et al., 1994: 44–45).

So far, the last two mentioned models seems to be a more likely outcome, at least when the 14 years experience – since the deregulation in 1986 – of the mixed model of broadcasting is considered.

This is not to say that the first mentioned model is completely out of the question. But, development along this route depends upon political decisions as well as the will and acceptance of the general public.

Despite all Uncertainties

Among the Icelanders, ownership of personal computers is comparatively widespread. This could indicate a relatively high degree of preparedness for interactive multimedia participation and consequently we might want to forecast increased privatisation of mass communication consumption. Both RUV and NLC are very much alert to these developments. Both companies have already established Internet services, with real-time transmissions of their news programmes online, plus offering some programmes on-demand.

Table 39 demonstrates the proliferation of the various communication technologies in Icelandic households.

The number of households already connected with the Internet shows an impressive potential for the reception of future computer-mediated multimedia communications. The three main newspapers in the country have already established net editions, plus a number of local newspapers (Karlsson (ed.), 1999a: 84–5). There is every reason to expect rapid developments in this sector, even though the financial gains are far from certain.

The so-called pay-per-view method of charging for broadcasting services may very well play a significant role in future mass communication. This could quite possibly lead to a greater segmentation of the audience than hitherto has characterised television viewing patterns.

Table 39. *Television, Cable, Satellite Dish and Internet Penetration 1993–2000*

	TV	Percentage of households with				Satellite antenna	Internet connection	Total number of households in '000 ²
		Thereof with One set	Two or more sets	Text TV	Cable ¹			
1993	97	..	..	..	..	1	..	93
1994	98	..	..	26	..	4	..	94
1995	97	..	..	35	5	4	2	94
1996	97	..	..	44	17	5	7	95
1997	98	51	47	56	26	6	11	95
1998	98	50	48	67	28	3	31	96
1999	-	..	..	..	30	..	48	98
2000	..	..	..	40 ²	..	54	98	98

¹ I.e. households passed, not necessarily connected.

² Estimates.

Sources: Karlsson (ed.), 1999a; Statistics Iceland, unpublished information.

In the private television sector there has been a steady trend towards concentration of ownership, and this trend cuts across the whole range of media (television, radio and newspapers) with ramifications into film and cinema, as well as sound recording production and distribution. Significantly, however, the owners of Channel 2 and Vision TV recently sold out their interest in the newspaper industry. This signals the NLC's belief that television has a strong growth potential on the advertising market even though the market as a whole may not grow (see also Tables 9–10).

The television duopoly that has emerged during the decade since the enactment of the new broadcasting law appears to have consolidated itself. The only serious attempt so far at breaking into the system failed. The celebrated example is the case of ICE-TV (Stod 3). Following technical and financial setbacks, ICE-TV was taken over by the IBC (the owner of Channel 2 and Vision TV) in February 1997 and promptly closed down as the purpose of the acquisition was the elimination of unwanted competition. Already it is too early to tell whether, how, or when Screen One will come of age.

The whole televisual media environment in Iceland has become heavily commercialised and as a consequence the public service channel is finding life harder and more complicated than before – especially considering that RUV-TV has always been dependent on advertising for a significant part of its revenue. RUV-TV can rely on a secure source of income, although it struggles with a constant shortage of funds, partly dictated by its inability to decide on the size of its license fee revenue. It is also

worthy of note that the relative importance of the license fee revenue has dropped significantly during the five years covered by this study (from 83 percent in 1993 to 69 percent in 1999; see Table 12). Voices are intermittently raised to remove RUV from the advertising market, and even to privatise the whole enterprise entirely. The first step in this direction may be taken shortly as a consequence of work initiated by the Minister of Culture and Education in preparation of a change in the status of RUV into a limited company. At the same time RUV finds strength in a broadly based support from among the general public which is regularly reaffirmed in results from popular surveys.

Although the future of public service broadcasting is by no means certain, it seems likely that concern over the turmoil in the private sector and the strong trend towards ownership concentration will lead to a rallying around RUV-TV by those interests that want to safeguard a plurality of voices and media content. At the same time, there can be little doubt that Icelandic mass media in the beginning of the 21st century will be shaped by market considerations. This is not to say that there is no response that the public broadcaster can do. 'But such response', as Michael Tracey (1998: 261) reminds us, 'must lie in an examination of a set of questions which have long animated the sense and purpose of the public broadcasters: the relationship between the institution and the society, and in particular the things that can be done *for* the society. For today and tomorrow that purpose flows from the larger issue of governance in the modern world.'

Notes

1. This article is an revised and enlarged version of a report to the EU Television Study 1998 commissioned by the European Commission and ESA: 'Balance Between Rights and Obligations and Financial Resources of Public and Private Television'. The original report was compiled by Thorbjörn Broddason, University of Iceland, Hilmar Thor Bjarnason, University of Iceland, Margret Lilja Gudmundsdottir, University of Iceland and Ragnar Karlsson, Statistics Iceland. The authors want to express their gratitude to all those people interviewed. None of them are of course responsible for any faults that may occur in this report – they are entirely the authors'.
2. The actual figure of households receiving RUV-TV is in fact higher. Although no exact figures exist, there

are a considerable number of individuals and households who evade paying the license fee, thus escaping official statistics; Currently, RUV-TV's transmissions can be badly or not at all received at 78 farmsteads, whereas some 250 people are habitated.

3. The average exchange rate of one EUR was 72,84 ISK the 31 December 1999. Throughout this report all amounts in ISKs are expressed in fixed prices.
4. According to the first director of Channel 2, the number of subscribers to the station increased from 4.000 when the station started transmitting in November 1986 to 30.000 a year later (Ragnarsson, 1990; see also Gissurarson, 1989: 240).
5. The following account is based on information from personal interviews with directors of the stations concerned and published and unpublished information from Statistics Iceland.

6. The following information about the audience market are drawn from media surveys, implemented by the Social Science Research Institute, University of Iceland until in 1998 (Social Science Research Institute, 1993–1998) and Gallup since then (Gallup, 1999a; 1999b). The surveys are based on the diary method, for a seven days period, twice a year. It must be noted that their methodology has not always been the same, as age of sample, wording of questions, etc. is concerned. Their results are therefore not wholly compatible over the period under review.
7. The number of dailes dropped from six in the mid-1980s to three in 1997.
8. The average number of employees of RUV in 1998 was 440, thereof were 369 in permanent positions (RUV, 1998: 25).
9. One of the main individual owner of NLC, Sigurjón Sighvatsson, has interests in the American film production and distribution companies, the Lakeshore Entertainment Inc. and the Trans Atlantic Entertainment Inc.
10. Icelandic National Broadcasting Service owns one percent of shares in the station. The other co-partners are the Nordic public broadcasting services, DR, NRK, SVT and YLE, holding six percent of shares each. Other owners are Telenor and Klingenberg from Norway, and a number of US investors, Norris, Borgen, Myhren, Ericson and the International Channel in Colorado.
11. Among possible foreign markets which have been mentioned by representatives of the company are the Faeroes and Greenland, see *Morgunbladid*, 19 November 1998.
12. It must be noted that the total program expenditure in Table 15–17 is lower than program costs indicated in Table 12–14 due to different accounting measures.
13. It is of some relevance here to note that the amount of hours of Nordic content on RUV-TV has remained fairly stable since in its foundation in 1966, fluctuating from some 60 hours to 140 hours a year, or roughly 100 hours on average (Karlsson (ed.), 1999a: 176).
14. Since the so-called ‘Icelandic film spring’ began in the late 1970s and to this date, some 45 domestic full-length feature films have been released, or some two films a year on average.

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 Eiríkur Sigurbjörnsson, Manger, Omega TV, May 1998.

- Halldor Arni Sveinsson, Manager, Hafnarfjörður TV, July 1998.
 Helga Reinhardsdóttir, Assistant to the Director, RUV-TV, July 1998, March, April 2000.
 Hermann Hermannsson, General Manager, Vision TV, May, June, July 1998, March 2000.
 Hreggvidur Jonsson, President and CEO, IBC, May, June 1998, March 2000.
 Hördur Vilhjálmsson, Director of Finance, RUV, June 1998, March 2000.
 Ofeigur Hjaltsted, Deputy Director of Finance, RUV, July 1998.
 Pall Solnes, Manager, Aksjon TV, July 1998.
 Rannveig Gretarsdóttir, Financial Department, IBC, March, April 2000.

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