ACADEMIC DISSERTATION
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FROM COMPANIONS TO COMPETITORS
The Changing Broadcasting Markets and Television Programming in Finland

University of Tampere
Tampere 1999
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ACKNOWLEDGEMENTS

Ideally, a doctoral dissertation is the author’s first significant contribution to knowledge, or the beginning of a research career. However, this is not the case with the present book. For me, this is like the end of an era, the final chapter of more than ten years work in the field of broadcasting policy studies and diversity studies in particular. As this work has evolved during a long period of time, I would like to express my gratitude to several persons for their help and contribution.

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Helsinki, January 1999
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INTRODUCTION

1 The ‘New Order’ of Finnish Television

A longstanding experiment. For 35 years Finland ‘experimented’ with an unorthodox and innovative model of television broadcasting which reconciled public and private services within a shared channel system. Public-service YLE, the Finnish Broadcasting Company,\(^1\) operated and controlled national television channels with the assistance of MTV Finland, a privately owned commercial company.\(^2\)

The two companies did not compete for the same source of funding, as the state-run YLE had a monopoly on licence fees paid by viewers, and MTV a monopoly on advertising time on national TV channels. MTV did not even have a channel of its own, but instead rented airtime from YLE, thus providing for some 20 percent of TV1’s and TV2’s programming time. In order to strengthen the dominance of the mixed system and to compete with Pan-European satellite channels, the companies even established, in 1986, a co-owned commercial venture, Kolmostelevisio,\(^3\) to programme the new terrestrial Channel Three.

In Finland, commercial television was not considered an enemy of public broadcasting but, instead, was respected as its funding base. The two companies were privileged ‘trustees’ protected from external competition. Although a duopoly in theoretical terms, YLE held a de facto monopoly on licences, while MTV’s role was to assist YLE in programming and to create a national forum for television advertising.

Both companies were supervised and regulated by the YLE Administrative Council chosen by parliament, and even the programming schedules of the two broadcasters were coordinated by a joint specific coordination committee and subjected to approval by a television programme council nominated by the Administrative Council. In programming, this arrangement resulted in a division of

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\(^1\)YLE is today a semi-official and commonly used abbreviation for Yleisradio Oy.

\(^2\)The official name of the company is MTV Oy, but in international use MTV Finland is customary. When launched in 1957 the company was called Oy Mainos-TV-Reklam Ab.

\(^3\)Kolmostelevisio means ‘TV Three’.
labour, with YLE performing the traditional public-service duties and MTV operating more on the lines typical of commercial television.

Hence, the Finnish model was truly mixed, as it combined not only licence fee and advertising in terms of revenue, or ‘paternalistic’ public-service and ‘popular’ commercial supply in terms of programming, but also because it introduced a peculiar arrangement of mutually shared channels. Rather than being competitors, the two companies were companions with the common interest of preventing rivals from entering the market.

Although the relationship between the two broadcasters has been described as a ‘cemented symbiosis’ (Hellman 1988, 1990) or a ‘strategic alliance’ (Soramäki 1990a), and although Noam (1991: 214) is quite right when claiming that ‘Finland’s rival communications institutions [...] learned to cooperate almost too well’, one must emphasise that YLE and MTV did always compete for viewers, and the relations between the companies were rather strained until the mid-1980s. While the duopoly was uneasy in its day-to-day activities it was, nevertheless, viable in terms of economy and convenient in terms of political pragmatism.

From a mixed model to a dual system. - Then, in January 1993, the days of this genuinely Finnish model of television broadcasting came to an end as the mixed model was replaced by a new dual order. ‘Open competition begins’, ran the headline of a leading article in Helsingin Sanomat, the major national daily, a couple of days before the reform. MTV was now allowed a channel of its own, MTV3, leaving YLE alone with its two non-advertising channels, TV1 and TV2, and thus putting an end to the complementary coexistence of the companies. Later the same year, MTV was granted an operating licence of its own, while YLE’s status as a public service broadcaster was strengthened by a new law.

As to programming, both companies now promised to broaden their services. This was natural, as the traditional division of labour had allowed MTV to concentrate on popular and entertaining genres, while YLE was regarded as a major provider of information, education, sports, etc. In its pre-reform bulletin, YLE claimed ‘full service on two channels’, whereas MTV’s slogan was ‘MTV3 -

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everything on one channel'.\(^6\) However, sceptical remarks were dropped in public debate preceding the reform. 'Entertainment from three tubes', claimed *Aamulehti*, a major regional daily.\(^7\) Similarly, *Helsingin Sanomat* observed that as '[b]oth companies now recognise the importance of high audience ratings' there is, due to competitive logic, a danger that they 'will start to compete using similar schedules more strongly than before'.\(^8\)

Alongside the liberalisation and re-regulation of terrestrial broadcasting, cable and satellite services had also gradually established a firm foothold in Finland. The first commercial cable-TV company started in Helsinki as early as 1975, and a liberal licensing policy, combined with light sanctioning, favoured the growth of the cable business. Although their viewing share remained low, Eurosport and Music Television MTV, with their carefully targeted programming, gained a stable constituency in Finland.

Also, local cable stations in major urban areas attacked by creating, in 1990, a new player in the marketplace, a network named PTV.\(^9\) The advertising-supported PTV was controlled by a powerful Helsinki Media Company, and supplied mostly sports, talk shows and US films, series and serials. In summer 1997 PTV was re-launched, this time terrestrially. The new Channel Four, replacing PTV, was given the name Nelonen.\(^10\)

Thus, by the mid-1990s the 'longstanding experiment' (Meier and Trappel 1992: 140) of combining public and commercial rationales within a unified mixed system was brought to a close in Finland. Until the 1993 reform, television broadcasting was a regulated public institution, whereas the 'new order' recognises it to be an industry organised along the lines of a dual system of public and private stations. Obviously, the reform also functioned as a decisive step towards a further

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\(^6\) 'MTV3, kaikki yhdellä kanavalla' [MTV3 - everything on one channel], MTV Finland press bulletin, October 29, 1992, p. 1.

\(^7\) Raimo Tuomi, 'Viihdettä kolmesta tuutista' [Entertainment from three tubes], *Aamulehti*, November 8, 1992, p. 24.


\(^9\) PTV stands for Suomen Paikallis-TV Kanavat Oy (in English: 'Finland's Local TV Channels'). From 1994 on, the majority of its stock was owned by the Helsinki Media Company (Helsinki Media Company annual report 1995).

\(^10\) Nelonen means 'Four'. Already in 1996 PTV was renamed as PTV4, thus anticipating its aim to be accepted as the fourth television network in Finland. The channel is operated by Oy Ruutunelonen Ab, a consortium controlled by Helsinki Media Company.
From Companions to Competitors

liberalisation of the airwaves. Following a general Western European pattern, this 'normalisation' created a new competitive situation which forced all parties, public and commercial stations alike, to search for adaptation strategies to meet regulatory and economic standards as well as the requirements of social legitimacy.

In only one, but not unimportant, respect is the rivalry between the companies still held in check. The commercial stations are obliged to pay an annual 'public-service fee', and thus subsidise YLE. This emphasises that commercial television is still appreciated as a central funding base for public broadcasting, and suggests that some elements of the 'Finnish model' are still feasible.
2 Study Design

2.1 Research Questions

The present study analyses how Finnish television changed, not only as a result of the 1993 channel reform, but during a longer period, i.e. from the early 1980s on when the challenge from the new video media emerged. However, the latest developments, such as the launch of Channel Four in 1997, the new legislation on radio and television of 1998, and preparation for the forthcoming digitalisation on the Finnish broadcasting scene are discussed only briefly. Focusing on three main research questions, the general purpose of the study is to examine:

1. how Finland's broadcasting market changed;
2. how the TV stations adapted to emerging competition; and
3. what was the impact of this 'new order' of television broadcasting, essentially created by the 1993 reform, on programming.

Concrete research questions too, reflecting the purposes of the study, are threefold. First, as to the analysis of the television marketplace, the study will focus on five separate arenas, or markets: the technological market, the political market, the business market, the professional market, and the popular market. I will investigate

1(a) whether, and in which way, the status of broadcast television as a medium, compared to rival media, has changed during the competitive era (the technological market);
1(b) whether, and in which way, regulation of television by public policy has been reformd (the political market);
1(c) whether, and in which way, open competition within the broadcasting industry has increased (the business market);
1(d) whether, and in which way, production cultures within broadcasting companies have developed (the professional market); and
1(e) whether, and in which way, television viewing patterns have changed during the last decade (the popular market).

Second, the analysis of broadcasters' adaptation strategies will concentrate on programming policy, which is considered here an elementary arena of adjustment.
From Companions to Competitors

The study will examine

2(a) how Finland’s public service broadcaster YLE reformulated its _scheduling principles and programming philosophy_ when the competitive environment changed dramatically; and
2(b) how MTV and PTV profiled their _programming strategies_ in order to expand their market share.

Third, at the level of programme output, the study will concentrate on three separate dimensions: programme structure, programme range and scheduling. These dimensions will be examined both at the channel or company level, and at the system level. Hence, the main questions of the study are

3(a) whether the broadcasters made any major changes in their _programme structure_;
3(b) whether the _diversity of their offerings_ increased or decreased due to increased rivalry;
3(c) whether, and in which way, they used _scheduling_ as a means of competition;
3(d) whether television reform, coupled with the challenge by the major cable network, increased or decreased the _system diversity_; and
3(e) whether tendencies of homogenisation and _convergence_ in programming appeared between public service and commercial television stations.

Thus, the study will try to answer questions such as whether YLE managed to adopt a strategy of differentiation in a new multi-channel environment, or what are the dimensions of programming in which the possible tendencies of convergence as well as divergence are most clearly displayed.

At a more general level, the study attempts to assess

4 whether the new regulations and possible shifts in programming have changed the overall character of the _public-service television system_ in Finland.

Here, my purpose is to assess, on the basis of multiple evidence, the overall consequences of the liberalisation and re-regulation of television broadcasting in Finland.
Finally, the study also serves *theoretical and methodological functions*. It discusses theoretical approaches that have applied structural and institutional explanations to the determination of programme output. In particular, while utilising various indices of programme variety, the study aims at assessing their effectiveness as measures of programme output, thus contributing to the recent debate about how to measure the structure, range and diversity of broadcasters’ programme offerings.

### 2.2 Study Approach

**Case study.** - While analysing the structural-institutional change of the broadcasting system in a single country, this study is essentially a *case study*. I am convinced that the development of broadcasting, particularly of the structures of broadcasting, must always be examined within the context of the nation state. Although transnational forces have gained a prominent role in most countries, television markets are still constituted as national entities. This holds true for regulation, competition between broadcasters and audience formation alike. Although the comparative approach, by providing a more general framework for analysis, may help us to understand the peculiarities of - or similarities between -national broadcasting arrangements, this should not blind us to the fact that media systems share few ‘uniform’ characteristics, and that developments taking place in any one country can be explained by nationally unique political, economic and cultural factors. Only a minute examination of these specific contexts and the traditions of each unique broadcasting system will provide us with the evidence needed in cross-national comparisons.

The present case study aims to analyse the specific historical and national distinctiveness of the Finnish broadcasting order and to demonstrate the forces that influenced its recent developments. By ‘case study’ I mean here ‘an empirical inquiry that uses multiple sources of evidence to investigate a contemporary phenomenon within its real-life context’ (Wimmer and Dominick 1991: 150; see also Yin 1989).

For me, the change in the television landscape, increasing competition, changes in regulations, etc. provide the ‘real-life context’ within which the ‘phenomenon’, i.e. programme policy and programming, will be examined. The 1993 channel reform is considered here only as a culmination of the transitional tendencies of broadcast television in Finland, and its non-recurrent impact should not, therefore,
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be exaggerated. Changes in programme structures and scheduling practices take place over years, not necessarily as a result of one major break in the established order. This is why it is not possible to concentrate exclusively on the channel reform, or to consider it as the one and only starting force of the shifts in programming. Accordingly, the context of the study is the long-term development of the institutional structure of television, competition, regulatory traditions, viewing habits and audience preferences, etc. They are all forces of the marketplace which influence broadcasters' strategies and programming decisions (see e.g. Litman 1992).

Theoretical background. - The present study is particularly indebted to broadcasting policy studies of recent years. This is an eclectic field of study combining elements from policy studies, critical media sociology, political economy of the media and even microeconomic theories of competition and programme choice in the media. In their pragmatism and policy orientation, broadcasting policy studies provide a plethora of comparative data and conceptual tools with which to approach the transition of television.

As Syvertsen (1992b) has observed, at least two different traditions of research can be identified here. One concentrates narrowly on explicit decisions taken by parliaments, governments and supranational bodies like the EU Commission, thus defining 'media policy' as the relationship between the mass media and the state, whereas the scope of the other is broader. It aims at analysing 'how different social forces, constraints and interests interrelate to promote changes in broadcasting policy and structure' (op.cit.: 12; emphasis omitted). This tradition focuses on how industrial, economic, cultural and political issues and players contradict and collaborate, thus regulating the media. Media systems and media contents vary significantly from country to country and even within countries, because these factors have had varying impacts; they operate at different strengths, at different times and in different places.

As the present study aims at understanding the nature of the change in Finland's television marketplace and the implications of this change for programme choice

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11As examples of broadcasting policy studies, see e.g. Blumler (1992a), Blumler and Nossiter (1991), Bondebjerg and Bono (1996), Collins (1994), Collins and Murroni (1996), Drummond and Paterson (1986), Dyson and Humphreys (1986), Hoffmann-Riems (1992a), Hultén et al. (1996), Humphreys (1996), Kleinsteubet al. (1986, 1990), Kuhn (1985), Lange and Renaud (1989), McQuail and Siune (1986), Negrine and Papathanassopoulos (1990), Raboy (1996), Sejstrup (1990), Silj (1992), Siune and Truetzschler (1992), and Syvertsen (1992b). In addition to these international or comparative approaches, a huge body of nationally focused studies are also available.
and scheduling, there is no escape from the latter, more extensive, approach. The shifts in programming following these changes must be approached in the context of the complicated interplay of technological, economic, political and cultural factors. It is true that both YLE and MTV were, traditionally, particularly constrained by political and social obligations to society, suggesting that their programming policies should be approached as a reflection of regulatory policy and programming duties. Issues concerning the political realm of broadcasting will be given considerable attention in this study, but they will be treated only as one of the multiple factors affecting the broadcasters’ performance and variety of programming.

In fact, the abolition of the public-service monopoly (or duopoly) and the opening of the regulatory gates to new private commercial entrants to the sector increased the importance of economic and financial factors. The liberalisation contributed to the creation of a broadcasting industry in Finland which obeyed the requirements of supply and demand and underlined the role of broadcasting as a business rather than a service. In particular, MTV Finland and PTV operated as commercial enterprises conditioned by the profit expectations of their owners. They were defined by the ‘industry logic’ of commercial broadcasting, forcing them to be profitable in the market, to produce the best possible television and to reach the largest possible audience at the lowest possible price.

Here, *microeconomic theories of competition*, particularly in the media, and *theories of programme choice* in regulated as well as competitive situations provide useful conceptual tools,¹² although it is with certain reservations that I wish to approach their voluntarist trust in the virtues of marketplace mechanisms in maximising programme diversity. Though it often ignores market failures of broadcasting services, and assesses broadcasters’ performance narrowly on economic grounds and in terms of ‘consumer welfare’ only, this approach, however, adds to our understanding of the industry’s conformity to economic laws. As long as broadcasters operate as business-like enterprises guided by success and profit-seeking, rather than by public-service considerations, theories of competition and programme choice cannot be ignored. Nevertheless, here they will be

¹²For a general theory of competition within industry see e.g. Porter (1980, 1985). For an introduction to competition in the media industry see e.g. Alexander et al. (1993) and Picard (1988). Theories of programme choice are best represented in Owen and Wildman (1992).
complemented by consulting the empirical sociology of media organisations\textsuperscript{13} and the critical political economy of the media.\textsuperscript{14}

Last but not least, the various theoretical and empirical inquiries into the diversity of programming are extensively used here, both as a source of ideas and methodology and as a basis for comparisons and discussion.\textsuperscript{15}

2.3 Central Concepts and the Analytical Framework

Broadcasting as an industry. - In order to clarify the approach applied in this study, certain analytical tools must be introduced. In order to understand broadcasters’ operative context and performance, television broadcasting is here regarded as an industry consisting of companies, i.e. economic entities that operate in a more or less business-like way, depending on their structure of ownership or source of revenue. Companies within an industry compete with each other, develop competitive strategies and tend to comply with a certain ‘industry logic’ that regulates and restricts available options.

The broadcasting sector consists of three sets of players - (1) those who make programmes (production companies), (2) those who compile programmes into scheduled services (channels), and (3) those who distribute the channels (broadcasters or broadcasting institutions). In Finland, YLE and MTV Finland performed all those functions, whereas PTV purchased its programmes from ‘outside’ production companies, while local cable companies were responsible for the distribution. Thus, in the strict sense of the word, PTV operated neither as a producer nor a broadcaster but only as a TV channel, or a programmer. This study

\textsuperscript{13}As examples of valuable sociological approaches to competition within media see e.g. Burnett (1990), Carroll (1985), Crane (1992), Dimnick and Rothenbuhler (1984a, 1984b) and Peterson (1982).

\textsuperscript{14}As elementary critical analyses of the broadcasting economy see e.g. Collins et al. (1988) and Congdon et al. (1992). For a more general approach see e.g. Garnham (1990), Miège (1989) and Mosco (1996).

focuses on channels, or ‘programmers’, and traditional broadcasting institutions, or ‘broadcasters’; the specific constraints of independent production houses are not discussed. In the empirical section below, only channels that are compiled and programmed in Finland, supplying programmes that are presented or subtitled in Finnish (or Swedish, the second official language), are dealt with, thus excluding international satellite and pay channels. Similarly, only channels with a nationwide or semi-nationwide distribution are included, which leaves local stations\textsuperscript{16} and the Swedish-speaking TV4/SVT Europa outside the scope of the study.\textsuperscript{17}

Companies within the broadcasting industry are often classified by applying an established, or even ‘paradigmatic’, distinction between \textit{public service broadcasters} (PSBs) and \textit{private, commercial broadcasters} (PCBs). However, the borderline between these two types of broadcasting institution is not always clear. In the definition of the concepts at least four factors deserve attention (see e.g. Syvertsen 1997).

First, in terms of \textit{ownership structure} broadcasters are either \textit{publicly} or \textit{privately} owned. Usually, public service broadcasters are under public ownership - ‘state-owned’ is the commonly used, although problematic, phrase - while the PCBs are controlled by private shareholders.\textsuperscript{18} Private ownership is here considered an opposite of state ownership. Thus, it does not refer to whether a company is owned truly ‘privately’, i.e. by a family or a foundation, for example, or whether it is owned ‘publicly’ by shareholders and whether its stocks are quoted on the market.

Second, as to \textit{financing}, TV channels are, basically, either \textit{licence-fee-, advertising-} or \textit{subscription-sponsored}.\textsuperscript{19} Public broadcasters are typically dependent on the licence fee, whereas private commercial stations are based on

\textsuperscript{16}In 1996 no more than three local television stations existed in Finland, with only one of them operating in a major city, Tampere.

\textsuperscript{17}TV4, renamed in 1997 as SVT Europa, is a compilation of Swedish domestic programmes shown on Sweden’s SVT1 and SVT2 channels. However, it is YLE which administers this channel distributed terrestrially in the Swedish-speaking coastal district of Finland. In 1996, its coverage was 32% of the population, but the viewing share accounted in 1996 for only 1% (Joukkoviestiin 1998).

\textsuperscript{18}However, the Swedish SVT, for example, is owned by various organisations and associations representing Swedish society, whereas Finland’s YLE is a limited company, although owned up to 99 percent by the state.

\textsuperscript{19}It is true, however, that YLE receives a substantial share of its revenue from still another source, i.e. from a ‘public-service fee’ and a ‘network charge’ paid by the commercial broadcasters. In 1996, the licence fee accounted for 76 per cent of YLE’s total revenue (YLE annual report 1996).
From Companions to Competitors

advertising and subscription. However, these sources of revenue may also be utilised by public-service broadcasting institutions.

Third, in terms of privileges granted, a public-service broadcaster usually enjoys the status of a privileged trustee, which is manifested, for example, as a monopoly on the right to broadcast or a monopoly on collecting licence fees. However, commercial broadcasters are privileged, too, because airwaves are a scarce resource, and broadcasting licences are awarded by political decisions. Thus, for decades MTV Finland enjoyed a monopoly on national television advertising.

Fourth, while public-service broadcasting institutions are usually constrained by a number of obligations to society laid down by law, operating licence or other regulations, commercial channels are usually regulated lightly. This is not always the case though, for privately owned broadcasters may also have public-service obligations. Examples of this are ‘hybrid’ arrangements such as Finland’s MTV3, Sweden’s TV4 or Britain’s ITV.

These four factors help us to place the Finnish broadcasters, YLE, MTV Finland, PTV and Kolmостeleviсio, into different cells, as is illustrated in Figure 2.1. Accordingly, the classic ‘two-paradigm’ structure is here expanded into a three-fold typology. It suggests that the sector was not only composed of genuinely public service broadcasters, such as YLE, and genuinely private, commercial, broadcasters, such as PTV, but that it can be analysed as a tripartite industry in which MTV Finland, together with Kolmостeleviсio, took up a position between the two ‘paradigmatic’ models, justifying our use of the term semi-public, or ‘hybrid’, broadcasters to describe them.

The following is illustrative of the differences between MTV and PTV: the former was regulated by an operating licence which awarded it a de facto monopoly on advertising while setting certain requirements for its performance and programming; the latter was regarded as a local operation, in spite of its networked programming schedules, and was neither burdened by any responsibilities nor rewarded by any privileges.\footnote{21}{Although Kolmостelevисio Oy operated until 1998 as an affiliate of MTV, being in charge of foreign and domestic programme purchases and regional advertising, the company is here considered to have been a broadcaster only up until the end of 1992.}

\footnote{21}{Being a ‘programmer’, and not a ‘broadcaster’ in the strict sense of the word, PTV was not required to hold a licence, while licences are required of local cable operators distributing cable services. However, PTV’s successor, Ruutunen, operating Channel Four, uses the radio spectrum and, thus, is controlled by an operating licence in the same way as MTV.}
Introduction

**FIGURE 2.1** Typology of Finland’s television broadcasters, 1990-1996

<table>
<thead>
<tr>
<th>CRITERION</th>
<th>YLE</th>
<th>MTV</th>
<th>Kolmastelevisio</th>
<th>PTV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership</td>
<td>Public</td>
<td>Private</td>
<td>Public/private</td>
<td>Private</td>
</tr>
<tr>
<td>Financing</td>
<td>Public (licence fee)</td>
<td>Commercial (advertising)</td>
<td>Commercial (advertising)</td>
<td>Commercial (advertising)</td>
</tr>
<tr>
<td>Obligations</td>
<td>Several</td>
<td>Some</td>
<td>Some</td>
<td>None</td>
</tr>
<tr>
<td>Privileges</td>
<td>Licence fee</td>
<td>National TV advertising</td>
<td>Regional TV advertising</td>
<td>None</td>
</tr>
</tbody>
</table>

*Multiplicity of markets:* In order to understand the broadcasting marketplace in Finland, the companies are analysed as seeking viability and legitimacy in a *multiplicity of markets*. By using the concept of multiple markets my purpose is to take into account the various forces of the marketplace which influence broadcasters’ decisions about their programme output and schedules. A detailed analysis of each of the five markets provides a scheme of presentation for Part II of the study.

The inquiry into broadcasters’ ‘markets’ is originally based on Litman’s (1992) assessment of the economic aspects of programme quality, and Lowe and Alm’s (1997; see also Alm 1992) presentation of the competitive arenas of broadcasting. Here the multiplicity of markets is analysed in terms of five central battlegrounds:

(i) The *technological market* is composed of technical channel capacity and competition against alternative transmission and reception technologies. Television’s status as a leisure activity is decided in the technological market. Following Litman’s (1992) suggestions, the study will focus on the impact of providing additional channels and interface compatibility between different transmission and/or reception technologies. I will analyse the role of broadcast television in the leisure time of the Finns. Special emphasis is put on the impact of Channel Three and cable and satellite.

(ii) The *political market* consists of the key decision makers of media policy such as ministers and government officials of the relevant ministries and, for example, nominated members of the Administrative Council of YLE, but also of major political parties and members of parliament. Obligations and privileges of broadcasters, defined by the political market, will be analysed, as will be the degree
From Companions to Competitors

of political and regulatory control over decisions affecting spectrum allocation and channel content use. In particular, I will focus on the 'pragmatist' tradition of Finland’s media policy, which has emphasised the importance of a sound structure and viability of the broadcasting industry instead of strict rules on content.

(iii) The business market is composed of companies within the broadcasting industry competing with each other. Since industry structure, barriers to entry and the degree of competition often regulate broadcasters’ performance more profoundly than public policy measures, a description of the broadcasting sector, developments of market shares, etc., provide the core of the analysis of the television business market. The study will focus on the special relationship between the two companions/competitors, YLE and MTV, but it also examines the impact of minor players such as PTV on the competitive environment of television broadcasting.

(iv) The professional market refers to professionals of programme production and scheduling within the industry. The competition in the professional market concerns talent and skills, as well as standards of production. An effort will be made in the study to compare the production cultures and programming traditions of the rival broadcasters, as well as the ‘quality’ of their supply.

(v) Finally, the popular market refers to audience preferences, or audience demand, for television and competition for popular support. Since the ratings and viewing shares of each channel are major indicators of the popular market, the study will describe the major changes in viewing habits, audience preferences and audience segmentation, all factors illustrating the demands of the popular market on broadcasters. The intensity of audience preferences for particular kinds of programming will be examined too.

The five markets set major requirements, often conflicting ones, on any broadcaster, thus forcing it to negotiate with them, but, at the same time, the broadcaster also aims to influence these markets. Broadcasters’ adaptation strategies include various efforts, programme policy being only one of them, to increase viability and legitimacy within the multiple markets.

Structural and institutional constraints. - In the analysis of Finland’s television marketplace, a special emphasis will be put on structural and institutional constraints, reviewed and discussed theoretically in Part I of the study. Analysis of market size, market structure, industry structure and strategies of competition, as well as the analysis of the broadcasting industry in terms of financing, regulation and obligations, will provide an additional, or a crosswise, approach to the analysis of the technological, political, business, professional and popular markets of television.

14
Introduction

For example, the market size sets a major constraint on the expansion of the technological market as well as the business market, restricting the number of competing services and firms while also setting limits to the exploitation of economies of scale. It also reflects on the popular market, because it limits the scope of interests being served, thus also shaping the preference structure and programming expectations of the audience. Hence, market size leaves its marks on other structural factors too, such as market structure and industry structure. These, again, being structural elements of the business market, explain the competitive strategies chosen by broadcasters. Market structure and industry structure are influenced by the development of rival technologies, regulation by public policy and audience demand, thus being a result of a negotiation with the technological, political and the popular markets. These few examples may suffice to illustrate the interdependence of the structural constraints of the broadcasting industry and the multiple markets of television.

Similarly, the institutional arrangement of broadcast television too, often a result of negotiation between public policy and private entrepreneurship, interacts with the multiplicity of its markets. If a broadcasting firm is owned and financed publicly, it has a close bond with the political market, whereas a privately owned broadcasting company is usually more detached from the realm of policymakers and regulators. How ‘independent’ it finally is, depends on the degree of regulatory control applied in the political market but, in general, it can be expected to be more responsive to the requirements of the popular market and competitive strategies applied in the business market. Obligations imposed on, and privileges awarded to, broadcasters reflect the degree of their dependence on the political market, but they may also serve as competitive advantages in the business market. They may also define a broadcaster’s role in the professional market, as well as shape audience expectations in the popular market.

Finally, structural and institutional constraints of broadcasting are interdependent, too. Institutional measures, such as regulation of ownership, financing or conduct, are often used in order to control the market or industry structure. For example, by influencing the institutional composition of broadcasting, or by imposing programming obligations on broadcasters, the political market often manages to direct competition between the rival firms, thus shaping the structure of the industry. Similarly, by allowing privileges to public broadcasting institutions, public policy promotes an industry structure which is not totally governed by profit-seeking. Setting restrictions for cross-ownership of media industries, or limits for the use of sponsors, for example, provide further institutional means of controlling the market structure. Hence, institutional constraints may serve - and they often are
consciously used - as a counterbalance for structural constraints, which otherwise would alone determine the development of the industry.

*Programming policy and programme output.* - The interdependent and conflicting requirements set by the multiple markets regulate the programming policy and programme output of the broadcasters. *Programming policy* refers to the general outlines of programming or to the expressed programming priorities of a broadcaster, extending from programme production to purchase policy and scheduling principles. Although official mandates, such as laws and broadcasting licences, often set limits to it, programming policy is regarded here as a deliberate definition, formulated by the broadcaster itself, of its programming principles, aims and targets. Programming policy is a result of negotiation with the multiple markets, thus representing a central means of adaptation to the multiple market demands.

*Programme structure* refers in this study to a broadcaster’s programme output as distributed across *programme types* or genres. In the empirical sections of Part IV of this study, a typology of 15 programme types will be used. Shifts in the programme structures can be measured as changes in the proportion of the total output provided by each programme type.

*Programme range* refers to the various dimensions of variety of programme output, *diversity of programming* being perhaps the most important of them. Though a multifaceted concept (see e.g. McQuail 1992; van Cuilenburg 1997), this study concentrates on investigation of diversity as a wide range of choice, i.e. the *choice of channels* and *choice of content* available to the viewer. Choice is the dimension, or standard, of programme diversity that fits best with my purpose of investigating longitudinal shifts in television programme output. Accordingly, the measurement of diversity of programming is here based on the variety and distribution of *programme types*. The greater the diversity of programme types, the greater the diversity of offerings to the viewer. Like diversity, other dimensions of *programme range* will also be analysed by using established mathematical indices or by developing new measures.

*Scheduling* means the timetabling of each channel’s programmes. It consists of programme selection and circulation of programmes through the daily (/weekly/annual) broadcast flow. Insofar as scheduling aims at organising the broadcaster’s own daily programme output so that its coherence, continuity and attractiveness are best guaranteed, it is often called *vertical scheduling* (Syvertsen 1997: 130-131). Its purpose is to keep the viewers on the channel once they have tuned in. In contrast, broadcasters also use scheduling strategies in order to fight
against rival channels, and to attract the audience to the same choice week after week. These strategies are typically discussed as horizontal scheduling (op.cit.: 126-130).

The determinants of programming. - Although this study in many ways focuses on the 1993 channel reform, it must be emphasised that I am not aiming at 'measuring' its exact 'impact', let alone the 'impact' of the changing competitive environment on programming policy and programme output in Finland. It is obvious that programme content and the way the programmes are placed across daily and weekly schedules is a function of several factors, such as the method of financing the channel, market size, degree of competition, public regulation, mutual agreements between the channels, audience demand, etc. These factors operate simultaneously; they are interdependent, they overlap and conflict with each other.

When analysing programming policy and programme output in a single country such as Finland, with only a few companies constituting the broadcasting industry, it is difficult to detect the individual weight of each intervening factor. Decisions tend to reflect a complex of considerations concerning business opportunities, lip service to politicians, audience appeal, programming tradition, opportunities to recruit talent, etc. While competitive pressures may invite broadcasters to focus on popular programming, requirements of political legitimacy may conflict with this interest. Or, although a wide range of popular programming is undeniably a viable differentiation strategy for a broadcaster, there may be an oversupply of channels pursuing a similar strategy, thus forcing new entrants to target on a certain segment, for example.

Instead of a typically quantitative method of analysing the impact of various structural or institutional factors, or 'predictors', such as ownership, degree of regulatory control, method of funding, market size, audience preferences, etc. on 'dependent variables' such as diversity of programming, this study is essentially a qualitative one, a case study, employing a multitude of data and approaches in order to understand and, at the same time, explain possible shifts in television programming in Finland. By describing and analysing the changing requirements set by the multiple markets, I wish to be able to provide indications of why possible shifts in the programme output have occurred. By analysing what actually happened in the multiple market of television when the 'old order' was replaced by the 'new order', I aim at making statements about the causes of possible changes in programming policy and programme output.

The double strategy of my study - approaching Finland's broadcasting industry on the one hand from the multiplicity of its markets, representing 'external' arenas
of operation, and, on the other, from its structural and institutional, or 'internal', constraints - aims at taking into account 'all the forces of the marketplace', as Litman (1992: 148) requires, which influence broadcasters' decisions about their programme output and schedules.

However, by seeing the external arenas rather as markets than factors, I want to emphasise the two-way nature of their interplay with broadcasters' performance. Indeed, the multiple markets affect the broadcasters' programming decisions but, at the same time, through their choices the broadcasters aim not only at serving but also influencing the markets. The broadcasters are not regarded here as passively reacting to various requirements by the markets but also actively 'manipulating' and directing - or, as is literally the case in broadcasting, 'channelling' - the market demand. Seeking legitimacy and viability in these markets is here considered the driving force of the contemporary broadcasting industry.

At the same time, the broadcasters are constrained by the internal logic of their form of production, market size, competitive status and strategic group, as well as their funding basis, ownership, privileges and imposed obligations. These structural-institutional forces, too, both condition the broadcasters' ability to respond to the multiple market requirements, and their power to influence them, thus serving as internal limits of programming policy and programming.

The mutual relations of the multiple markets, structural and institutional constraints, programming policy and programming are illustrated in Figure 2.2. Although the model utilises the Industrial Organisation Model, also known as the Structure-Conduct-Performance Paradigm, in the form it is usually applied in economic analyses of media (see e.g. Busterna 1988; Chan-Olmsted 1997; Wirth and Bloch 1995), it does not directly follow it. The methodological approach used by IO researchers often focuses on three concepts: (1) industry structure, consisting of concentration, product differentiation, barriers to entry, etc., (2) industry conduct or behaviour, referring to product strategy, research and innovation, etc., and (3) industry performance, referring to, among other things, efficiency of operation and quality of products (see e.g. Scherer 1980; see also Jyrkkäinen 1994: 106-110; McQuail 1992: 87-90). Here the structural and institutional constraints of broadcasting represent the industry structure level, while programming policy, reflecting strategic actions by broadcasters, represents industry conduct. Programme output, then, is here used as an indication of industry performance. Finally, the multiple markets, representing industry arenas in which broadcasters operate, add an alien element to the typical IO model.

The typical SCP paradigm analysis is that industry performance is determined by the conduct of the firms within the industry, and that firm conduct is determined
by various structural variables, such as concentration and economies of scale and scope. In accordance with the recent developments of the theory, this study stresses the significance of the strategic behaviour of media firms. With the help of programming policy, for example, a firm can affect the industry structure and multiple market demands. However, instead of a mechanical determination between structure, conduct and performance, I wish to include industry arenas in the paradigm, and emphasise mutual interdependencies, and ‘negotiation’, between the four basic elements of the model.

The lists of ‘factors’ included in each box are not necessarily exhaustive. Rather, they illustrate what is meant here by structural constraints, institutional constraints, etc. They also represent aspects that will be paid major attention in the empirical analysis below.
2.4 Methodology and Sources

Being a case study, this investigation will use a plethora of approaches and sources in order to facilitate the analysis. Although methodology will be discussed in more detail in each relevant chapter, some general remarks can be made here.

In Part II of the study, analysing the multiple markets, as well as structural and institutional constraints, of Finland’s television broadcasting, the approach applied is a qualitative one. Based on an extensive use of documents, such as operating licences, financial statements, etc., statistics, interviews and earlier research, the study provides an empirical inquiry into the specific historical and national distinctiveness of the Finnish broadcasting order. The approach will combine contemporary records, i.e. material originating within the period studied, and retrospective reports, i.e. sources written afterwards. It also combines the use of primary and secondary sources as well as personal sources, such as memoirs and interviews, and official sources such as laws, committee reports, etc. The analytic purpose is to describe how television broadcasting in Finland changed during the period of intensifying competition, or to suggest why certain things happened and what were the outcomes. Thus, the purpose is both to describe and explain the transition of television in Finland.

Here, earlier studies providing valuable coverage of the history and recent development of Finland’s broadcasting marketplace include those by, for example, Arhela (1976), Heiskanen (1981, 1985, 1986), Hellman (1988, 1990, 1996c), Jyränki (1969), Lowe and Alm (1997), Salokangas (1996a, 1996b), Silvo (1988), Sisättö (1981) and Soramäki (1990a, 1994). As to viewing habits and audience preferences, studies by, for example, Alasuutari (1992), Hellman (1992, 1993), Helsti (1988), Jääsaari (1996), Kalkkinen (1986), Kasar (1985), Nurmi (1995, 1997), Pihanurmi (1996), Roos (1989), Sinkko (1981), Tiihonen (1989, 1991) and Tukiainen (1988) were consulted. Public documentary sources utilised here include laws, operational licences, programming codes and committee papers, as well as people-metering reports and audience statistics. These are used selectively where it appears to be necessary for the needs of the analysis. The investigation of the multiple market in transition is also supported by interviews with principal executives in the industry as well as by newspaper and magazine articles of the time.

As to programming policy, analysed in Part III of the study, it is policy statements by broadcasters themselves that provide the main source. These were

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22The most recent analysis is provided by Wiio (1998).
collected from broadcasters’ documents such as financial statements, budgetary plans, and even internal memos. Interviews with the main executives and schedulers at YLE, MTV Finland, Kolmostelevisio and PTV serve a similar purpose of providing as much information as possible to facilitate the analysis. Here, too, the approach is a qualitative one. As the principal data was gathered by either interviewing broadcasting executives or by examining documents of various sorts, both these sources were approached by means of documentary analysis. The various documents have been selected systematically to cover the principal statements on programming policy. The persons interviewed, too, were selected as systematically as possible so that they represented the main executives of programming and scheduling at YLE, MTV and PTV in the early 1990s and during the channel reform.

Both the documents and interviews were approached rather as testimonies than indications (see Alasuutari 1995: 51) of programming policy, which means that, for example, interviews used here were regarded as more or less honest, objective and accurate descriptions of institutionalised norms and statuses concerning programming. No systematic reading techniques were applied. The data provided by the sources was reduced by selecting statements that appeared crucial and illustrative. Indeed, the approach resembles most closely the documentary research used by historians. The analytic purpose here is to find similarities and differences, for example, in statements by protagonists representing different companies, or changes in the emphases or main arguments of the statements over time.

The analysis of programme output in Part IV provides the most ambitious section of the study in terms of methodology. Here quantitative measures dominate, but qualitative methods too are used to supplement the analysis. The basic data for the statistical, longitudinal, analysis of the four broadcasters was mainly acquired from programme register files maintained by YLE. In order to fill gaps in the data, the programme listings of Katsa, the major TV guide magazine in Finland, were utilised. Also, earlier analyses of programming policy and programme content by, for example, Hellman and Sauri (1988, 1989, 1994, 1996a, 1996b, 1997), Hujanen (1993b), Kohvakkia (1994), Slade and Barchak (1989) and Soramäki (1994) were consulted.

The sample representing the programme output consists of TV schedules for 36 weeks over a period of nine years, 1988-1996, thus covering both the period of the ‘mature’ mixed system and the dual order of the post-channel reform period. By means of content analysis, the more than 15,000 separate programmes included in the sample were divided into 15 programme type categories, 9 country-of-origin categories and 6 continuity-status categories. Starting time and length of each
programme were also registered.

Programme output was measured at three distinctive levels: programme structure, programme range and scheduling, and concrete measures for each dimension were developed. The programme structure is analysed by calculating the distribution of output across the 15 programme types, as well as by examining the geographic distribution of programming on Finland's television channels. Summary shares of informative and popular programme categories are also used as indices of programme structure. The programme range is investigated by calculating both channel/broadcaster diversity and system diversity supplied by Finnish television. As the principal measure of programme range, the Relative Entropy Index is used. In addition, differences between, and simultaneous alternatives provided by, the channels were measured by developing two indices: a Deviation Index and a Programme Option Index. Finally, programme scheduling was studied by calculating summary shares of non-serialised programmes and by analysing the programme structure and programme range during prime time. The development of programme schedules on each channel were also described and analysed qualitatively in order to assess the scheduling strategies used.

2.5 Outline of the Book

Part I of the study provides a review of relevant literature and introduces the principal theoretical tools needed to approach the structural constraints and institutional organisation of broadcasting. To begin with, Chapter 3 discusses the rapidly changing broadcasting environment, thus providing an introduction to the issues at stake. Chapter 4 deals with various economic determinants of broadcasting, such as market structure and industry structure, which intervene in decisions concerning programming. Chapter 5 compares the three paradigmatic models of broadcasting: the public service, 'hybrid' and commercial model.

Part II discusses the multiplicity of broadcasting markets and provides a historical and structural analysis of the organisation of television in Finland. Chapter 6 describes and defines the five markets used as the framework of analysis in this study. The historical section begins, in Chapter 7, with a description of the events which culminated in the 1993 channel reform. Chapter 8 describes the changing role of the television medium in Finland (the technological market). Chapter 9 provides an analysis of the pragmatist media policy behind the Finnish model (the political market). Chapter 10 investigates the changing competition within industry (the business market), while Chapter 11 attempts to describe the
differences between the production cultures and programming traditions of the broadcasters (the professional market). Finally, Chapter 12 analyses the shifting preferences of the Finnish television audience (the popular market).

In Part III of the book I proceed to discussing programming policy discourses and, in particular, analysing policy statements by the Finnish broadcasters. On the basis of earlier research, Chapter 13 reviews the programming policy argumentation generally characteristic of public service, ‘hybrid’ and commercial broadcasters. Chapter 14 discusses the methodology of analysing programming policy, while Chapter 15 provides a thematic analysis of the programming policy argumentation of the Finnish broadcasters.

Part IV of the study is devoted to the analysis of programme output. Earlier studies on programme output in Finland and in some other relevant countries are reviewed. The tradition of programme diversity studies is critically discussed in Chapter 16, whereas Chapter 17 presents the methodology applied in the present study. Finally, Chapters 18 and 19 give an empirical account and a time-series analysis of the programme structure and diversity of programming in 1988-1996, while Chapter 20 concentrates on scheduling strategies before and after the reform, being based on quantitative as well as qualitative analysis of programme schedules.

Finally, the results are summarised and conclusions drawn in terms of policy and methodology as well. The concluding chapter evaluates the advantages and disadvantages of the Finnish variant of a dual system, and discusses the implications of a new ‘policy of demand’ for broadcasters and, particularly, for the changing role of public-service broadcasting. The advantages of the multiple measure approach for diversity studies are also discussed.
From Companions to Competitors
I THEORIES OF STRUCTURE
AND INSTITUTION OF BROADCASTING

This section reviews and discusses the theoretical approaches applied to the structural and institutional constraints of broadcasting. My purpose is not to provide a ‘grand theory’, or to explain exhaustively how the economics and organisation of television determine broadcasters’ adaptation strategies, programming policy in particular, and, finally, programme output. Instead, I wish first to point to the complexity of requirements which face modern-day broadcasters (Chapter 3). Second, I wish to discuss structural mechanisms, such as market structure and industry structure (Chapter 4), and institutional mechanisms, such as broadcasters’ organisational status (Chapter 5), which have a profound influence on programming.

Broadcasting is approached here as an industry consisting of firms competing with each other and demonstrating strategic differences. The implications of the structure of the broadcasting industry with regard to how the channels are programmed will also be discussed. Finally, broadcasters’ opportunities to adapt to the changes of the marketplace are also defined by their institutional status, i.e. whether they are public service, ‘hybrid’ or private commercial by nature.

These theoretical angles are distinct but also interdependent and overlapping. Their purpose is, first, to provide analytical tools for understanding the constraints on broadcasters. Second, they serve as factors of influence, or determinants, of programming policy and programme output.
3 Television Broadcasting: Conflicting Requirements and New Challenges

3.1 From a Single Market to a Multiple Market

For decades Western European television broadcasters enjoyed a privileged status with almost no competition within the industry, thus operating in a ‘single market’ of their national economies. National broadcasting companies were state-owned, public-service institutions, financed by a flat-rate tax, a licence fee, paid by all television set owners. As they were ‘creatures ultimately of the state’, as Blumler (1992b: 12) puts it, it was the appointed and elected national political elites, competing over broadcasting policies, which gave legitimacy to broadcasters and their programme policies.

Of course, the viewers, with their wishes and interests, were important, too, but as audience attention was taken for granted, the question of legitimacy based on popular support never really arose. As a medium, broadcast television had the advantage of newness and easiness, which helped it pave its path of success as a top leisure activity. As hardly any rival channels existed, national broadcasting institutions could freely monopolise production skills as well as set television programming standards.

Since the early 1980s, European broadcasting has experienced the termination of the national public broadcasters’ hegemony (de- or re-regulation), the unleashing of competition for revenue and viewers (liberalisation), the introduction of private commercial channels (commercialisation) and an invasion of transnational players (internationalisation). Spectrum scarcity, which justified monopolistic institutional frameworks, was relieved by opening up new frequencies, as well as by substituting cable for over-the-air distribution, thus providing the public with an unprecedented abundance of channels.¹

This shift away from the ‘old order’ of broadcasting has toppled the monopoly of the political realm in the public legitimisation of television services. Instead, broadcasters, public and private stations alike, are thrown into a plethora of conflicting market requirements. It is the interdependent but distinctive interests of technological development and substitute technologies, policymakers and interest

¹For an overview and analysis of this change see e.g. Blumler (1992a); Humphreys (1996); Lange and Renaud (1988); McQuail and Siune (1986); Negruine and Papathanassopoulos (1990); Siune and Truetzschler (1992); Soramäki (1990b).
groups, the growing number of competitors within the industry, advertisers, broadcasting professionals, the viewing public, etc., that the broadcasters are forced to negotiate with in order to survive and thrive. These multiple market demands create the battleground on which sociopolitical legitimation and economic viability are sought and gained - and sometimes lost.

What appears to characterise modern-day broadcasters is the complexity of forces they have to cope with in order to survive. While preparing, as they must, for the technological leaps of tomorrow, they are, at the same time, forced to satisfy the audience demand of today, often while constrained by the production cultures of yesterday. While having to safeguard their political legitimacy in order to safeguard their broadcasting licences, they are determined to show economic efficiency and create product differentiation in order to keep up with rival broadcasters. The forces that constrain broadcasters’ strategic choices are several and often conflicting. Here I will briefly discuss three principal sources of conflicts: contradictory requirements of legitimacy, differences in media policy styles and the impacts of new technology.

3.2 Twin Constraint of Economy and Legitimacy

While broadcasting, due to the technical scarcity of airwave spectrum, remained a restricted industry constrained by heavy public policy regulation and the need to survive economically, broadcasters were forced to face the twin constraints of economy and legitimacy, as is well described by Syvertsen (1992b).

The mere fact that every broadcaster was awarded a privileged status may account for the broadcasters’ urgent need to safeguard their legitimacy in the eyes of the policymakers. Although spectrum scarcity has now been replaced by a channel abundance, broadcasters using terrestrial radio frequencies are still few, and require a licence granted by the public authorities. This puts particular pressures on a broadcasting company as, in addition to meeting the demands of its audience, choosing a successful business strategy, and creating a viable programme repertoire, it must also conform to the requirements set by the regulators.

Each TV station has to solve this dual problem of economy and legitimacy in its

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2This ‘licence’ granted by public authorities may take several forms. In Britain, the BBC is granted a Royal Charter, whereas the ITV companies are awarded a franchise. In Sweden, broadcasters are required to make a concession agreement with the state. In Finland, YLE is regulated directly by a specific act, while the commercial channels are granted a broadcasting licence.
From Companions to Competitors

own way, knowing that failure in the management of its economics can destroy its legitimacy and, equally, the loss of legitimacy may result in an economic catastrophe. Accordingly, a broadcaster can strengthen its economic basis through assuming a more legitimate status. With a suitable programme mix, for example, it can gain the favour of either politicians or advertisers as well as the audience, which, in turn, may ensure a continuing flow of political support, advertising income or willingness to pay the licence fee. Similarly, a company can confirm its legitimacy by operating efficiently. However, it may also be the case that a viable business strategy does not meet the regulator's expectations, or that a programme repertoire required by the political controllers is economically, or in terms of popular support, a failure. (See also Hellman and Sauri 1988.)

As Syvertsen (1992b: 26-30) has observed, a legitimate institutional arrangement is one which is normatively sanctioned by the public. The word public has here, however, two different meanings. First, it refers to the public as citizens, as a body made up of social players with opinions as to how a service such as broadcasting should be institutionalised. Second, the public has opinions on broadcasting as consumers. As citizens, the public may organise itself and argue for its opinions in several ways, depending on its resources. An important role in the expression of citizens' 'public opinion' of broadcasting is played by politically elected or nominated representatives of the citizens, i.e. political parties, members of parliament, government officials, broadcasting administrators, etc. Often these political elites play an independent legitimising role separate from public opinion. Unlike the public as citizens, the public as consumers does not generally express its preferences publicly. The public as consumers is primarily defined by its private consumption of or demand for the products - programmes and channels - supplied by the broadcasters. This suggests that legitimacy of a broadcasting institution includes at least three elements, that of a political acceptance by the political elites, that of a social acceptance by the audience as citizens, and that of a popular acceptance by the viewers as consumers.

Thus, whatever the ownership, form of financing or obligations of the service, it is vital for any broadcaster to maintain popular support. In the era of national broadcasting monopolies a close bond with the audience was self-evident. Today an increase in channel choice and programme supply have highlighted the strategic importance of ‘consumer choice’. The broadcasting industry is constrained by a

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3 As Syvertsen (1992b: 28) rightly observes, there may be exceptions to this rule. Consumers may organise consumer movements which may attempt to influence broadcasters and media policymakers.
growing uncertainty over which channels and programmes the viewers will choose. Being a logical outcome of channel multiplication, audience fragmentation cannot be stopped - but it can be managed, either by developing forms of public accountability (and, thus, addressing the audience as citizens) or by providing more popular programming (thus appealing to the audience as consumers). While commercially financed stations are expected to be more dependent on viewer ratings, public broadcasters, too, have faced the temptation of replacing social acceptance with popular appeal in order to legitimise the licence fee paid by the viewers (e.g. Humphreys 1996: 244; Syvertsen 1992b: 31-32).

Similarly, whatever the ownership or form of financing of the company, it has turned out to be vital for any broadcaster to maintain its acceptability among the political elites of its host country. For example, the degree of statutory privileges allowed it is usually a political choice, so are the obligations it is bound to meet in exchange for the broadcasting right. This political element of its legitimacy does not necessarily require a compromising ‘politicalisation’ on the part of a broadcaster but, admittedly, may contribute to a close relationship between broadcasters and the political realm (see e.g. Blumler 1992b; Humphreys 1996).

3.3 Policy Styles and Political Ideologies

European broadcasting systems share several features. An attachment to a public-service model is one of the unifying factors, another is an approximately simultaneous deregulation of the broadcasting industry and a shift towards a dual order. However, nationally specific political and cultural characteristics have allowed much divergence between countries. Or as Humphreys (1996: 2) puts it, ‘media systems can be expected to vary significantly across countries because politics and policy have made a difference’.

While all Western European countries can be characterised as liberal-democracies, they assume manifold forms of policymaking or ‘policy styles’. These forms reflect diverse cultures and help to explain why different countries have reacted in such different ways to changes in the broadcasting sector. In other words, policy style determines the degree to which the political realm allows the broadcasting industry to react to changes and adapt to new competitive situations.

A useful distinction is drawn from Lijphart (1984), who distinguishes between ‘majoritarian’ and ‘consensual’ democracies. While the former allows for a largely unconstrained exercise of power, in the latter, power is shared between political forces and levels of government and constrained by complicated balancing
mechanisms in decision-making. As Humphreys (1996: 11) observes, it is in the majoritarian systems that we might expect the publicly owned media to be more vulnerable to capture by the dominant political tendency, whereas in consensual systems we might expect the influence over the media to be shared. Also, liberalisation of broadcasting appears to have taken different roads in different political cultures. In power-sharing systems it depends on the degree of consensus on the issue, whereas in majoritarian systems the interests of the dominant political tendency is the determining factor.

As examples of consensual broadcasting policy styles Humphreys cites the Netherlands and Germany. By contrast, Britain and France represent the majoritarian model. However, remarkable differences can also be detected between countries applying a similar model. While in the Netherlands, for example, power-sharing was traditionally based on the various ‘pillars’ of society, representing organised groups of civil society, in Germany the power has been divided by federalism, represented by the autonomous decision-making of the Länder, and legalism, represented by the strong role of the country’s Constitutional Court. Similarly, whereas France represents a dirigeiste approach, where the strong state is the key player of media policy, in Britain the weak state is mirrored in the development of strong institutions of civil society and the rise of comparatively independent public institutions such as the BBC.

Humphreys also points to a specific tradition within the consensual model, a ‘social partnership’ that is characteristic of the Nordic countries, Austria, Switzerland, Belgium and the Netherlands. In these countries, corporatism has been the principal foundation of media policies. The ‘social partners’, representing different political forces and other interest groups, were involved in making the important media policy decisions, and as Humphreys (op.cit.: 14) notes, this consensual approach has been an ‘efficient way of managing the problems of preserving cultural autonomy and social harmony in economically vulnerable small states’. Humphreys also suggests that in the Nordic countries and Austria, for example, this form of corporatism has been developing towards a ‘cartel party’ system in which major parties have limited their mutual rivalry and, instead, share government and strike a balance between their interests in major media policy issues.

One could expect that the degree of centralised regulation is greatest in countries representing a majoritarian, dirigeiste political culture, while the lightest regulatory touch would fit with countries representing the liberalist tradition of a weak state, in which the self-regulation of broadcasters matters more than strict rules imposed by public policy. Countries representing corporatist, consensual policy styles, then,
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should place somewhere between these two extremes. However, other factors also intervene here. The degree of regulatory control is also influenced by cultural factors, such as proximity of dominant cultures, or economic factors, such as market size. It is logical, for example, that the smaller states have strong economic grounds for commitment to the public-service paradigm. ‘With small home markets, and consequently small indigenous media industries, they could be expected to reap far fewer benefits than their larger neighbours from market liberalisation’, as Humphreys (op.cit.: 188) notes.

In spite of the differences in policy style, Western European countries saw public-service broadcasting as an essential feature of their pluralist democracy. Public service was to reflect and promote pluralism and diversity of opinion, whether defined in dirigiste, legalistic, corporatist or liberalist terms. How, then, did changes in the political ideology, such as the revival of neo-liberalism in the 1980s, encouraging a deregulation of broadcasting, reflect on these policy styles?

Policy styles do not necessarily explain the speed of regulatory change, as a strong commitment to change the broadcasting order was shown in the 1980s by countries representing different models, such as Germany, France and Britain (see Brants and Siune 1992). On the other hand, it was the countries representing the consensual model that were more conservative and careful in taking steps towards liberalisation, which again may be explained by market size. However, it is interesting to compare the ways in which radical deregulatory decisions were made in the major countries. In France, it was the government, through a ‘majoritarian’ political voluntarism, that initiated commercialisation, whereas in Germany it was some Länder that favoured commercial broadcasting initiatives, which, however, were constrained by a strong legal, or constitutional, intervention. In Britain, the change of policy style was personified with the arrival in office of Margaret Thatcher. First, it appeared to mean a radical marketisation of broadcasting but, finally, resulted in a moderate reformation of the established duopoly.

However, the 1990s have witnessed a gradual renaissance of public broadcasting institutions, reflected both in national media policy debates and at the European level. It is as if, after a decade’s over-flow of neo-liberalism, Western European understanding of democracy and traditional ideals of pluralism were gaining ground again. This ideology demands diverse and independent mass media, and as marketisation could not escape market failures and tendencies towards economic concentration, the importance of regulation by public policy, as a guarantee of diverse programming, was re-emphasised. This revival also appears to have re-established the traditional, nationally specific broadcasting policy styles, but modified by an acceptance of a dual order and a divergence of functions between
From Companions to Competitors

public and private broadcasters. (Hoffmann-Riem 1996; Humphreys 1996.) This dual order remains regulated, either by dirigiste, liberalist, legalistic or corporatist measures.

What appears to be contradictory in the new consensus on the dual order is the twofold expectations of the political realm. On the one hand, national broadcasting institutions are required to perform well in audience terms, as the licence fee can be justified only if the public channels have a considerable audience share. On the other hand, redefinition of public service institutions has underlined their role as carriers of culture, producers of quality and servants of minorities. While the former logic drives public broadcasters towards a policy of mainstream programming, the latter guides them in the opposite direction of targeting and segmented interests. Similarly, private broadcasters, too, have faced contradictory requirements, because on the one hand they are encouraged to compete with each other, while on the other they are increasingly constrained by public policy regulations concerning their structure, conduct and performance.

Hence, while providing the legal basis and operational framework for broadcasting, government policy and national policy styles also create a major source of ambivalence for the industry.

3.4 Video and Satellite Revolution

Whereas technical scarcities used to serve as a major restriction for the broadcasting industry’s expansion, it is now leaps in technology that provide another twin dilemma for the industry. It has opened up new opportunities for established broadcasters but, at the same time, introduced a threat of new competitors and substitute technologies.

Technological change, sometimes called the ‘video revolution’ (Wood and O’Hare 1991), has been the major driving force of the turbulence in broadcasting, although a new ideological atmosphere and emerging economic interests have also greatly contributed to the development which has been described as a ‘paradigmatic shift’ (Hoffmann-Riem 1986; see also Humphreys 1996). Developments in television production, transmission and consumption technologies have resulted in institutional, organisational and regulatory reforms that have not left programming unaffected either.

The first effort to revolutionise television broadcasting was made by the video-cassette recorder. While providing both a new pre-recorded programme source for the viewers and helping them to time-shift off-air broadcasts, the VCR challenged
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the broadcasters’ power to schedule and structure viewers’ use of time (e.g. Gunter and Woer 1989; Krugman and Johnson 1991; Levy 1987; Lindstrom 1989), thus posing a threat to traditional broadcast television. However, time spent watching videos decreased later on. Video viewing has lost its novelty value and become more commonplace in the sense that using the device has become a ‘domesticated’ extra option for television viewing (Samola 1990; Hellman 1996a). The principle of choice-by-the-viewer, provided by video, did not displace the choice-by-the-broadcaster, provided by broadcast television.

The second effort, that by cable and satellite technology, came on the tail of the VCR, and was more successful. Since the 1980s the proliferation of cable systems, combined with the arrival of transfrontier satellite broadcasting, has had an important impact on television broadcasting, as it provided a new programming philosophy based on thematisation, offered programmes that were otherwise unavailable, and multiplied the number of channels supplied to the audience (see e.g. Collins 1992; Østergaard and Kleinsteuber 1992). For traditional broadcasters, this combination of cable and satellite technology presented the first real threat, as it did not respect the traditional limits: it was restricted neither by the scarcity of frequencies nor national boundaries. It provided the audience with a plethora of viewing options, thus promoting fragmentation of viewing and increasing uncertainty in the business.

In particular, the introduction of medium-powered satellites, such as the Luxembourg-based Astra, ‘immediately proceeded to revolutionise the European broadcasting landscape’, as Humphreys (1996: 168) has put it. Satellite transmission enabled convenient reception either with a dish aerial, by cable systems or terrestrial relay, and helped to circumvent national regulation, thus attracting commercial multi-media groups to launch new television services. However, established broadcasters, too, learned to use satellite technology to their own advantage by utilising it, for example, in the search for new geographic markets.

For the audience, satellite transmission meant a multiplication of programme options. It introduced international television services to domestic homes, thus

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4Astra’s operating company, the Société Européenne de Satellites (SES), is backed by German, Belgian and Luxembourg financial interests and the Luxembourg authorities. The first Astra satellite, launched in 1988, had sixteen channels, the second brought the number to thirty-two, while the third increased it to fifty. Most satellite channels - including Sky Channel, MTV Europe, Eurosport and the Scandinavian TV3 - changed Eutelsat’s ECS1, owned by European public satellite authorities, quickly for this new, privately operated satellite. - For the history of cable and satellite broadcasting, see e.g. Collins (1992), Humphreys (1996), Negrine and Papathanassopoulos (1990), and Soramäki (1990b).
From Companions to Competitors

breaking up the traditional, national protection of broadcast signals. What, however, has restricted satellite television’s success is that there appears to be no broad single European audience sharing a taste for similar programming (e.g. Collins 1989b). It appears that addressing a genuinely transnational market is feasible only if the channel is strictly focused either thematically or by target group, whereas reaching a broader-appeal audience is possible only in single linguistic markets.

Another revolutionary step in television broadcasting is being introduced by signal digitalisation, which will further escalate the technical channel capacity and, combined with fibre-optic cable, will open up an opportunity for two-way communication and a convergence between broadcasting, computers and telecommunications. Considering the transformation of terrestrial broadcasting alone, there will be several channels for every channel now available. Digitalisation will invite new entrants into the emerging markets - but it will also force the present players to create and schedule new services.

Although ‘television channels’, in the traditional sense of the term, will most likely survive the digitalised broadcasting universe, the basic philosophy of programming and scheduling is changing. A ‘universal service to all’ is being outplaced by a wide variety of specialised services tailored to the various demands of marketable target groups.

3.5 Ambivalencies and New Scarcities

However, although technological developments have eliminated spectrum scarcity, new scarcities have appeared (Hoffmann-Riem 1996; Humphreys 1996). The first and foremost finite resource is money. Due to market uncertainty and the cost of the R&D required, there are real problems in financing the new technological developments. This suggests that today it is the lack of money, rather than the number of technically feasible channels, that restricts broadcasting opportunities. Due to the increase of channels, the second scarce resource is audience attention - in other words, fragmentation of viewing is expected to continue. The third scarce resource will be programme software, as rights, formats and talent will be fought over more fiercely than ever.

At the same time, technological advances have turned out to increase uncertainty and unpredictability, which leaves neither the players within the industry nor the
viewers unaffected. As Collins and Murroni (1996) have observed, digitalisation, being constrained by a competition of standards, creates uncertainty. It generates a risk of a bad investment within the electronics industry and among the broadcasters, whose strategic decisions are dependent on the right choices. Similarly, this uncertainty over future technical directions creates confusion among the public, which may result in a market failure of new reception technologies.

The effect of new technologies on the established ones is, however, fundamentally ambivalent, as Noh and Grant (1997) have pointed out. For example, by enabling the use of other programme sources (rental and purchase of pre-recorded cassettes), the VCR is a functional substitute for, or competitor of, broadcast television. On the other hand, due to its time-shifting properties, the VCR has doubled viewers’ opportunities to use broadcast television, thus serving as a functional complement to it. (See also Dimmick 1997.) Similarly, cable television can be regarded as a competitor which won its share of the total TV viewing time by diminishing that of the broadcast channels. On the other hand, cable channels may be considered to supplement the television supply, because in many cases they have attracted extra viewers and increased the average time of daily consumption of television.

Hence, it is to a large extent the technological change which has been instrumental in the ‘paradigmatic change’ of broadcasting. Because television technology is constantly on the move, this causes constant tension and uncertainty within the industry. In order to be able to safeguard their competitive advantages against new substitute technologies, established broadcasters are increasingly wary of the developments in the technological realm.

3.6 Summary

1 Modern-day broadcasters operate in an environment of uncertainty, conflicting requirements and change, accounted for by de- and re-regulation, liberalisation, commercialisation and internationalisation of the industry.

2 The changing foundation of the industry and the increase in channel choice have accentuated the importance of economic viability and ‘consumer choice’

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A good example of costly risks was provided by the fierce competition between the European Union, Japan and the United States for an HDTV standard. According to a recent analysis by Kaitatzí-Whitlock (1994), the HDTV policy of the EU resulted in a strategic failure, even though some 650 million ECU were spent on fuelling European plans to impose the so-called MAC standard, based on an analogue signal, world wide.
From Companions to Competitors

in the legitimacy of any broadcasting institution.

3 Different styles of media policy-making applied in different European countries both protect the broadcasting industry and create a source of ambivalence for it.

4 Technological change, sometimes called the ‘video revolution’, has been the major driving force behind the turbulence in broadcasting. Digitalisation will continue to escalate the technical channel capacity, and continue to revolutionise the industry.

5 As a result, it is not spectrum scarcity that restricts broadcasting opportunities. More clearly than before, the three principal scarce resources are money, audience attention and programme software.
4 Structural Constraints of Television Broadcasting

4.1 Industry Logics

Syvertsen (1997) has recently suggested that all broadcasters are bound to obey particular ‘industry logics’ in order to survive in the market. She points to four separate logics that appear to be fundamental for public and commercial stations alike: (1) to aim at the highest possible viewing figures; (2) to provide as much as possible of programming at the lowest possible price; (3) to secure their legitimacy in the eyes of the viewers and political elite alike; and (4) to prepare for future technological changes and economic challenges.

It appears acceptable that high viewing figures, control of costs, social legitimacy and preparation for future challenges are important for broadcasters, but why should it be these and not some other rationales that provide the definitive description of the ‘industry logics’ in broadcasting? Indeed, Syvertsen underlines that broadcasters’ response to these industry logics depends on structural factors, such as ownership of the channel and how it is funded and regulated (op.cit.: 15-16). In her presentation Syvertsen does not theoretically explicate the foundations of this typology, but her book implies that it is the economics of television broadcasting that to a great extent accounts for these logics. For her, they appear to represent an ideal-typical response to various economic constraints, internal or external.

In the following, I will turn to review theories intended to explain television programming policies and programme output from an economic, structural angle. First, I will discuss theories of production, which have concentrated on the distinctive characteristics of television ‘good’, and theories of market structure, which have explained programming by channel capacity and concentration. Second, I turn to theories of industry structure, explaining programme choices by differences of competitive strategies. These factors provide major structural constraints on the broadcasting industry.

4.2 Market Size and the Economies of Television

A public good. - Economic analysis of television (see e.g. Collins et al. 1988;
Owen and Wildman (1992; Picard 1989) has pointed to the extraordinary character of television as a product. In terms of economic theory, there are two kinds of commodities or goods: ‘private’ and ‘public’. If a pure *private good*, such as a loaf, is consumed by one person, it is no longer available for someone else, whereas consumption of a *public good*, such as a feature film, does not diminish its availability to others. The cost of production of private goods is related to the number of people who consume them, and the price-mechanism controls allocation of private goods in society. In the case of public goods, however, their consumption is ‘non-rival’ and ‘non-excludable’, meaning that one person’s consumption in no way competes with or excludes others’ possibilities to consume the same product. Furthermore, the cost of producing a public good, such as a theatrical film, is independent of the number of people who will eventually see it. (E.g. Collins et al. 1988; Picard 1989.)

As Owen and Wildman (1992: 24) have put it, ‘[t]elevision is very nearly a pure public good’. Programmes are broadcast for all households within the reception area, and the receipt of the signal does not reduce the quantity of the signal available to others. There is no direct price mechanism in operation in broadcasting, as the consumers are not paying for the reception of an individual programme but either, by means of the licence fee, for the whole service and/or, by paying extra, for the advertised brands. In contrast to private goods, there is no direct market mechanism of demand and supply which could regulate the programme choice available but only indirect measures such as people-metering systems, which provide information on viewers’ choices. This leaves it to the broadcasters to decide what the audience appears to want or need.

What accentuates the industry’s extraordinary publicness is that television broadcasting operates in a *dual product market* (Picard 1989: 17-19). On the one hand it creates concrete products, such as TV programmes and TV channels, which are ‘sold’ to the consumers, i.e. the viewers - except that the viewers are not paying directly. On the other hand, many broadcasters participate in the advertising market, i.e. they sell access to audiences to advertisers, thus justifying Owen and Wildman’s (1992: 3) claim that ‘[b]roadcasters are in the business of producing audiences’ (emphasis omitted). Here, the price that an advertiser pays is dependent on the size

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An exception is provided by pay-TV, pay-per-view, and video-on-demand systems, which, however, have been of marginal importance so far. In general, public goods are not affected by supply and demand in the same way that private goods are affected. But as audiences begin to pay for public goods, as in the case of pay-TV, the price element begins to eliminate viewers who would watch only if the price were lower. (See Picard 1989: 66-67.)
and composition of the audience. If the broadcaster is supported by advertising, mere economics will push it to address the largest possible audience.

**Economies of scale and scope.** - Economic analysis of television ‘good’ has also pointed to the high fixed costs and low marginal costs of the industry (see e.g. Collins et al. 1988; Owen and Wildman 1992; Picard 1989). According to this approach, each programme produced is, in fact, a prototype constrained by high first-copy costs and uncertain demand. Its use-value to a consumer is in no way linked to the money invested in its production. At the same time, an outcome of the publicness of distribution in broadcasting is that the cost of reaching an extra viewer varies from low to zero, i.e. reaching one million viewers costs marginally as much as reaching half a million viewers.

This imposes serious constraints on *market size* in broadcasting. The larger the market, in terms of audience, the greater the opportunities for the broadcaster to invest in programmes - irrespective of the way the service is financed. A structural implication of this is that the ‘industry logics’ in broadcasting favour *economies of scale*. In order to be viable, strategies for selling public goods such as television programmes either aim to reach the *largest possible audience* for each product, or to expose the product/programme in as many different markets as possible (e.g. Collins et al. 1988: 10-12). If opportunities to exploit secondary markets are negligible, audience ratings, together with advertisers’ willingness to place commercials, are the only ways of ‘covering’ the programme expenses.

However, due to the high risk of each product, exploitation of *economies of scope* is also involved in the broadcasting industry, because by controlling a range of products the chances of meeting the consumer demand is increased (op.cit.: 11). In television this is achieved, primarily, by providing a continuous *flow* of programmes representing a range of genres and styles. This means that, instead of individual programmes, a broadcaster regards the total TV channel, i.e. a scheduled mix of programmes, as its main product, although the importance of individual top programmes, or branded programme titles should not be underestimated.

**Effects on competition and costs.** - Because of the low unit costs of consumption and the lack of a direct price relationship, price competition is only of secondary

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7Although microeconomic analyses of the media (see Owen and Wildman 1992; Picard 1989) emphasise the importance of both the size and composition of the audience, audience researchers, such as Barwise and Ehrenberg (1988: 111-113) have pointed out that, as television audiences are largely unsegmented, ‘the sheer number of viewers (the ratings) has to be the advertiser’s main criterion’.
value in the broadcasting industry. As Collins et al. (1988: 15) put it, it is ‘[t]he product itself [which] becomes the weapon, with variations in quality, design, style, colour, packaging, technical standards and services rendered taking over from price as [the] instruments for gaining customers’. This promotes product differentiation and multiplicity of offerings. On the other hand, as product differentiation and product qualities have become the major focus of competition, non-price competition tends to place an upward pressure on production costs, which may put a ceiling on the variety of programme supply. It also favours the capital-rich oligopoly sector within industry, while restricting the opportunities of minor players (op.cit.: 14-15).

Another cost constraint is the so-called ‘Baumol’s disease’, a continual decline to stagnation in the broadcasting industry as in all culture industries (see e.g. Baumol and Baumol 1976; Collins et al. 1988). Because broadcasters are concerned with constantly producing prototypes, the production process is inherently labour intensive and expensive, which may induce them to seek cheaper programme sources and, hence, to decrease the ‘quality of programming’. As a result, there exists a tendency to replace high-cost, unique programming by low-budget, formatted programmes. This tendency exhibits several variations (see e.g. Collins et al. 1988; DeBens et al 1992; Richeri 1986). First, imported productions may replace domestic ones because a programme purchased in the international marketplace is usually considerably cheaper than a domestic programme representing the same genre. Second, serialised or formula-based productions may outplace original, single programmes, as they usually perform better in terms of cost-effectiveness. Third, programme types better enabling cuts in costs may be favoured instead of genres requiring big budgets. Fourth, production values can be brought down in order to control spending. (See also Barwise and Ehrenberg 1988: 92-93.)

As Collins et al. (1988: 17) explain it, ‘there is an inexorable tendency for the real costs of cultural production to rise relative to those industries that experience technological innovations that raise productivity’ . According to them, broadcasters cannot endlessly replace human labour by machines, and thus have only limited possibilities to increase their productivity by employing new technologies. While the culture industries, however, are operating in the general labour market, where the range of wages is linked to overall real wages dependent on the overall level of productivity (determined largely by the most advanced and productive industries), over time the production of cultural goods becomes more expensive in relative terms. - This ‘Baumol’s disease’ has been blamed as a major reason for the so-called ‘broadcasting inflation’, which is dramatically wasting the public service broadcasting sector (Collins et al.: 20-49; see also Graham and Davies 1992: 204-206). For example, Shew (1992) calculated that between 1986 and 1991 programme costs in Britain grew 30 per cent faster than the general price level.
Hence, the product-based characteristics of television have implications for programming policy and the programme diversity provided to the viewer. According to this approach, high fixed costs combined with negligible marginal costs push broadcasters to supply programmes that appeal to a large viewership. Together with uncertainty of demand, these factors also steer the broadcasting industry to provide a range of different kinds of programmes in order to find a successful diet. Finally, they underline the importance of non-price competition, which promotes multiplicity of offerings but, on the other hand, adds to cost diseases of the industry, which may decrease the overall variety of programme supply.

The editorial v. the flow model. - If broadcasting applies industry logics of its own, as suggested above, in what way, then, does it differ from other cultural industries sharing product- and market-based similarities? Here Miège’s (1987) typology of ‘social logics’ underlying cultural production may provide conceptual tools. For Miège, ‘social logics’ refers to basic structural determinants that characterise the production process of an industry in particular (see e.g. Miège 1989: 134), but it carries implications for industry structure, distribution and consumption of cultural commodities, too.

Miège divides the core of cultural industries into three major subsectors of (1) the publishing or editorial model, typical of book publishing, the film industry and the record industry, (2) the flow model, typical of broadcasting, and (3) the written press model, applied in newspaper publishing. While the written press has many similarities to flow model industries such as broadcasting (large scale industrial production and consumption based on audience loyalty), his categorisation is here condensed into two dimensions, the editorial and the flow model. By focusing on these two only, I hope, first, to be able to illustrate the distinct nature of television broadcasting as compared with the other major model of cultural production. The second reason for this definition is that, according to Miège (op.cit.: 145), there is a tendency on the fringes of the broadcasting industry to move away from the flow

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9However, as Syvertsen (1997: 16-18) observes, high audience figures are a central ruling force in the broadcasting industry just for psychological reasons alone: they give crucial information of audience reception. Second, audience shares and ratings provide concrete measures for the assessment of channel performance.

10To be precise, Miège (1989) has later discussed five types of industrial logics: (1) the logic of cultural commodity publishing (which coincides with the publishing model), (2) the logic of ‘flow’ production, (3) the logic of printed news, (4) the logic of computer programming production, and (5) the logic of the live performing arts.
model towards the editorial model - thematically focused services provide an example here.

Unlike television broadcasts, books, for example, are delivered in the form of private goods, which allows them to share some qualities of 'privateness', although they basically are public in character (Collins et al. 1988; cf. Picard 1989). As a result, books can be consumed anywhere at any time. A book also allows interruptions and re-reading, which make it a very flexible editorial product. Since each title is a one-off, and produced in large quantities, but since the demand for books is segmented and since fixed production costs are fairly low, a publisher usually distributes the risks between many titles. Building a catalogue is a typical method by which book publishing aims at balancing the risks, although the majority of revenue is received from a few top-selling titles. Due to low fixed costs and low entry barriers, medium-sized and even small companies can survive here. In the publishing industry there is only a small number of companies which attempt to reach a very large readership, but a large number of specialised publishers which cater to small audiences. However, small companies in book publishing are typically dependent on the distribution networks of the major companies. (E.g. Crane 1992; see also Burnett 1990.) Thus, there exists a dual structure within the book industry composed of the generalist industry leaders at the core and specialised followers on the periphery (E.g. Carroll 1985; Oksanen 1987; Uusitalo and Oksanen 1989).\footnote{A dual structure is typical of many industries (see Newman 1978; Porter 1979 and 1980), but in cultural industries it appears to be typical of the editorial model in particular (see Hellman 1992; Hellman and Soramäki 1994).}

What, then, is typical of the broadcasting industry applying a flow model? According to Miège, an almost industrial organisation of production, an endless flow of programmes, a highly undifferentiated mass market and a high viewing-loyalty are among the cornerstones of broadcasting - all factors that promote a monopolistic, or oligopolistic, industry structure. Due to regulation and high fixed costs, barriers to entry have traditionally been high. In order to programme their channels so as to attract as many viewers as possible and to provide as many programmes as possible at lowest possible cost, serial production, combined with vertically integrated production facilities, salaried staff, regular work stations, etc., are among the characteristics of the industry. Television broadcasting in every country is traditionally dominated by a few privileged broadcasting institutions regulated to carry out certain obligations. Instead of a catalogue, a broadcaster spreads the risks by organising the programme flow in the form of a schedule, a

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**FIGURE 4.1** Broadcasting v. book production: major differences

<table>
<thead>
<tr>
<th>PRODUCTION FACTORS:</th>
<th>TELEVISION (Flow Model)</th>
<th>BOOKS (Editorial Model)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The product</strong></td>
<td>A public good</td>
<td>A semi-private good</td>
</tr>
<tr>
<td></td>
<td>Scheduled programme flow (a channel)</td>
<td>A book (a catalogue)</td>
</tr>
<tr>
<td><strong>Fixed production costs</strong></td>
<td>Very high</td>
<td>Fairly low</td>
</tr>
<tr>
<td><strong>Industry structure</strong></td>
<td>Monopoly/oligopoly of few licensed 'trustees' with almost industrial organisation</td>
<td>Oligopolistic industry core surrounded by numerous small and mid-size firms</td>
</tr>
<tr>
<td><strong>Barriers to entry</strong></td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td><strong>Creative personnel</strong></td>
<td>Mostly regularly salaried, also freelancing</td>
<td>Talent pool, mostly irregular employment</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DISTRIBUTION FACTORS:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue from sales</strong></td>
<td>Indirectly from licence fees or commercials</td>
<td>Directly from consumers</td>
</tr>
<tr>
<td><strong>Distribution costs</strong></td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>(per user)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>The cost of extra users</strong></td>
<td>Nil</td>
<td>Almost pro rata</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CONSUMPTION FACTORS:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The number of consumers</strong></td>
<td>Millions</td>
<td>Thousands</td>
</tr>
<tr>
<td><strong>Consumption mode</strong></td>
<td>Mostly shared, dependent on time and place</td>
<td>Solitary, independent of time and place</td>
</tr>
<tr>
<td><strong>Consumer segmentation</strong></td>
<td>Low but growing</td>
<td>High</td>
</tr>
<tr>
<td><strong>Replaying/re-reading</strong></td>
<td>Rare</td>
<td>Easy and convenient</td>
</tr>
</tbody>
</table>

standardised, timetabled, mix of programmes. The purpose of a schedule is to help the viewers to recognise and adjust to the scheduled broadcast times of their favourite programmes and to ensure the continuity of the flow.

The basic differences between broadcasting and the publishing industry are presented in Figure 4.1. The comparison is inspired by Miège’s (1987 and 1989) presentation, but is supplemented by aspects of distribution and consumption suggested by, in particular, Barwise and Ehrenberg (1988: 127-132), Collins et al. (1988: 6-19) and Crane (1992: 55-67). The specific requirements set by the
conditions of production, distribution and consumption of television appear to explain why control of costs and emphasis on viewing figures play an important role in broadcasting. They also serve as an explanation for the structure typical of the industry.

4.3 Market Structure and Programme Choice

Monopoly v. competition. - If broadcasting is understood as an industry, and broadcasters approached as firms, the theory of market structure (see e.g. Gomery 1993; Picard 1989) could be applied in the analysis of the broadcasting business market. Here the number of firms within the industry is important because it is an indication of the firms’ power to control and influence the operations in the market. This approach analyses markets based on four major market structures: perfect competition, monopolistic competition, oligopoly, and monopoly.

A competitive market, or perfect competition, refers to a situation in which there are many sellers of an undifferentiated good, with the products being perfect substitutes and no firm dominating the market. Monopolistic competition exists when there is a number of sellers of similar but differentiated products, or imperfect substitutes, and each product is available only from the firm that produces it. Oligopoly exists when there are only a few sellers in a market and their homogeneous or differentiated products are competing. Finally, if there is only one single seller of a product, and if it has a great control over the market, the theory of the firm describes the market structure as monopoly. Of these four structures the first one, perfect competition, is often regarded as a theoretical model only, seldom existing in reality (see e.g. Gomery 1993; Jyrkiäinen 1994).

How does the market structure affect television programming? According to a vast body of research - which originates mainly in the commercial television environment of the United States - there is a sharp distinction between the behaviour of a monopolist and the behaviour of a competitive industry. According to these studies the structure is greatly affected by whether the programming is paid for by the consumers or advertisers. This approach also suggests that the structure of competition is a lot different in a multichannel universe than in a situation where channel capacity is strictly limited.12 I will review the effect of the market structure briefly according to these three dimensions.

12 The best overview of this research tradition is provided by Owen and Wildman (1992: 64-150); see also Litman (1992: 122-134).
The effect of the number of competitors. - Microeconomic models of broadcasters’ programme choice aim to understand the economic reasons for the programme options offered to the viewers. The first studies in this tradition were conducted in a limited channel environment with a limited number of competitors in a geographic market. The purpose of these theoretical choice models was to assess the profitability of broadcasters’ different programming strategies and, at the same time, to predict the diversity of programmes offered and the likelihood that viewers will see the programmes they prefer.

The general finding of these analyses was that oligopolistic competition between a few broadcasters results in excessive sameness, whereas a monopoly controlling all stations could programme them so that they complement each other, thus producing ‘a socially more beneficial program pattern’, as Steiner (1952: 206) put it in his classic study. This was explained by the rationale that, as each competing broadcaster aims to maximise its audience, they all find it more profitable to appeal to majority taste with close substitutes, whereas a monopolist, interested in increasing the total audience of its channels, is better enabled to provide programme types that genuinely substitute for each other. However, while competitors duplicate and imitate each other’s programmes, monopolists, too, tend to search for common denominator programmes to minimise programme costs, which may also leave minority tastes unserved.

These models were based on strong, restrictive assumptions, however. To produce the result suggested by the model, it was required, for example, that viewers watched only their first choices, that all viewers were of equal interest to broadcasters - and, of course, that the channel capacity was strictly limited. Thus, the models did not necessarily represent actual viewing patterns. Neither did they reflect the real-world broadcasting market, as comparisons between monopolists controlling all channels and competitors sharing them were applicable to local US TV markets only.

This approach may nevertheless be useful when comparing the advantages of a monopoly arrangement with increasing competition within a limited national channel system. For example, if there exist three national channels, a model suggests that a monopoly has an opportunity to provide a wider diversity of programming than rivalry between three separate broadcasters, because a monopoly can pursue a complementary scheduling strategy whereas competitors tend to provide very similar fare. This justifies the remark by Collins et al. (1988: 107) that ‘regulated and uncompetitive systems, or even monopolies, [may] deliver more variety in programming’ than competition between broadcasters.
From Companions to Competitors

The effect of the financing method. - Whether broadcasters are supported by advertisers or consumer payments has also been shown to influence their programming strategies. In general, both advertiser-supported television and pay television have three biases: against minority-interest programmes, against expensive programming, and in favour of programmes which are addressed to large audiences (Owen and Wildman 1992: 148). Before minorities can be served and diversity provided, both methods of commercial financing require a great channel capacity and a heterogeneous audience preference structure.

However, the programme choice models suggest that pay systems tend to reduce the supply of ‘lowest common denominator’ programmes in favour of more preferred, or ‘first choice’, programmes (see e.g. Beebe 1977; Spence and Owen 1975). An outcome of this is that pay television, particularly if allowed ample channels and a competitive structure, is more likely to allocate resources in television production efficiently than is advertiser-supported television, because its revenues per viewer can better reflect viewers’ programme preferences (Owen and Wildman 1992: 98).13

The general conclusion of programme choice models is that ‘the higher the number of available channels, the greater the advantages of pay and of competition’ and, respectively, ‘the lower the number of channels, the greater the advantages of advertising and monopoly’, as Collins et al. (1988: 106) have described it. Hence, in competitive situations pay TV should, according to this approach, provide a greater diversity of programming, including minority interests, than advertising-supported television.

The effect of channel capacity. - The above review of programme choice models suggests that it is, in the last instance, the channel capacity which plays a decisive role when analysing the effects of market structure on programming. Only by allowing a considerably greater channel capacity will competition, according to these models, provide a greater programme diversity than a monopoly or oligopoly; and only in a multichannel environment will direct consumer payment produce a programme output that better reflects viewer preferences than an ad-supported system. The general conclusion drawn from the programme choice models is, therefore, that diversity generally increases with the number of competing channels,

13Cf. Waterman (1992), who has demonstrated in his model how the availability of direct pricing mechanisms and expanded channel capacity may encourage a distributor or a producer with a monopoly power to broaden rather than more narrowly focus programme appeal, thus suggesting that pay TV is not necessarily limited to ‘narrowcasting’ but can also supply broad-appeal programmes.
which benefits the viewer.

For example Beebe (1977) demonstrated that if the number of channels is radically increased, it finally becomes profitable for competitors to avoid duplication in terms of programme types. Given enough channels, even minority programming will appear under competition and will be supplied together with duplicated, mass-appeal programmes. However, an adequate channel capacity is a necessary but not a sufficient condition for serving minority-taste audiences. As Owen and Wildman (1992: 85) observe, another necessary condition is that there exists an audience set greater than the break-even audience size that ranks the programme as its first choice. In other words, minority programming must prove its economic viability.

What programme choice models strongly suggest is that an increased channel choice does not necessarily add to the diversity of ad-supported channels. As strong viewer preferences - i.e. greater than average willingness to pay for a certain service by a certain group - cannot be expressed at all with advertiser support, the industry is less willing to produce programmes that are highly valued by those who do not share majority tastes. According to Spence and Owen (1977), a competitive ad-supported channel choosing between two programmes will necessarily choose the one with the larger audience, whereas a competitive pay system may also serve smaller audiences on condition that they are ready to pay for it.

Hence, although both pay television and advertising-supported television are biased against minority tastes, it is with the latter that the bias against diversity and viewer interests is more pronounced (see also Owen and Wildman 1992: 118-119).

Concentration and programme diversity. - The programme choice models as presented above support the standard prescription of the microeconomic theory that, as the level of concentration increases, the diversity of product decreases and, vice versa, that the reduction in the degree of oligopoly in a market results in more product differentiation (see e.g. Litman 1988). Although this economic theory has been developed for the analysis of ‘proper’ industries, and although cultural industries differ radically in many aspects from traditional industries (see Collins et al. 1988), it has been tested in the analysis of several media markets and industries, including broadcasting.14

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14For example, Levin (1971) and Grant (1994) measured whether the diversity of the programme types offered increases as the number of channels increases. De Jong and Bates (1991) measured the effect of deregulation on cable channel diversity in the United States. Atkin and Litman (1986), Dominick and Pearce (1976), Litman (1979), Wakshlag and Adams (1985), and Lin (1995) analysed the diversity of the US network television supply as a function of the degree of competition. As to other culture industries, Burnett (1990).
From Companions to Competitors

On the one hand, the approach appears to have explained well, for instance, the competition between and programming of the principal US television networks. Longitudinal studies by, for example, Dominick and Pearce (1976), Litman (1979), and Wakshlag and Adams (1985) demonstrated that, consistent with their oligopolistic structure, the three networks - ABC, CBS, and NBC - displayed interdependent conduct, including programme fare. On the basis of these studies, the diversity supplied by the networks has remained narrow and stable except for temporary peaks of increasing competition. On the other hand, contrary to expectation, Lin (1995) found no support for her hypothesis that increasing external rivalry from alternative video media since the 1980s should have increased diversity of programming among the established networks. Rather, as Lin (op.cit.: 24) explains her finding, "the networks countered this external threat by going "back to basics".

A restriction of the market structure approach is that it is not at its best in predicting diverging strategies chosen by broadcasters with diverging market powers. It is not enough to determine whether a market applies monopolistic competition or performs oligopolistically if, in reality, it is constructed as a complicated interplay of large national TV networks, nationally distributed cable channels and numerous local stations, thus displaying features of oligopoly and monopolistic competition simultaneously. Programme choice models acknowledge that this is possible (see e.g. Owen and Wildman 1992: 131-135), but here one needs a theory that reflects and explains better the different roads taken by different stations.

Another shortcoming of programme choice models is that they do not take into account other methods of financing the service than advertising and consumer payment. Accordingly, these models are unable to assess the benefits of licence fee or mixed funding for programme diversity, or assume them inefficient in their offering of viewing options. However, for example Barwise and Ehrenberg (1988: 114-116) argue that a licence fee is a more cost-effective way of viewers paying directly for their television than subscription. Similarly, they suggest that a mixed financing system - such as the British arrangement - can result in a broader programme range and a healthier rivalry for audiences than a commercial oligopoly, because in a mixed system different channels do not have to compete directly for the same source of funds (op.cit.: 113-114). In small national broadcasting markets

in particular, these ‘alternative’ financing systems may produce a greater programme variety than advertiser-sponsorship or a selective payment system.

A related criticism of programme choice models is that they pay no attention to the opportunities of public policy to regulate and guide programming. Or when they do (see e.g. Noam 1987; Owen and Wildman 1992), their standard prescription is that, as the number of commercial channels serving minority-tastes continues to increase, public channels become unnecessary. Due to a US bias, these models ignore the possibility that public broadcasters may appeal to majority tastes and address general audiences.

While demonstrating differences between monopolies and competition, pay television and advertising-supported television, as well as limited and unlimited channel capacity, the theory of market structure does partly explain shifts in programme diversity. On the other hand, it cannot provide an adequate interpretation of these variations, as it takes into account only the requirements of the business and the popular market, whereas it ignores, for instance, the influence of public policy, i.e. the political market (see also Jyrkiäinen 1994; Litman 1992).

4.4 Industry Structure and Programming Strategies

**Structure within industry.** - Firms operating in a typical industry are clearly not alike. In fact, they follow very different strategies along dimensions of their size, vertical integration and diversification, breadth of product line, distribution arrangements, and so on (Newman 1978; Porter 1979). For example, large companies provide mass products for a mass audience or a wide range of products for different groups of customers, whereas a smaller firm may concentrate on a limited choice or a few successful brands targeted at a specific customer segment. Economists (see e.g. Porter 1980) refer to this as a distinction between differentiation and focusing.

The relative size, rate of diversification, and vertical patterns of the core companies are usually high compared to periphery firms. Accordingly, the market shares of the two sectors are also highly asymmetric. Economies of scale, product differentiation, and heavy requirements for capital usually effectively block the entry into the leader group, thus setting clear mobility barriers for smaller companies. This is why those companies on the fringe of the industry have usually chosen corporate strategies different from the oligopolist leader group. The core and the periphery firms thus operate as two distinctly different strategic groups within the industry. Firms within a strategic group resemble each other closely, are likely
to respond in the same way to disturbances, and are able to recognise their mutual dependency.

This theory of structure-within-industry, or *theory of strategic groups*, as suggested by e.g. Newman (1978) and Porter (1979, 1980 and 1985), seems to be applicable to broadcasting, too, and may help us to understand differing strategic choices by broadcasters and broadcast channels.

*Generalists v. specialists.* - An illustrative example of the implications of structure within industry is provided by US network television. In this case, the three dominating networks (ABC, CBS and NBC) together compose the leader group that, at least so far, has rather successfully met the challenge of Fox and other competitors (Litman 1993; Thomas and Litman 1991). Although cable TV and independent stations have conquered a considerable audience share with their either thematically focused or narrowly targeted services, networks have still remained, as Gitlin (1983: 331) once put it, the ‘advertiser’s best buy for national reach’. Several studies (see Aitkin and Litman 1986; Dominick and Pearce 1976; Gitlin 1983; Litman 1979) have shown these oligopoly companies to be highly dependent on each other. While the networks have neither the desire nor the ability to match the depth of formatting offered on a thematic cable channel, they have chosen to continue doing what they do best: focusing on relatively stable programming and exhibiting a mutual dependence among programme formats (Lin 1995). While the networks serve as *generalists* in the market, providing channels addressing a broad appeal, cable and satellite channels perform *specialist* services to special audiences, defined by geography, sex, age, personal interests, etc.

In Europe the broadcasting industry was for decades dominated by national monopolies - or sometimes duopolies - which, due to their protected status and an ever-increasing flow of revenue, were able to ignore many of the constraints typical of today’s broadcasting industry. The national broadcasting institutions, together with their few privileged commercial rivals, shared the market, which kept the industry structure solid and undivided. There existed only the core of the industry, but no periphery at all.

However, the channel multiplication of recent years has resulted in a dual structure of *generalists and specialists* in the European broadcasting industry too. In television broadcasting this recently emerged division is manifested at two levels at least. First, while the majority of programmes were earlier produced internally, or purchased in the foreign market, today a growing share of domestic programmes are produced externally, i.e. commissioned from separate production companies. By increasing the division of labour within the industry and relieving the degree of
vertical integration in the production process, this externalisation of production creates new players on the fringes of the industry.

Second, also channel multiplication, followed by audience fragmentation and differentiation of programming among channels, invites strategic differences between broadcasters. While some channels continue to appeal to a large viewership, with their ‘broad’ programme range, others may focus on targeted audience segments and provide a ‘narrow’ programme profile. Media economists have called this new approach ‘narrowcasting’, in contrast to traditional ‘broadcasting’ (see e.g. Waterman 1986 and 1992), but in terms of the structure-within-industry theory, the companies that count on targeting and focusing as their competitive strategy compose a distinct strategic group which clearly differs from the leader group.

However, there is reason to claim that the division is even more complicated. Indeed, the broadcasting industry is not only divided into generalists at the core and specialists on the periphery, but into (1) national generalists such as national broadcasting institutions and major national commercial stations, (2) national specialists such as nationally or locally programmed cable stations, and (3) international players which may be either generalists or specialists supplying internationally marketed channels such as Eurosport, Canal+, MTV Europe, etc. The most popular TV channels in each country are typically national by ownership while, as media firms, their operators are usually strong in their national context only. At the same time, many of the specialised channels, distributed via satellite and cable, are operated by multinational or international media conglomerates that have a generalist repertoire although the channels they provide are strictly focused and narrowly targeted.

This development also tends to make the flow model and editorial model converge. While the broadcasters could earlier count on an automatic viewer loyalty, characteristic of a flow model, the certainties have now eroded. As a result of audience preferences having become fragmented and audience choices having become more unpredictable (see e.g. Ang 1991, 1996), the broadcasting industry has turned towards an editorial model of operation characterised by a need to continuously target, grab and seduce audiences. Citing Wolton’s (1992) illustrative distinction, a ‘policy of supply’, typical of the traditional flow logic of broadcasting, has given way to a ‘policy of demand’, characteristic of the editorial logic, based on ‘tailored’ products.

Typically, the major TV stations in every country, whether public or commercial, still operate as generalists aiming at product differentiation within the framework of a wide range of programming and a considerably broad programme
From Companions to Competitors

**FIGURE 4.2 Generalists v. specialists: major differences**

<table>
<thead>
<tr>
<th>PRODUCTION FACTORS:</th>
<th>GENERALISTS</th>
<th>SPECIALISTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>The product</td>
<td>'Public' TV channels</td>
<td>Semi-'public' TV channels</td>
</tr>
<tr>
<td>Industry structure</td>
<td>Monopoly/oligopoly</td>
<td>Monopolistic competition</td>
</tr>
<tr>
<td>Barriers to entry</td>
<td>Very high</td>
<td>Fairly high</td>
</tr>
<tr>
<td>Product differentiation</td>
<td>A wide range of broad-appeal programmes</td>
<td>A wide choice of narrow-appeal programmes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DISTRIBUTION FACTORS:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Geographic market</td>
<td>Usually nation state fees or commercials</td>
<td>International/regional/ national/local</td>
</tr>
<tr>
<td>Revenue</td>
<td>Licence fee or advertising</td>
<td>Subscription, sponsorship or advertising</td>
</tr>
<tr>
<td>Distribution costs (per user)</td>
<td>Low</td>
<td>Fairly high but becoming cheaper</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CONSUMPTION FACTORS:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>The number of consumers</td>
<td>Millions</td>
<td>From thousands to millions</td>
</tr>
<tr>
<td>Consumer segmentation</td>
<td>Low but growing</td>
<td>High</td>
</tr>
</tbody>
</table>

appeal. In contrast, satellite or cable channels (pay channels in particular), whether international, national or local, count on focusing with their thematic programming and narrow programme appeal, thus coming closer to the editorial logic. Whereas television broadcasting was traditionally characterised by a monopoly or oligopoly of one or a few broadcasters in the market, the emerged multiplication of broadcasters, channels, and transmission, as well as programme sources, is developing towards a monopolistic competition between major broadcasters. Whereas traditional generalist broadcasting provides a public good, equally available to all, a good proportion of the new services are semi-public commodities produced for sale (cf. Murdock 1992: 37). Differences between generalist and specialist stations are illustrated in Figure 4.2.

An analysis of the industry structure in broadcasting suggests that the structure itself is partly a result of industry logics, stemming from product-based characteristics of television, but partly an outcome of changes in the marketplace of broadcasting. Similarly to industry logics, industry structure also intervenes between
the multiple market requirements and broadcasters’ decision-making. Industry structure distributes market demand among broadcasters, not by sharing it uniformly and equally, however, but rather by transmitting different kinds of demands to different kinds of broadcasters. Thus, if industry logics reflect ‘compelling’ imperatives that constrain adaptation to multiple market demand, industry structure represents an ‘optional’ choice of adaptation strategy by a broadcaster itself.

Strategies of competition. - The competition which has emerged in broadcasting has resulted in a number of strategies designed to gain advantage over the competitors. Based on Porter’s (1980: 34-41; see also Porter 1985) presentation, four main strategies of competition can be discerned: (1) overall cost leadership, (2) differentiation, (3) focusing based on cost leadership and (4) focusing based on differentiation. However, all of them are not typically implemented in broadcasting. Certain strategic choices are also more typical of the generalist group while others better match the specialist approach.

Overall cost leadership is perhaps not the best strategy if the broadcaster’s purpose is either to provide quality programmes with high production values or to create a market-leading TV channel with high viewing figures. Cost leadership requires aggressive utilisation of scale economies and tight cost and overhead control (Porter 1980: 35), both methods which are useful only to some extent in media industries. Because stations often wish to give an impression of originality and creativeness, at least momentarily, there will always be an element of ‘consipicous consumption’ in broadcasting: each channel needs its ‘flagship’ programmes, providing the best money can buy.

On the other hand, as broadcasting hours are constantly increasing and the majority of broadcasts are scheduled outside prime time, stagnating licence-fee income or advertising revenue collected from these periphery slots do not necessarily cover programming costs. This has forced broadcasters to consider ways of cutting down the costs. As was explained above, this has taken place by substituting series for single programmes, by introducing cheaper programme formats, by externalising productions, by increasing purchases of foreign programmes in bulk, and also by spreading costs of production through co-productions, syndication, etc. In this way cost leadership has gained new importance in the broadcasting industry.

The second generic strategy is one of differentiating the product or service of the firm by creating something that is perceived industry-wide as being unique (Porter 1980: 37). In broadcasting this may be manifested as a specific programming profile of a channel, such as a wide range of quality entertainment or a ‘full service’ in all
major programme categories. Another method is aggressive promotion of top products of the channel. Differentiation, a costly strategy, is particularly characteristic of the film industry. In Hollywood the so-called blockbusters are considered a basic standard of film production, which is explained by the fact that there is a strong correspondence between the production costs and the box-office success of the film (e.g. Izod 1988; Soramäki 1990b). Due to high costs, differentiation may also be a risky strategy, resulting in megaflops (e.g. Lewis 1986).

Focusing refers to a strategy in which a firm focuses on a particular buyer group, segment of the product line, or geographic market (Porter 1980: 38-39). It restricts and redefines the competitive field, aiming at serving a narrow strategic target more efficiently than competitors who are competing more broadly. Focusing can be based either on cost leadership or differentiation. In broadcasting, the first type means supplying ‘cheapies’ for a particular audience segment. This may occur, for example, in local TV stations or cable channels. The second type is more typical. It refers to a specialisation in a narrow range of programmes that in itself may be of high quality and represent high production values. This occurs in thematic TV channels, typically distributed continent-wide by satellites, because often, specialised narrowcasting channels become viable only by extending their geographical reception area.

Due to the high fixed costs of programmes, large and relatively undifferentiated audiences are, naturally, cheaper to produce, per unit, than are smaller and more specialised ones (Owen and Wildman 1992: 207). However, if large audiences are already oversupplied by broadly profiled channels, a narrower approach may be worth trying, particularly if the targeted segment is regarded as more valuable than the average.

In general it is clear that uniqueness plays a central role in all cultural industries. As Barwise and Ehrenberg (1988: 102) conclude,

Making watchable television is very expensive. Although there are ways of spreading costs somewhat, [...] the nature of television program-making is such that no dramatic gains in productivity or efficiency appear feasible. - Automation and high technology will not reduce costs but will, if anything, lead to more ambitious and costly programming. This is determined by market demand.

The success lies in the struggle over introducing and exploiting new programming strategies, new programme formats and new top programme titles. This suggests that, in broadcasting, competitive advantage is primarily gained (1) by means of differentiation addressed to a general audience, or (2) by means of focusing on a
FIGURE 4.3 Four generic strategies of competition

<table>
<thead>
<tr>
<th>STRATEGIC TARGET</th>
<th>DIMENSIONS OF COMPETITION</th>
<th>COMPETITIVE ADVANTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry-wide</td>
<td>Low cost position</td>
<td>Uniqueness perceived by the customer</td>
</tr>
<tr>
<td>Particular segment only</td>
<td>Overall cost leadership</td>
<td>Differentiation</td>
</tr>
<tr>
<td></td>
<td>Focusing based on low cost position</td>
<td>Focusing based on differentiation</td>
</tr>
</tbody>
</table>

narrow audience segment. The first strategy is, by definition, characteristic of the generalists at the industry core, while the second is more typical of specialists on the fringe. - The differences between the four competitive strategies are illustrated in Figure 4.3, inspired by Porter (1980: 39; see also Porter 1985).

4.5 Summary

1 Television broadcasting is constrained by specific industry logics which stem from product-based characteristics of television ‘good’ and which result in a ‘flow model’ of television production, distribution and consumption.

2 The specific characteristics of television as a public good set pressures to reach the largest audience for each product. They also tend constantly to drive up the costs of programme production.

3 Public policy regulation, together with the interplay of economies of scale and scope, traditionally favoured an industry structure where only a monopoly or an oligopoly sector was viable.

4 During the last two decades, a new structure of industry has emerged comprised of national generalists, national specialists and transnationally operating players, either generalists or specialists.

5 Generalism and specialism are alternative strategies for adapting to multiple market demands.

6 In broadcasting, competitive advantage is primarily gained by means of
differentiation addressed to a general audience, or by means of focusing on a narrow audience segment. The first strategy is characteristic of the generalists at the industry core, while the second is more typical of specialists on the fringe.
5 Institutional Constraints of Television Broadcasting

5.1 Public Service v. Commercial Model

Public service broadcasting provided a ‘paradigmatic’ model for television broadcasting in Western Europe for decades. Historically, PSB organisations occupied dominant, if not monopoly, positions in a number of European countries. However, during the last two decades other models of broadcasting have gained ground, resulting in a dual order characterised by a competition between public service and private, commercial broadcasters. Whether a broadcaster applies a public-service or commercial philosophy, determines in many ways, first, its adaptation strategies in the multiple markets, including its programming policy, and, second, its programme output.

Companies within the broadcasting industry can be classified according to several criteria, but in this study four factors are considered fundamental. First, in terms of ownership broadcasters are either publicly or privately (or, sometimes, jointly) owned. Second, TV channels are financed either by licence fee, advertising or subscription. Third, as to privileges, broadcasters either have been granted privileges, such as licence-fee or advertising monopolies, or not. Fourth, channels differ from each other in terms of obligations discharged. It is possible to add a fifth factor here, too, that of distribution technology. While traditional broadcasting channels are delivered to the audience terrestrially over the air, most of the new channels use cable or satellite transmission or a combination of the two.

While a public-service broadcaster is typically publicly owned, licence-fee-financed, favoured with a privileged status but, at the same time, charged with strictly formulated duties towards the society, its commercial rivals are usually privately owned, advertising-financed and constrained by neither privileges nor social obligations. However, there also exists ‘hybrid’ models of broadcasting organisation, combining social obligations, defined in broadcasting acts or operating licences, and commerciality in terms of ownership and financing.

This chapter introduces the basics of the three ‘paradigms’ of television broadcasting and suggests that institutional organisation sets a major constraint on broadcasting, while it shapes the conduct, or adaptation options at a broadcaster’s disposal. The chapter also discusses how the process typically named as ‘deregulation’ influences the balance of power between these models.
5.2 Broadcasting as a Public Service

A European model for broadcasting. - As a model for television, public service broadcasting was an organisational arrangement derived from radio, where national public broadcasters were established in the 1920s or 1930s. The model was typical of Europe in particular and was developed under the rationale of administering scarcity. In contrast to the ‘United States model’ of broadcasting, comprised predominantly of commercially financed and privately owned organisations, European radio organisations were characterised by non-commercialism, public funding and state ownership (see e.g. Brown 1996).

Thus, the genuine core of public service ideology, already formulated in the 1920s, appears to have included at least the following elements (see e.g. Curran and Seaton 1991; Scannell 1990): (1) As airwaves were a scarce public utility, they should be used in the public interest and as a national service available to all. (2) Radio should be run as a monopoly licensed and controlled by the government but, at the same time, at arm’s length from it, under the strict control of impartiality. (3) Broadcasting should also be freed from commercial pressures and, instead of advertising, be financed by a flat-rate annual licence fee. (4) Public broadcasting should maintain high standards and promote culture, morality and education as well as national and social unity.

Television broadcasts, initiated in Western European countries during the late 1940s and the 1950s, were regarded as an extension of radio and, hence, became the responsibility of national radio broadcasting institutions. As a result, ‘public service’ provided a general paradigm applied by almost the whole of Western Europe, but which, at the same time, allowed considerable national differences, reflecting the political, economic and cultural arrangements of each state. Typical of the PSBs, they were national institutions operating in a national context, with the result that broadcasting systems were shaped by factors like market size, sociopolitical structure, policy style, cultural and language characteristics, etc.

Development of the concept. - Historically, the concept of ‘public service’ came to be associated with a set of ad hoc practical arrangements concerning broadcasting. Many organisational arrangements resulted from practical, not ideological reasoning. On the other hand, the phrase ‘public service broadcasting’ was hardly common currency until public broadcasters were challenged in the 1980s and started to use it for ideological purposes of self-legitimacy (Curran and Seaton 1991; Seymour-Ure 1991; Syvertsen 1990).

In Britain, perhaps more explicitly than elsewhere in Western Europe,
broadcasting was given a specific definition of a public utility and a provision of a universal public service. As Scannell (1990) suggests, the development of the doctrine can best be traced through the definitions given by successive committees on broadcasting. For example, the Sykes Report, in 1923, argued that broadcasting was ‘a medium for the performance of a valuable public service’, whereas the Crawford Committee, in 1926, suggested that the duties and status of the BBC ‘should correspond with those of a public service’. The Beveridge Report, in 1950, made a comparison to universities, suggesting that ‘the work of broadcasting should be regarded as a public service for a social purpose’. (As cited by Curran and Seaton 1991: 296-297).

Since the 1920s the European societies and broadcasting, too, have changed a lot. Britain is a good example of these changes, as competition in television was introduced as early as 1954, thus anticipating the present ‘dual order’ of Western European broadcasting. The British duopoly helped to overcome prejudice against privately owned television in other countries, too, as ITV was from the beginning regarded as ‘an extension of public service broadcasting’ (Scannell 1990: 10). More profound were the breaks in public-service tradition pursued by the Annan Committee in 1977 and the Peacock Committee nine years later. The Annan Committee introduced a new definition of public service based on pluralism instead of unity (resulting in the establishment of the ‘minority-oriented’ Channel 4 in 1980), while the Peacock Committee completely shifted the grounds of discussion by applying a stringent economic reasoning to broadcasting, instead of the political, cultural or social approach.

The principles of the mature PSB orthodoxy were perhaps best summarised in Britain by the Broadcasting Research Unit (BRU), which submitted its own exposition of public-service principles to the Peacock Committee in 1985. BRU enumerated no less than eight principles as embodying the idea of public service: (1) geographic universality; (2) catering for all interests and tastes; (3) catering for minorities; (4) concern for national identity and community; (5) detachment from vested interests and government; (6) providing one broadcasting system to be directly funded by the corpus of users; (7) competition for good programming rather than for numbers; and (8) supplying guidelines to liberate programme makers and not to restrict them (BRU 1985).

Based on a cross-national survey of eight Western European countries, Blumler (1992b) has distinguished six dimensions of public-service legacy. (1) His first criterion is an ‘ethic of comprehensiveness’, referring to omnibus services supplying education, information and entertainment, providing a universal service for the whole public. (2) Second, public broadcasters were typically granted broadly
worded and ‘generalised mandates’, affording much flexibility of interpretation. In most countries supervision of broadcaster’s activities were entrusted to politically appointed boards. (3) The third criterion is ‘diversity, pluralism and range’, which refers to diverse programming at several levels: in the multiplicity of audience types served; in terms of programme types supplied; and in respect of responsiveness to society. (4) Fourth, the public broadcasters have had a ‘cultural vocation’, or a requirement to cater for national identity, culture and community. (5) Blumler’s fifth criterion points to the fact that public broadcasters are highly ‘politicised organisations’ which have tended to have a close relationship with the political realm. (6) Sixth, European PSBs are characterised by ‘non-commercialism’. Although advertising revenue was accepted by many broadcasters, until the advent of private television there was no competition for advertising support. Placement of commercials was subject to strict controls, too.

It is not difficult to notice the similarity of the modernised principles of the 1980s and the genuine principles of the 1920s, but there are also certain differences. Basically, the idea of social and cultural pluralism (catering for all interests and tastes, catering for minorities) appears to constitute the most recent layer in the set of principles, while the earlier layer is composed of universality and comprehensiveness, independence and impartiality, non-commercialism, cultural vocation, and quality principle.

Although the definitions by Blumler (1992b) and BRU (1985) illustrate the public-service provision well,15 I use in the following a more simplified framework presented by Syvertsen (1992b: 81-101), who suggests that the fundamental characteristics of any public broadcaster can be analysed along three dimensions. What is common to the PSBs, according to her, is that they are (1) regulated and controlled - often also owned - publicly; (2) they are granted a set of privileges; and (3) they are constrained by several obligations towards the society. I will discuss each of these points briefly.

Political control and regulation. - First, as to regulation and control, public-service broadcasting was expected to remain ‘at arm’s length’ from the government and commercial interests alike but, as the authority of broadcasting came from the state, ‘it was to the state that the institutions in the last instance were accountable’, as Syvertsen (1992b: 82) has put it.

Historically, the original rationale for government intervention to regulate

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15An important difference between the definitions by Blumler and BRU, however, is that while Blumler’s model is more descriptive, the BRU definition tends to be normative.
broadcasting was threefold (Humphreys 1996; cf. Brown 1996). In purely technical terms, the wavelength scarcity forced the governments to take the responsibility for allocation of frequencies and licensing of broadcasting.\textsuperscript{16} In economic terms, once monopoly was granted, public regulation was needed to safeguard against abuses of dominance and to ensure the quality of the services.\textsuperscript{17} Finally, as broadcasting was considered a powerful medium having the capacity to focus public attention and create popular opinion, there were also political, social and cultural reasons that made governments favour regulated broadcasting monopolies as ‘trustees for the national interest’, as the Crawford Committee defined it in Britain in 1926 (cit. in Curran and Seaton 1991: 299). It is no wonder that public ownership of the national broadcasting institution provided a common solution.

The states maintained several fundamental elements of control over broadcasters. It was not only that they controlled the allocation of radio spectrum but they also appointed the controllers. In Britain’s BBC, the supervising body is called the Board of Governors, nominated by the Post-Master General and appointed by the Monarch in Council, while in Finland YLE is governed by an Administrative Council\textsuperscript{18} appointed by parliament. Typically, the controlling body also selects the director general, sometimes other chief executives too, of a national broadcasting institution. Another control measure in politicians’ hands is financial. They determine the level of the licence fee, thus wielding great power over the operational prerequisites of broadcasters. Sometimes the governments have even tried to control the content of messages although, in principle, national PSBs were usually granted a full editorial independence.

According to a typology suggested by Picard (1989: 97-102), there exists three types of government intervention in media: (1) technical regulation, which occurs in the setting of technical standards and in the assignment of electromagnetic frequencies; (2) structural regulation, which occurs in the granting of broadcast

\textsuperscript{16}For example, according to Scannell (1990: 14-15; see also Scannell and Cardiff 1991: 8), the Post Office, as the official administrator of the airwaves, found it easier for administrative convenience to deal with one licensee only. This resulted in a monopoly given to the British Broadcasting Company, instead of several entrepreneurs operating locally.

\textsuperscript{17}Even the very idea of a licence fee was based on this economic rationale. For example, in Britain the licence fee was introduced instead of advertising because it was believed that time devoted to advertisements would be too valuable and would thus favour large firms (Curran and Seaton 1991: 133). It is also obvious that the Post Office foresaw in licence fees an opportunity of increasing its revenues (Scannell and Cardiff 1991: 5-6).

\textsuperscript{18}In Finnish: ‘hallintoneuvosto’.
From Companions to Competitors

licenses, in the control of cross-ownership, etc.; and (3) *behavioural regulation*, which refers to acceptable practices of broadcasting, including regulation of contents, restrictions on advertising, etc. Two further types of government intervention must be added in order to describe the European public-service arrangement: (4) *political regulation*, which occurs when governments nominate administrative boards and top executives to broadcasting institutions, and (5) *financial regulation* occurring when politically appointed bodies determine the level of the licence fee.

As remarked above in Chapter 3, being ultimately creatures of the state, public broadcasting institutions are particularly constrained by the political market, i.e. they must pay close attention to the political climate within parliament, government, political parties, broadcasting committees, etc. because, in addition to their direct controlling and regulatory power, the politicians also determine the general media policy that changes the rules of the game, or privileges granted.

*The privileges of monopoly and licence fee.* - Privileges granted to public broadcasters were originally two (Syvertsen 1992b). Most importantly, they had an *exclusive right to broadcast*. National broadcasting institutions were monopolies. In Sweden, Norway and Denmark, for example, broadcasting legislation stipulated that a national broadcasting institution had the exclusive right to establish and operate stations and transmission networks, whereas in others the stipulation was less strict, including no monopoly clause. For example, in Finland YLE was granted its monopoly status through a *protectionist licensing policy* which the government was applying, not because of the law (Kastari 1960; Jyränki 1969).

Another privilege was the *licence fee*, 'a secure and independent source of revenue' (Syvertsen 1992b: 91). The licence fee, linked with monopoly, guaranteed that there was no competition for the same source of finance, thus appearing to solve the problem of funding. On the other hand, a licence fee, paid by the viewers, was feasible, as it appeared to safeguard the autonomy of the broadcaster while operating, simultaneously, as a buffer against the market as well as government pressures.

*Universal service to all.* - Finally, as to *obligations* discharged by the PSBs, at least the following should be mentioned (cf. Blumler 1992b; Syvertsen 1992b): In terms of technical opportunities for receiving, public service was expected to provide a *universal service to all*, regardless of geography, wealth, etc. In terms of programming, public service was expected to provide a *comprehensive and balanced output*, or a *mix of information, education and entertainment*, as the
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formula is typically put, to appeal to all groups and interests of the audience. In terms of cultural, social and political representation, its programming should be balanced, reflecting the society at large. Finally, PSBs had traditionally a national or cultural vocation, too, or a requirement to cater for national identity, culture and community. - Obligations as reflected in programming policy will be dealt with in more detail in Chapter 13.

Public broadcasting in crisis. - The common belief in many countries in the late 1980s was that the Good Old Days of public service broadcasting were definitely over. Earlier, their privileged status and their obligations to the politically determined and protected programming policy helped the public broadcasters to escape audience demand and organisational reforms, but as the technological leap and the change of ideological climate lowered entry barriers to the industry, criticism aimed at public broadcasters gained strength. While the PSBs were in the 1960s and 1970s often criticised for political biases - both by the Left and the Right - the new criticism originated in the marketplace approach that stood for a liberalisation and commercialisation of broadcasting.

In the view of the marketplace approach, the PSB had four main deficiencies. First, it was unresponsive to popular demand because it was dominated by a small elite of governors, editors and journalists. Second, it claimed that the PSBs were vulnerable to government pressure because they were 'trustees' enjoying state-sponsored privileges. Third, the PSBs cost too much because public monopolies - as it was argued - have a tendency to overinvest and are a natural victim of trade union exploitation. The fourth argument was that, due to their privileged economic status, the PSBs distort competition.

Whether this criticism was right or wrong is not relevant in this connection. What is important is that, due to the change in the climate, the PSBs were now forced to seek legitimacy from the viewers, develop new forms of accountability to the public, relax their attitudes against new entrants, increase efficiency of their operations, etc. (see e.g. Achille and Miège 1994; Brown 1996; Hultén and Brants

19Perhaps the most thoroughly argued criticism was offered in Britain. At a governmental forum the marketplace approach was promoted by the Peacock Committee, although its recommendations compromised between the ideas of 'free market' and 'social market' (see Peacock Report 1986). Other central market protagonists included the Financial Times assistant editor, Samuel Brittan (see Brittan 1987 and 1989), the research director of the Institute for Economic Affairs, Cento Veljanovski (see Veljanovski 1989 and 1990), and the President of the News International, Rupert Murdoch (see Murdoch 1989). The British free-marketeers were also well informed on the liberalist 'freedom of information' arguments presented in the US policy debates of the early 1980s (see e.g. Fowler and Brenner 1982).
From Companions to Competitors

1992; Humphreys 1996). This re-orientation also left its marks on programming policy and programme output, as will be discussed in Chapters 13 and 16 below. The major outcome at the industry structure level was that in most Western European countries the broadcasting industry was radically liberalised, re-regulated, and commercialised.

Nevertheless, the truth remains that, in most Western European countries, national public broadcasting institutions still share the characteristics described above. They are still regulated and controlled by governments and parliaments. In spite of liberalisation of the market, public broadcasters are still favoured by considerable privileges, thus protecting them from the full force of marketisation. The licence fee still provides a major source of revenue for public broadcasters with few exceptions. These national institutions are still constrained by special requirements and obligations towards the public and the nation. And, finally, they still play a prominent role in broadcasting in their national settings.

5.3 Broadcasting as a Commercial Enterprise

An American model for broadcasting. - The commercial organisation of television broadcasting is sometimes referred as the ‘American model’ (e.g. Brown 1996; Comstock 1989). In historical terms this interpretation can be justified, as it was in the United States that radio broadcasting was first developed within a competitive framework with private, commercially funded, companies running the services. When television broadcasts started in the 1930s, the commercial model was applied to the organisation of television. Comstock (1989) presents three terms by which the American model can be described - nonpaternalism, entertainment and competition. These terms are also used here to illustrate the characteristics of commercial television in general.

However, what is unique in the American case is that almost all of its television has always been funded commercially from the outset, while in Western Europe advertising has come about only recently, but increasingly as a supplement and rival to the licence-fee funding. In 1995, advertising commanded a lion’s share of 47 percent of the total revenue of television in Europe, while licence fees accounted for

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20In 1995, Spain and Portugal were the only Western European countries which did not have licence fee. Spain’s national public broadcaster RTVE received some 73 per cent of its revenue from advertising. In 1996, the licence fee accounted for 62 per cent of the total income of the Western European public broadcasters. (Silvo 1997.)
only 28 percent (Silvo 1997; cf. European audiences and revenues 1996). \(^{21}\)

**Nonpaternalism and profit seeking.** - Although American television can be claimed to be a ‘creature of federal regulation’, as Comstock (1989: 14) has put it, and is in terms of technical standards and frequency allocation, market structure, and principles of behaviour regulated by the Federal Communications Commission (FCC), it is thoroughly nonpaternalistic by the standards of Western European public-service orthodoxy. This is due to the fact that the element of direct political regulation of broadcasters’ organisation and operations is missing.

The 1934 Communications Act already gave the priority to broadcasting conducted as a business deriving its income from the sale of time to advertisers while, at the same time, explicitly prohibiting the FCC from stipulating programme content. \(^{22}\) What determines the content is, pragmatically, popularity of programming. Decisions concerning programme production and scheduling are made based on economic calculation, or ‘what reaps a profit’ (Comstock 1989: 17).

This is true for all commercial television systems. To be profitable, the business strategy of a commercially financed broadcaster aims at exposing its products in as many different markets as possible and selling its programmes and channels to the largest possible audience. Thus, it is the economic motivation of a television station to maximise its long-range profits that is the driving force of commercial broadcasting, and in order to achieve this, commercial stations tend to object to any paternalist regulation that might restrict their profit-driven operations. Thus, commercial broadcasting is governed by its shareholders’ expectations, not by public policy regulations.

However, viability of programming in the market is not realised directly by consumer choice. As was described above in Chapter 4, the commercial broadcasters, with the exception of subscription channels, operate in a *dual market*.

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\(^{21}\) The figures are based on data compiled by the IDATE and the European Audiovisual Observatory. According to these figures, subscription television accounted for 13 percent of the industry revenue and connection charges by cable companies for 12 percent. - The figures compiled by the *Screen Digest* (see European audiences and revenue 1996) differ considerably from these figures. They exaggerate the share of licence fees, perhaps because they exclude several cable-only private channels and fail to separate revenues from radio broadcasting for countries where there is a single radio/TV licence.

\(^{22}\) Nevertheless, various requirements shape the programme content, such as the Fairness Doctrine, requiring full and balanced treatment of controversial issues, or the hostility to concentration of ownership, or the prime-time access rule which limited the number of prime-time hours that could be programmed by the networks. Several examples are provided by Cantor (1980), Comstock (1989) and Owen and Wildman (1992).
From Companions to Competitors

In the first place, they are in the ‘business of producing audiences’ (Owen and Wildman 1992: 3), selling the advertisers means of access to the public. Advertisers, for their part, are interested in both the size and composition of the audience. Because ‘demographics’ - i.e. sex, age, income composition, etc. - also play a role here, some audiences of a given size are more valuable than others. However, advertising time in the most popular programmes is generally the most expensive.

This explains the importance of audience ratings, expressed as a percentage of all television households in the country, and shares, expressed as a percentage of all households that are watching television during a particular hour. In commercial television, advertising rates are explicitly based on commonly shared ratings information. As Ang (1991: 27) observes, ‘[g]ood ratings results are the agreed-upon signifier of effective communication between advertiser and audience, and the commercial networks must try to achieve those good ratings results - that is, to maximize their audience - through shrewd and attractive programming’.

While attracting the popular market is a primary goal, it is of primary importance for a commercial broadcaster - whether a generalist or a specialist - to aim at the largest possible share of viewing within its target group, thereby maximising the price that advertisers will pay for access to the viewers. On the other hand, as Owen and Wildman (1992: 4) claim, a broadcaster cannot 'seek to obtain an indefinitely large audience regardless of the cost'. Programme expenditure must conform to advertising revenue, because the larger the difference between the two, the greater the profit.

**Competition within strategic groups.** - Today a TV station seldom has a geographical monopoly. Continuous competition is an essential element of a commercial television system. A commercial station must compete, each hour, for dominance with rival broadcasters. By using various strategies, each broadcaster's purpose is to gain competitive advantage, which, again, would help them to better control the multiple markets.

As was discussed above, the high fixed costs, scarcity of frequencies and public policy regulation have resulted in extremely high entry barriers in the broadcasting industry. For decades television broadcasting was dominated by a very few

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23Cable networks often operate as monopolies in their respective geographical markets. However, here monopoly concerns delivery only, not programme sources. In most cases the competitive advantage of cable networks lies in their ability to provide the widest possible choice of channels. They also have a must-carry obligation to provide national broadcast channels.
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‘trustees’, who were granted a licence, a scarce and valuable asset. New media technologies have torn many of the previous entry barriers down and invited new entrants to supplement the traditional industry core and, as a result, the European broadcasting industry can now be defined in terms of at least three strategic groups: national generalists, national specialists and transnational players.

Major commercial broadcasters in every geographic market typically operate within an oligopoly market structure composed of a relatively stable pattern in which a few firms share the market, know each other, and keep an eye on each other’s conduct. Although their products and channels are not highly differentiated, quality differences are promoted by means of marketing. In accordance with the theory of strategic groups (see Newman 1978; Porter 1979; see also Porter 1980: 126-155), discussed in Chapter 4, they resemble each other closely, they tend to have similar market shares and also to be affected by and respond similarly to external events. Firms belonging to a strategic group are highly interdependent due to similar market strategies. A particular strategic group will face rivalry from other groups too, but the most important struggles take place within the groups, not between them.

However, this is true only of industries with a simple map of strategic groups, i.e. industries with a clear market-leading core and a similarly clear follower group on the periphery, or industries in which the strategic groups are competing in distinctly different market segments. If strategic groups are numerous, if they are equal in size, if they are competing for the same customers, or if their products are substitutes, rivalry between the groups is an obvious outcome.

Typical of broadcasting in Western Europe is that the established core of the industry, i.e. national broadcasting institutions, pursued very different strategies than the later entrants, which were in many cases commercial stations. The latter were often forced to seek either uncovered content areas and specialised audience segments or to concentrate on the most popular programme genres in order to corner part of the market already being served by the established stations. Being unequal in size, incapable or unwilling to provide a similar breadth of expensive programming as the established broadcasters, most new stations were determined to create new strategic groups.

In terms of competitive strategies, as distinguished by Porter (1980 and 1985), the emerging commercial sector had three strategy options. (1) They could choose overall cost leadership, thus gaining competitive advantage by providing the maximum amount of programming at minimum price. This strategy of avoiding expensive programme genres and formats was widely applied by new commercial channels (see e.g. Lange and Renaud 1988; Richeri 1986; Sepstrup 1989). (2) The
new entrants could also select specialisation, either thematically or in terms of a
target group. This strategy was widely shared by satellite- delivered international
channels (see e.g. Lange and Renaud 1988; Humphreys 1996). (3) Commercial
broadcasters could also focus on low budget specialisation, which provided a
strategic basis for some cable channels.

However, some of the new stations have managed to overcome mobility barriers
and enter into the industry core, alongside established public broadcasters,
providing a comprehensive service covering a wide range of broad-appeal
programming.

*Emphasis on popular programming.* - A microeconomic analysis of television
suggests that commercial stations are subject to three biases: against programmes
that cater for minority interests, against expensive programmes, and in favour of
programmes that produce large audiences (Owen and Wildman 1992: 148).24
Although programming policies will be dealt with more thoroughly in Chapter 13,
a few words must be said about the implications for television content of the method
of financing.

According to Comstock (1989: 26), ‘[t]he consequence of the means by which
nonpaternalism has been achieved is television’s pervasive emphasis on
entertainment’. Because audience size and character determine the profit for the
broadcaster, the principle of popularity rules. Or, as Comstock (ibid.) puts it,
‘[p]opularity does not simply rule entertainment - it makes entertainment the
principal dimension of commercial television’.

Although audience studies clearly show that the audience is not an
undiscriminating crowd all watching the most popular fare, and that most viewers
choose a mixed diet of programmes of light entertainment, drama, films, sports,
news, features, etc. (e.g. Barwise and Ehrenberg 1988: 25-35), commercial TV
stations tend to favour the less demanding fare of light entertainment, light drama
and sports in their programming. The central reason for this appears to be the
broadcasters’ tendency to promote programmes which are watched with a higher
probability than certain other programmes. Because it takes more effort to watch a
demanding programme, a viewer has to enjoy it enough to justify this extra effort -
otherwise he switches to a more relaxing and entertaining programme. In other
words, the threshold to joining the viewership of an entertaining programme is
lower than that of a demanding one.

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24According to Owen and Wildman (1992: 148-149), this holds true for both advertiser-
supported and pay television.
As a norm, a commercial network considers that entertainment is a better bet than information when it comes to attracting an audience. And because, based on Barwise and Ehrenberg (1988: 54-55), in commercial television ‘[a]ny program that survives […] has to be easily watchable’, even programme categories that are more demanding by nature, such as documentaries, tend to become handled in such a way that minimum effort is needed.

5.4 Hybrid Models of Broadcasting

Another British model. - Like public-service broadcasting, the ‘hybrid’ model of television was also first developed in Britain. This took place in 1954, when a new broadcasting act introduced the Independent Broadcasting Authority (IBA), whose purpose was to authorise and control a network of regionally franchised commercial broadcasters, ITV, launched the following year. Unlike the licence-fee supported BBC, ITV was financed by advertising revenue but, at the same time, the act obliged it to ‘inform, educate and entertain’, in accordance with the same standards as the public-service BBC. Hence, this hybrid aimed at combining a commercial method of financing the service and strictly formulated regulation by public policy.\(^2\)

ITV was intended to create a service both complementary to and competitive with the BBC. This competition, however, was restricted to competition for audience, not revenue. It was thought that this would encourage innovation in programming while also ensuring a proper sensitivity to audience needs. Regulation and supervision by the IBA was justified as a means of guaranteeing that the influence of the advertisers on programme content was minimised.

Although it has been said that ITV changed the mood of broadcasting in Britain by developing new programme formats (Curran and Seaton 1991: 198-201), it also inherited many traditions of the BBC. From the very beginning Britain’s hybrid ITV was, as Scannell (1990: 18) observes, ‘an extension of public service broadcasting, not an alternative’ - or an enemy, one could add. The dual model of broadcasting introduced in Britain was a remarkable invention, as it showed that ‘private ownership could be reconciled with public-service broadcasting by regulatory means’ (Humphreys 1996: 128). A further extension of public service by means of a hybrid organisation was provided by Channel 4, created in 1981 to complement ITV’s service and to innovate in the form and content of programmes and to cater

\(^2\)On the founding of ITV, see e.g. Curran and Seaton (1991) and Seymour-Ure (1991).
From Companions to Competitors

for interests of minorities in particular.

Being a mid-way application of the two basic paradigms of broadcasting, hybrid stations need to balance between the regulatory restrictions imposed by public policy and the temptations of profit and popularity. The stricter the obligations and the more efficient the sanctions, the more a hybrid model resembles the public service broadcasting institutions. The less responsibilities and the less strictly they are sanctioned, the more obviously a hybrid organisation tends to give way to profit seeking and attend to their privileges rather than obligations (see e.g. Syvertsen 1996).

The variants of commercialism. - What actually constitutes a hybrid channel? What are the characteristics that define it as being distinctly different from both public service and genuinely commercial channels?

Denis McQuail (1986: 155-157) has suggested that commercialism in broadcasting can be analysed in terms of a continuum ranging from a 'strongest' to a 'weakest' version of commercialisation. Starting at the 'strong' end of the typology, there exists, first, a system financed entirely by private capital, receiving income only from advertising or sponsorship, run as a business and without any close public regulation of content. A second, and much weaker, commercial model is represented by a privately financed enterprise run within a framework of public regulation as a part of a wider system. As a third variant, McQuail cites subscription television, with viewers paying directly for the service. A fourth model is that of public service broadcasting, partly advertising-supported. The fifth and weakest version of commercialisation does not involve advertising or private financing but is manifested as a dilution of informational and cultural content by the public broadcasters.

In terms of McQuail's typology, variants two and four might refer to what I mean here by the hybrid model of broadcasting, whereas the first and third variants both come closer to a genuinely commercial system. The fifth variant - 'indirect commercialism', as it is called by the author (op.cit.: 156) - is an internal property of a PSB institution, not a factor that describes differences between the paradigmatic models of broadcasting.

Distinctions between the models can also be illustrated by using the four factors suggested by Syvertsen (1997: 16): ownership, financing, privileges granted, and obligations stipulated. By cross-tabulating these factors, as presented in Figure 5.1, distinct characteristics of the public service, the commercial and the hybrid models of broadcasting can be summarised. The figure shows that genuine public service broadcasting (PSB) involves public ownership and financing by licence fee while
FIGURE 5.1 The paradigmatic models of broadcasting

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<td>Advertising/subscription</td>
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<td>Advertising/subscription</td>
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being constrained by obligations and favoured by certain privileges (of which licence fee is one, by definition). Similarly, genuinely commercial broadcasting (PCB) involves private ownership combined with financing based on advertising or subscription. A commercial broadcaster may enjoy certain privileges, but if no obligations towards society are stipulated it cannot be assigned to the hybrid variant. Hence, the hybrid model consists of cases where the broadcaster is owned either publicly or privately, but is commercially funded and constrained with obligations concerning programming. Question marks indicate logically impossible or empirically improbable cases.

Recent hybrid arrangements: the Nordic countries. - Finland was, in fact, the first to follow Britain in launching a hybrid television organisation. The arrangement, however, was original, as it did not open a separate commercially funded TV channel but only one (followed by another in 1964 and a third in 1986) national channel which was shared by the public-service YLE and its collaborator, the privately owned MTV Finland. MTV’s purpose was to take part in the financing of the service, as it was believed that the licence fee alone could not cover the cost of programming. The company was supervised by the YLE Administrative Board and formally obliged to conform to programme regulation similar to that applying to YLE.

Although commercial broadcasters have, since 1993, operated their own separate commercial channels, they still take part in the financing of the public broadcasting
company by supporting it with an annual concession fee, and they are regulated by operating licences that deeply involve them in operating as a part of the overall public-service television system. These Finnish arrangements will be discussed in more detail in Part II of the study.

Towards the end of the 1980s the other Nordic countries also prepared their decisions to launch new national television services. In all cases the result was a domestically owned commercial broadcaster which was, by regulations or agreement, set to fulfill certain obligations towards society. The Danish version of this model was the publicly owned but advertising-sponsored TV2, launched in 1988, (see e.g. Jauert and Prehn 1997; Søndergaard 1996), whereas in Norway the licence for its TV2 was granted in 1991 to a private company jointly owned by two media companies, the Norwegian Schibsted and the Danish Egmont (see e.g. Bastiansen and Syvertsen 1996; Østbye 1997; Syvertsen 1997). Sweden got its hybrid broadcaster when TV4, a channel programmed by Nordisk Television and jointly owned by MTG-Kinnevik and the Wallenberg family, won the competition for the licence (see e.g. Hultén 1996a; Weibull and Gustafsson 1997).

Although the Nordic hybrid channels were launched as a complement to and a part of the public-service system, each of these channels has a distinctly defined status, which allows considerable differences between them. All of them are advertising-supported, but Denmark's TV2, being state-owned, is also entitled to receive part of its revenue from licence fees. Sweden's TV4 is obliged to pay a yearly concession fee to the state, whereas Finland's MTV3 pays an annual fee directly to the public-service YLE. As to programming provision, the regulations appear to be less strict in Norway and Finland than in Sweden and Denmark (Hellman and Sauri 1997).

Whether the hybrid model should also include those traditional PSB institutions which are allowed to sell advertising time - such as Germany's ARD, France's A2, Italy's RAI, or Spain's RTVE - is a matter of definition. In McQuail's typology these broadcasters display the second-weakest form of commercialisation and should, by definition, be included (cf. also Figure 5.1). However, except for Spain's RTVE, these national broadcasting institutions receive only a minority share of their revenue from advertising, the licence fee still providing for the majority of their subsistence. This criterion justifies their categorisation into the PSB group rather than the hybrid group.

Why a hybrid organisation? There exists several rationales by which hybrid arrangements of television have been justified in various countries. However, there appears to be one common rationale that played a central role in all cases. It was
believed that through regulation by the state and the incorporation of the commercially financed broadcaster into a wider system, some of the undesired effects of commercialism could be avoided while, at the same time, improved service, increased choice, competition, free market, or other virtues could be promoted. The hybrid model of broadcasting struck a compromise between the commercial and public service models by preserving, it was hoped, some of the advantages of both while eliminating some of the disadvantages.

Of the specific arguments used to support a hybrid arrangement, one must mention the economic rationale. This was typical of the British as well as the Finnish case (see e.g. Curran and Seaton 1991: 189-198; Salokangas 1996a: 109-115). Due to the high fixed costs of programming, commercialisation of financing turned out to be the only possible way to extend - or, as in Finland, to launch - a television service.

Particularly in the Nordic countries interests of national industrial policy as well as cultural policy have dominated the debate. First, by granting new broadcasting licences to domestic firms, the aim was ‘to make sure that domestic interests were the main winners from commercialisation’ (Humphreys 1996: 189). This involved an effort to support indigenous entrepreneurship and activate independent programme production. At the same time, this variant of liberalisation appeared to serve as a national cultural defense against international satellite channels (Hultén 1996a).

Both arguments were widely used, for example, in Norway, where the industrial and cultural rationales, originally offered as separate justifications, ‘soon fused in a general concern for the Norwegianness’ (Syvertsen 1997: 29; emphasis omitted). It also appears that both purposes of hybrid organisations were met in the Nordic countries: the new arrangements contributed to the birth and establishment of independent production companies, the new channels themselves have turned out to be successful, and in terms of audience figures, national terrestrial channels have managed to maintain their undisputed dominance.26

5.5 Re-regulation - the Newest Orthodoxy?

The rationale for deregulation. - The traditional ‘public service orthodoxy’ declared that citizens needs are best served by a universal broadcasting service supplied by

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26Data on the status and success of the Nordic hybrid channels is presented e.g. by Carlsson and Harrie (1997).
From Companions to Competitors

a public organisation free from the market but licensed and regulated by the state. The new ‘free-market orthodoxy’ of the 1980s claimed the opposite: it wished to free broadcasting from all state regulation, put it in the hands of private commercial enterprises, and create a genuine consumer market in broadcasting, following a pattern typical of printed media. While the classic public-service ideology was based on ideas of audience-as-citizens, comprehensive programme supply and high non-trade entry barriers, the catchwords of the new neo-liberal philosophy of deregulation were ‘consumer sovereignty’, ‘freedom of choice’ and ‘freedom of entry’. How did the deregulatory tendencies of the 1980s affect the balance of power between the paradigmatic models of broadcasting?

The main argument of the free-market approach can be summarised as follows: As technological constraints no longer necessitate licensing and government regulation of broadcasting, then ideals of public interest, consumer sovereignty, efficiency of operation and diversity of supply can be best served by a competitive market with an unlimited rivalry between private enterprises, constrained by minimal legal barriers only. It is the market, according to this rationale, that is the best discovery mechanism and a self-policing system of control that maximises the advantages and minimises the disadvantages of a broadcasting service. The rationale for deregulation, therefore, derived from the commercial paradigm of broadcasting. It suggested that the values of private enterprise in devising and redirecting the broadcasting system would generate the greatest freedom of expression and consumption of ideas and information, and result in the most efficient market of broadcasting.

The ‘free-market orthodoxy’ would have been less successful if the interest coalition supporting it had not been so strong. Among the ‘free-marketeers’ were, as Humphreys (1996: 176) lists them, various players: the electronics industry wishing to exploit the markets for new pay-TV decoders, satellite reception equipment, etc.; satellite and cable television lobbies pushing for freedom to launch commercial services; newspaper publishers in many countries diversifying their businesses; advertisers seeking to gain new outlets; national telecoms authorities...

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27See e.g. the British Peacock Committee’s statement: ‘British broadcasting should move towards a sophisticated market system based on consumer sovereignty. That is a system that recognizes that viewers and listeners are the best ultimate judges of their own interest, which they can best satisfy if they have the option of purchasing the broadcasting services they require from as many alternative sources of supply as possible.’ (Peacock Report 1986: para 592.)

wishing to diffuse new media technologies and maintain their dominant market positions. Also national governments in many countries favoured deregulation of the broadcasting market because they saw in it an opportunity to promote the economy and attract investors. In particular, parties of the political Right in several countries pursued neo-liberal policies promoting business interests. In Europe, free-market ideology was also a major issue at the EU level, as the European Commission was advocating liberalisation of European markets.

Indeed, since spectrum scarcity was relieved, technology as such provided no justification for strict regulations. Coupled with economic and ideological interests to liberalise broadcasting structure, this resulted in a ‘long revolution’ of television broadcasting structures and broadcasting policy all over Europe, resulting in a manifold increase in programme supply, redistribution of audience market shares, and a re-evaluation and redistribution of sources of funding the broadcasting services. At the same time, governments deregulated broadcasting considerably or, at least, reduced the rigidity of regulation. Indeed, the change appeared to destabilise the established structure of the industry and forced the public-service model to take up a defensive position.

**Deregulation or re-regulation?** - An interesting aspect in the debate on the recent organisational and regulatory revolution is what it should be called. It has been conceptually captured with notions like ‘deregulation’, ‘re-regulation’, ‘internationalisation’, ‘liberalisation’, ‘privatisation’, ‘commercialisation’, etc., but no unanimous position exists.

In analytical terms, it is worthwhile drawing a distinction between the various aspects of this change (cf. Humphreys 1996; McQuail 1986; Mosco 1996; Murdock 1990; Negrine and Papathanassopoulos 1990; see also Noam and Kramer 1993). First, at the level of industry structure a considerable liberalisation has taken place. This means that barriers of entry have been lowered or torn down and competition has been introduced in the field previously dominated by public broadcasting monopolies, new operating licences for terrestrial stations have been granted in all West European countries, and digitalisation will accelerate further entrants to the market.

Second, in terms of ownership structure there is a tendency towards privatisation and corporatisation, coupled with vertical as well as horizontal integration. The new broadcasting institutions are typically privately owned media companies or, in some cases, hybrid organisations combining private and public ownership. Yet no more than one major European public station, France’s TF1, has been transferred from the state into private hands (see e.g. Kuhn 1995; Wolton 1992). Transnational
media corporations have a growing interest in expanding their activities into national television markets, either alone or in cooperation with national entrepreneurs. Although national public-service broadcasting institutions still are principal or major players in most countries, contributing to a 40-45 percent share of television viewing at the West European level (Silvo 1996 and 1997; see also Lange 1996), the great majority of available channels today are private.

Thirdly, as to *financing*, broadcasting has been *commercialised*. Advertising and subscription have steadily increased their stake in the television economy, while licence fees only account for one fourth of total revenues in Western Europe (Silvo 1997). Finally, as there is a tendency among policymakers and the general public to see broadcasting as an economic sector like any other, PSB institutions have been pushed, in their operational activities, to *converge* towards a commercial model, i.e. to make concessions towards ‘self-commercialisation’ (Blumer 1992b; McQuail 1986) in their economic performance, management practices and organizational structures (Achille and Miège 1994; Hultén and Brants 1992).

However, in most countries, government-imposed constraints on broadcasting were not completely abandoned, nor were powers of regulatory bodies totally terminated. Hybrid broadcasting organisations, combining public and private virtues, was in itself an innovative response to deregulatory pressures. Another, related response has been a tendency to separate the idea of public-service broadcasting from the existing public-service broadcasters (see e.g. Collins 1993), resulting in efforts to distribute public-service obligations to various parties in the media industry.29 Although there is no denying that the overall rationale and context of regulating the media have changed (Humphreys 1996), a strong case could be made for saying that the general process could be characterised as a *re-regulation* - or more precisely, ‘liberalising re-regulation’ (Siune and McQuail 1992) - rather than *deregulation*.

This can be justified by underlining that this paradigmatic shift did not abolish regulatory instruments but, rather, extended them to set standards and control operating conditions within the industry (see also Murdock 1990; Negrine and Papathanassopoulos 1990; Porter 1989; Brants and Siune 1992). Or, as McQuail et al. (1986: 201) have put it, the purpose of regulation is now to ‘police’ the

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29However, an outcome of this separation may be an ‘American’ way of understanding a public service broadcasting as a niche service, instead of a comprehensive one. Here commercial broadcasters tend to identify public service duties with certain ‘non-commercial’ programme genres, instead of a universal service of wide range of programming characteristic of the traditional European philosophy of public service broadcasting. - As an example of this thinking, see e.g. Fowler and Brenner (1982).
boundaries and conflicts between the traditional public and the emerging private media sector.

*Regulation still counts.* - Thus, in spite of liberalisation of the market, privatisation and corporatisation of ownership, and spiralling commercialisation of the broadcasters’ revenue base, the airwaves are still considered a public utility. This being the case, enterprises allowed to use them, either public or private, are considered privileged ‘trustees’,\(^\text{30}\) thus justifying licensing and regulatory arrangements by governments. Satellite broadcasters and cable operators, too, are subject to a number of rules in most Western European countries but, in general, regulation imposed on them is more relaxed than that imposed on traditional broadcasters.

As to the typology of regulation referred to above, technical regulation of standards and frequency allocation has not lost its significance. The industry structure has been liberalised but it is still controlled by means of licensing policy, restrictions of cross-ownership, etc. Also behavioural regulation occurs both at national and cross-national levels, including restrictions of advertising, quotas for origin of programmes, etc. However, political and financial forms of regulation apply to a minority of broadcasters only - the national PSB institutions and some hybrid organisations, which, on the other hand, compose the principal sector of television broadcasting in most Western European countries.

As Hoffmann-Riem (1996) has emphasised, it is the public interest that justifies regulation of content and behaviour, even in a multichannel Europe:

> It is fair to ask [...] whether the normative expectations so far regarding broadcasting, relating, for example, to the quality of the content and plurality, to freedom from manipulation or to media responsibility, should now cease to be valid merely because technological and economic progress enables new and multiple forms of providing communication, whose social and individual function nevertheless remains, in many respects, the same as the one fulfilled by broadcasting so far. (Op.cit.: 335.)

While a ‘trend towards deregulation in the sense of a market modification and weakening of public service requirements’ (Hoffmann-Riem 1992b: 166) will obviously continue, the ‘new orthodoxy’ of the marketplace has not totally replaced the responsibility of states over broadcasting. Instead, it appears that a revival of

\(^{30}\)Indeed, the protagonists of the market model have named the traditional European organisation of television a ‘trusteeship model’ (Fowler and Brenner 1982: 213-30), or ‘the television of the privilege’ (Noam 1991: 325-34).
regulation is 'the newest orthodoxy'. Moreover, it was transfrontier satellite broadcasting during the 1980s that underscored the urgency to create new governmental statutes and codes of conduct at supranational level, too. This contributed, for example, to the creation of EU audiovisual policy, which, while still searching for the right balance between economic/liberal and cultural/dirigiste policy measures (see e.g. Collins 1994), now determines national stipulations, too.

The point here is that, first, although economics and economic considerations perhaps took precedence over the political and/or cultural dimension of programming; second, although the regulatory capacity of nation states has decreased; and third, although the balance has shifted to favour commercially funded services, it in no way thwarted the need to set requirements on TV stations. Regulation still counts, both at national and supranational levels, and both by issuing imperative directives for broadcasters' conduct or by exercising structural control of competitive situations as well as internal and external pluralism of broadcasting (cf. Hoffmann-Riem 1992c).

5.6 Summary

1 Broadcasters can be classified according to four characteristics: ownership, funding, privileges, and obligations. Cross-tabulation of these criteria result in three paradigmatic models of broadcasting: the public service, the commercial, and the 'hybrid' variant.

2 Public-service broadcasters are owned and regulated publicly. They are awarded a set of privileges and, in exchange, constrained by several obligations towards society.

3 Commercial broadcasters are privately owned, commercially funded, and constrained by minimal privileges and obligations.

4 The hybrid model of broadcasting aims at combining the advantages of a commercial method of financing and obligations imposed by public policy. Organisations applying this model can be owned either publicly or privately but they are, by definition, commercially funded and constrained by strict regulation.

5 If the PSB stations are particularly sensitive to the political market, the PCB channels tend to obey the law of supply and demand set by the popular market and the imperatives of competition set by the business market. The hybrid broadcasters are determined to balance between the multiple market requirements.
The technological leaps and 'liberalising re-regulation' of recent years have resulted in a shift of balance between the paradigmatic models of broadcasting. Although public-service broadcasting is now on the defensive, and increasingly replaced by commercial and hybrid stations, the need for regulation has not disappeared.
From Companions to Competitors
The multiple market approach, and the definition of each market, is presented in Chapter 6. The five markets will then serve as the concrete framework for the analysis of Finland’s broadcasting marketplace, presented in Chapters 8, 9, 10, 11 and 12. The focus will be on the recent years from the mid-1980s to the mid-1990s, but a historical background will also be provided. As an introduction to the analysis of the television marketplace, the course of events of the 1993 channel reform will be reported and reviewed in Chapter 7.

The approach chosen for the analysis of the Finnish broadcasting marketplace is retrospective and descriptive. It will be suggested that the replacement of a protected, mixed-model duopoly by a modern, competitive dual order of public-service and commercial broadcasters is a result of specific political, economic and cultural conditions. The recent end of the long coexistence between the state-owned public-service YLE and the privately owned commercial MTV Finland is argued to reflect a considerable change in both the politico-economic and the cultural basis of television broadcasting. However, the commercialisation, liberalisation and re-regulation left many established structures of the Finnish model of television broadcasting untouched.
6 The Multiple Market Approach to Broadcasting

6.1 Coping with the Forces of the Marketplace

Forces of the marketplace. - Litman (1992) has analysed factors that affect broadcasters’ programming policy choices. While the author claims that these ‘forces of the marketplace’ (op.cit.: 148) have an influence on and explain ‘equilibrium solutions’ only, they appear to describe the multiplicity of factors that broadcasters are forced to cope with in general.

According to Litman these forces can be roughly categorised into two main groups. Some factors are structural-institutional or political constraints regulating the supply of television, while others derive from audience behaviour and reflect the demand perspective of television. Litman (op.cit.: 148-151) distinguishes between five supply side factors: (1) the extent level of technology involving channel capacity and the associated cost of providing additional channels; (2) the interface compatibility between different transmission technologies and between transmission and reception technologies; (3) the degree of political and regulatory control over decisions affecting spectrum allocation or channel content use; (4) programme costs and the relationship between costs and programme quality; and (5) the degree of competition between competing programme sources/networks and between competing transmission services.

Demand factors affecting programme diversity are, according to Litman, six in number: (1) the intensity of audience preferences for particular kinds of programming and for breadth and depth, in general; (2) the absolute and relative price of specific kinds of programming, including receiver equipment, and the price of breadth and depth, in general; (3) the price of substitute entertainment programmes or other options; (4) consumer discretionary leisure income; (5) consumer discretionary leisure time; and (6) the quality of programme offerings.

Litman’s typology includes issues of business competition, technological development, audience demand and political regulation, thus covering a wide range of arenas of competition which are crucial in broadcasters’ decision making. However, he puts the main stress on economic factors while neglecting cultural and political aspects. Interestingly, Litman makes no reference, for example, to professional skills or programming traditions of broadcasters as an influencing force.
Industry constraints. - Peterson (1985; cf. 1982) has distinguished between six constraints on the production of any cultural phenomenon. By ‘constraint’ he means not only ‘a restraint’ but ‘a shaping force’, which creates some opportunities while cutting off others. The first three constraints - (1) law, (2) technology and (3) industry structure - largely set the conditions within which the other three - (4) organisation structure, (5) occupational careers and (6) market - operate, though, over time, Peterson says, each affects all of the others.

His typology represents another way than Litman’s of approaching the dynamics of cultural production. Instead of distinguishing between supply and demand factors, it postulates a dynamic system of multiple constraints that operate in concert, thus collectively shaping the content of culture. Above all, Peterson emphasises, these constraints should not be termed ‘factors’ or ‘forces’, since the system involves not only a one-way influence - as Litman’s model suggests - but a continuous negotiation between the constraints and the producers of culture. On the other hand, his model tends to reduce, for example, the influence of the political realm to law, which clearly provides too narrow an angle. Also the influence of the market tends to be reduced to market structure, which does not fully take into account audience demand as a central constituent of this dynamic system of constraints.

Multiplicity of markets. - Lowe and Alm (1997; see also Alm 1992) have introduced a concept of multiplicity of markets as an analytical tool to describe the complicated internal and external dynamics that constrains Finland’s public-service broadcaster YLE. Nevertheless, their approach might apply to describe the broadcasting industry in general. They use the term ‘market’ in a figurative sense, referring to the ‘independent but distinctive interests of political, popular, open and professional markets’ that create the ‘arenas of social, political ideological power, free entrepreneurship, expertise and exchange’ (op.cit.: 170) on which the values and practices of broadcasting institutions are negotiated.

In Lowe and Alm’s approach ‘markets’ appear to refer both to arenas of competition and competing forces operating in those arenas. While (1) the political market consists of ‘elected and appointed political elites competing over communication policies’, (2) the open market, or business market, is constructed as the ‘totality of public and private industry competitors, potential entrants and technological alternatives competing for advantage’, (3) the popular market as ‘listeners and viewers making choices between competing media’, and, finally, (4) the professional market as ‘communicators and administrators operating channels and systems’ (op.cit.: 170-171).

While providing an analytical description of the broadcasters’ market arenas,
From Companions to Competitors

Lowe and Alm delineate the operation and define the ‘logics’ of these markets only briefly. They do describe how the markets influence broadcasters but not how the broadcasters tend to influence the markets. I also find it problematic that Lowe and Alm construct both the business market and popular market so as to cover competing media technologies too. Following Litman (1992: 148-149) as well as Noh and Grant (1997), there is reason to claim that competition within the broadcasting industry and competition against substitute technologies should, for analytical purposes, be treated separately. Also, the role of advertisers as a market with its own interests should be taken into account in one way or other.

6.2 The Five Markets

What I suggest here is that, by complementing Lowe and Alm’s typology with selected elements from Litman’s and Peterson’s schemes, a more feasible definition of the multiple market could be established. Hence, this study distinguishes between five central markets of broadcasting: (1) the technological market, (2) the political market, (3) the business market, (4) the professional market, and (5) the popular market. In the following, each of them will be described and defined.

The technological market. - First, in the technological market, consisting of technical channel capacity and substitute transmission and reception technologies, the broadcasters’ purpose is to safeguard and improve television’s attractiveness as a medium to audience and advertisers alike. Whatever a broadcaster’s status, it must prepare for future technological challenges, as Syvertsen (1997: 21-22) suggests, in order to be able to control and adapt to changes in the market. Here, both television’s own channel capacity and the challenge provided by complementing and competing technologies emerge as crucial forces that regulate competition.

Due to the scarcity of airwaves, which has traditionally restricted competition and programme options available in broadcast television, the technological market provides a major constraint and entry barrier in the broadcasting industry. The smaller the technologically advanced channel capacity, the higher should be the marginal cost of additional channels and the higher the entry barriers within the industry. Correspondingly, the greater the channel capacity, the more competition can be expected in the market.

However, as technological leaps in broadcasting have both opened up new frequencies and provided competing technologies, such as cable and satellite transmission and the video cassette recorder, programme choice has increased and
The Multiple Market of Television

influenced both the general status of broadcast television and rivalry among broadcasters. The better the new ways of transmission and reception adapt to existing domestic technologies and viewing habits, the faster they can be expected to gain an established role. (See Litman 1992.) On the other hand, if a new technology proves lucrative, established broadcasters, too, can exploit its potentialities.

In addition to broadcasting companies, players influencing, and operating in, the technological market of television include cable operators, newspaper and other media companies, the electronics industry, etc. which participate in the competition for audience attention and time, the formulation of technical standards, etc.

The political market. - Second, the political market consists of the key decision makers of media policy, such as ministers and government officials, members of media policy committees, etc. Due to the scarcity of airwaves, the political market has traditionally dominated television broadcasting. Although its powers may now have been reduced in favour of other markets, policymakers still regulate broadcasting in several ways - by setting technical standards, assigning electromagnetic frequencies, granting broadcasting licences, determining the level of licence fees, defining behavioural standards for broadcasters, etc. (see e.g. Picard 1989).

The more complex the regulatory control by the political market, the more difficult it will be for new channels and technologies to diffuse into society, and the more detailed will rules concerning content use be. Correspondingly, the lighter the regulatory framework, the easier it will be for new entrants to launch new services and set their own standards of content. The control by the political market applies particularly to public broadcasting institutions, typically both owned and financed publicly, which are constrained by various obligations but also favoured by certain privileges.

In the political market, broadcasters, both public and private, try to secure their political legitimacy. This can take place either within the existing regulatory framework or by trying to increase their degree of freedom by pursuing liberalisations and claiming privileges. Established broadcasters often lobby in the political market in order to raise entry barriers, thus safeguarding their privileged status, whereas potential entrants too usually find it necessary to win the support of the political market in order to pave the way for entry.

The business market. - Third, the business market is composed of companies within the broadcasting industry. In the business market, broadcasters sell airtime to
From Companions to Competitors

advertisers and compete for revenue with each other. Here they aim at gaining competitive advantages over rival firms and controlling the threat of new entrants. Hence, competition has a structural dimension too, reflected in the company structure of the industry and relative strengths of the companies.

In the business market, market size and market concentration strongly influence the behaviour of firms, dividing them into 'strategic groups' which apply different adaptation strategies and exhibit different modes of market conduct. The larger the market, the bigger the opportunities to serve even minority interests. The more concentrated the market, the more obvious it is that the few firms dominating it compete with similar fare. The greater the number of competitors, the better the opportunities to provide complementary programming policies. The more clearly the industry is dominated by a strong 'generalist' core group, the smaller the opportunities for 'specialists' to provide new kinds of services.

The crucial fields of competition in broadcasting are both programme costs and product differentiation (Collins et al. 1988; Litman 1992; Syvertsen 1997). The higher the relative programme costs and the more differentiation needed to operate successfully, the more difficult it should be to enter the market. On the other hand, the more favourable the audience's attitude is towards low-budget, international programme formulas, the easier it is to make room for a new service.

The professional market. - Fourth, the professional market refers to administrators of broadcasting services, professionals of programme production and scheduling, independent production companies and other external programme sources. In the professional market, a broadcaster aims at recruiting talent and producing or purchasing programmes that contribute best to the chosen programming policy and help it to set standards and gain appreciation among professionals.

The programme schedule, programming policy and programming traditions are indicators of the professional capacity at a broadcaster's disposal, thus reflecting its relationship with the professional market. The greater the amount, and the wider the range, of talent at a broadcaster's disposal, the higher the quality and the broader the range of its programming. Due to increasing rivalry, the struggle for programmes as well as programme makers has become fiercer. On the other hand, due to increasing channel specialisation and product differentiation, a narrow range of programme fare, as well as the specialised skills of the personnel, have also risen in value.

In recent years, the established pattern of the professional market has been shaken by the emergence of independent production companies. These have introduced specialised skills, flexibility and new production methods in the market
earlier dominated by broadcasting institutions alone. While challenging the broadcasters professionally, and competing for talent, the independent production houses have provided an alternative programme source, which has enabled the broadcasting companies to cut costs and externalise productions.

*The popular market.* - Finally, the *popular market* refers to viewers and, in particular, audience demand and use of television. In the popular market, a broadcaster seeks popularity and success either in terms of appreciation or viewing figures, thus competing with rival media for audience attention and with other broadcasters for acceptance, ratings, and shares. By gaining the acceptance of the popular market, a broadcaster can enhance both its economy and legitimacy.

Here, crucial issues are to what degree the audience demand of television is uniform or segmented and to what degree viewers are willing to watch different types of programming. The more varied the audience preference structure, the greater the opportunities for broadcasters to use diverse content categories. Conversely, the more preferences are concentrated on a few programme types, the more probable it is that a narrow programme output will be provided. On the other hand, the better general audience demand is satisfied, the greater the probability that new entrants will turn to target audiences and specialised programming policy.

*Arenas of exchange and competition.* - These five markets point both to fields of competition which broadcasters are forced to negotiate with and to players operating in those fields. Obviously, these markets are interdependent and overlapping too. Decisions concerning the technological market are often made in the political market, while influencing the business market, and the professional and popular markets as well. As a matter of fact, it is not easy to determine exactly where one market arena ends and another begins. Consequently, the multiple market approach should be accepted as an analytical tool only, used here in order to facilitate the description of the Finnish television broadcasting marketplace. The multiple market approach provides a convenient framework for the analysis of the developments in the industry.

Naturally, the five markets impose constraints on broadcasters, in the sense Peterson (1985) means, referring not only to burdens but also to opportunities opened in these arenas. Instead of calling them ‘constraints’, ‘forces’ or ‘factors’, I prefer ‘markets’, because the term is more in line with the fact that they represent fields of operation for broadcasters, and not just external forces exerting an influence on the broadcasters; it also emphasises correctly the two-way interaction between these ‘external’ arenas and broadcasters. It is not only that broadcasters are
From Companions to Competitors

**FIGURE 6.1** Broadcasting industry and the multiplicity of markets

Influenced by the technological, political, etc., markets but also that broadcasters tend to influence and shape them by using various measures of adaptation. The interaction between the broadcasting industry and the multiple markets is illustrated in Figure 6.1.

By analysing these constraints in terms of markets, I also wish to underline that technological development, policymaking, competition between broadcasters, professional standards, and audience preferences provide the main arenas in which programming policies and daily programme schedules are converted into revenue, political support and popular acceptance. Decisions on programme policy are made with reference to, and in order to satisfy, these markets.

6.3 The Multiple Market Implications

*Implications for programming.* - The state of the multiple markets is expected to have a profound influence on the conduct of broadcasters, reduced here to programming policy, as well as their performance, reduced here to programme output. How do each of the markets constrain programming?
(i) As to the technological market, technical channel capacity and cost of providing additional channels, due to market size, are expected to provide a major entry barrier in Finland's broadcasting industry. As long as the number of broadcast channels is limited to a few, the technological market promotes either a division of labour between broadcasters or a pattern based on concentrating in the middle ground of audience tastes. Hence, limited channel capacity may result in both complementarity and similarity, depending on how the channels are regulated and financed and by whom they are owned. For example, if the channels do not compete for the same source of finance, they may apply a complementary strategy.

Also, the success of complementary and rival media technologies, such as video, cable and satellite play an important role here. The less competitive programming can rival transmission channels supply, the easier it is for the traditional broadcast television to keep its position. If cable and satellite channels, for example, cannot provide programming in domestic languages they are not expected to score a great success. Also, the more expensive the price of new programme sources, the less should be the viewers' interest to use them. Here, time devoted to different media serves as a good measure of intermedia competition.

Applying this approach to Finland, the study will ask how the limited number of channels have utilised various categories of programme content. How, then, did the launch of Channel Three and its transfer to MTV influence television programme output? How did the introduction of international satellite TV services to Finns reflect on programming strategies of national broadcasters? What is the impact of the VCR on programme output on national channels?

(ii) Also the political market determines both programming policy and programme output in many ways. By regulating the market and industry structures, or by regulating the institutional organisation of broadcasters, it exerts a major influence on competition within the business market. Similarly, by imposing various obligations on broadcasters the political market sets direct or indirect guidelines for broadcasters' programming strategies and programme range.

In the case of Finland, attention must be paid to the degree to which the political market, represented by the Ministry of Transport and Communications, YLE Administrative Council, etc., ruling on industry structure and institutional organisation, contributes indirectly to programming decisions. Explicit obligations set by laws, broadcasting licences and other regulations on the public-service YLE, the hybrid MTV and the genuinely commercial PTV must also be examined. How did the 1993 channel reform re-regulate the broadcasting industry?

Theoretically speaking, the more detailed and focused the rules on broadcasters are, and the better they are sanctioned, the greater power is the political market
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exerting. Respectively, the less the regulations focus on programming, the greater is the impact of other forces of the marketplace, such as competition, audience demand, production culture, etc., on programming policy and programme output.

Here, one must remember that the role of the political market is not only a restricting one. Negotiation with policymakers and regulators does constrain programming policy and programme output, but while it may restrict broadcasters in some respects, it also may create opportunities and enable broadcasters to provide certain services. In contrast to Litman (1992: 149) who predicts that "[t]he more detailed are rules regarding content use, the greater the likelihood of producing an inefficient mix or suboptimal level of program diversity or quality", it is suggested here that content regulation by public policy, particularly in a television environment with low channel capacity, may in fact deliver more variety than unregulated competition between broadcasters (see also Collins et al. 1988: 107-110). A diverse programme output is not only a "good" produced by encouraging competition", as Owen and Wildman (1992: 147) see it. Instead of understanding diversity narrowly as an economic concept, I want to emphasise the cultural dimension of diversity, often acquired by public policy measures and going beyond the diversity based on audience demand (see also Blumler 1992b, 1992c; Sonnenberg 1993).

(iii) The business market, composed of companies within the broadcasting industry, is the principal arena of rivalry, thus regulating broadcasters’ conduct and performance in several ways. Here company market shares and competitive strategies are crucial indications of competition. Depending on channel capacity, market size, the financing system, regulations, ownership pattern, etc., greater degrees of competition may lead either to more overall diversity or less. The bigger the market, the better the opportunities to utilise economies of scale and to invest large financial resources, thus encouraging new entries and competition over programming. The bigger the channel capacity, the more rivalry between broadcasting firms can be expected. The more dependent the broadcasters are on the same source of finance, the tougher the competition.

In the Finnish case the complicated relationship between YLE and MTV must be analysed carefully in order to determine the degree of competition and/or companionship between the two firms and how it may have influenced their programme policy and programme output. The competitive challenge of PTV must also be weighted in order to understand whether, and in which way, it influenced YLE’s and MTV’s programming decisions. What, then, was the impact of satellite channels on the Finnish broadcasting industry? Did the 1993 channel reform invite the companies to compete more directly for viewers, talent and programmes? An
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analysis of the competitive structure of Finland’s broadcasting industry is expected to explain the programming strategies of the three (four) broadcasters. It is expected to account for strategic decisions between generalism and specialism as well as whether a broadcaster decides to compete offensively, defensively or complementarily.

A crucial area of competition between the companies is programme costs. The higher the relative programme costs, the more difficult it is to supply diversity. In Finland, programme costs are constrained by the small market and, due to separate language, minor opportunities to export programmes. This may discourage broadcasters from providing diverse and original programming, thus favouring purchases of foreign programmes while, on the other hand, it also protects them from foreign competition. Unfortunately, this aspect cannot be dealt with here thoroughly, because comparable information about average company spendings on different programme types is not available.

(iv) As to the professional market, referring to professionals of programme production and scheduling within the industry, broadcasters may have different strengths and different weaknesses, or different programming traditions, which affects their fare. The smaller the market of television and the smaller the profession, the less special talent is available and the harder the rivalry for recruiting it. The more there is offensive competition between broadcasters, the more obviously will differences between professional cultures disappear and assimilate. This should result in an increasing convergence of programming policy and programme output.

On the other hand, if the market is small, regulated and based on a division of labour, and if the channel capacity is limited, the professional cultures of broadcasters can be expected to differentiate, thus promoting differences in programming between the broadcasters. The more strongly the professional culture of a broadcaster favours a certain model of programming, the more obviously will the company concentrate on exploiting its strengths and avoiding weaknesses.

In Finland it is worthwhile analysing what the strongest programming domains of YLE, MTV, Kustov Televisio and PTV were. How did their production cultures diverge? And to what extent did they converge? What was the effect of increasing competition and the 1993 channel reform on production cultures and programming traditions?

(v) Finally, the popular market, referring to audience demand of television and preferences for particular kinds of programming, exerts a profound influence on broadcasters’ programming choices. The greater the market and the more varied or unconcentrated the audience preference structure, the greater the opportunities for
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receiving diverse programming. Correspondingly, the smaller the market and the more homogeneous culturally, the smaller the interest in minority programming. Naturally, audience demand can also be affected by the price of services, as well as being dependent on cultural factors, such as the language. Foreign-language programming, especially if subtitling is not provided, is expected to rank lower in audience preferences than domestic programmes.

As for Finland, the popularity of each programme type should be paid attention to when making interpretations of its share of the fare. It is expected that MTV and PTV, both being financed commercially, were more dependent on the popular market than YLE. However, it is worthwhile analysing whether, and in which way, growing pressures to attract audience influenced YLE’s programming policy, programme output and scheduling. Did the 1993 channel reform increase broadcasters’ responsiveness to audience demand?

As we have already seen, the explanatory strategy chosen for this study, does not aim at determining the exact weight of each market influencing the performance of broadcasters but, rather, to understand the multiplicity of these forces. These industry arenas, the markets, set major requirements, often conflicting ones, on any broadcaster, thus regulating the final programme output, but, at the same time, the broadcasters too aim at influencing the markets. By describing and analysing the changing requirements set by the multiple markets I wish to be able to provide indications of why possible shifts in the programme output have occurred.

*The audience is the new king.* - The changing television landscape has resulted in a shift of power between the multiple markets. It is no longer the political market which has the monopoly on awarding broadcasters legitimacy and acceptance. Instead, competitiveness in the business market and popular market has increased in importance. Most obviously, programming policies are increasingly justified on economic grounds and, in particular, with reference to the audience, as Ang (1991) has suggested. Competition for high viewership, i.e. ratings and shares, has become a crucial goal for all broadcasters.

The growing orientation of broadcasters towards the business and popular markets is due to at least two reasons. First, it stems directly from the change in the financial basis of television services. As advertising and subscription are increasingly replacing public measures of funding such as the licence fee, it is natural that justification is sought directly from audience ratings. It is not surprising that the popular market has outplaced the decisive role of the political market.

Second, as a logical outcome of channel multiplication, audiences tend to become fragmented. Viewers are no longer stuck with the fixed schedules of
established stations, because videocassette recorders and specialised cable and satellite channels enable them to multiply the range of their viewing activities. For the television industry this means a growing uncertainty about audience preferences and the unpredictability of audience choices. Broadcasters are faced with increasingly individual viewing habits and 'selective' viewers, which underlines the necessity of coping with audience expectations and emphasises the strategic role of 'consumer choice'.

6.4 Summary

1 Broadcasters operate in a complex network of competitive arenas, or multiplicity of markets, in which they negotiate their conduct and performance in order to survive economically, safeguard their legitimacy and adapt to substitute technologies.

2 Here, five interdependent but distinctive markets are separated: the technological market, the political market, the business market, the professional market, and the popular market.

3 It is not only that broadcasters are influenced by the multiple markets but also that broadcasters tend to influence and shape the markets by using various measures of adaptation.

4 The relative strengths of the multiple markets are changing. While the powers of the political market are decreasing, the importance of both the business and popular markets is becoming more profound.
7 The 1993 Channel Reform: First Bottom-Up, Then Top-Down

7.1 Why a Channel Reform?

The history of television broadcasting in Europe, and especially in the Nordic countries, is typically a history of national, state-owned broadcasting monopolies. Finland is among the few exceptions. First, Finland has been in the vanguard of mixed organisation of the national television service (Lange and Renaud 1989; Meier and Trappel 1992; Tapper 1992). Second, the Finnish model was quite exceptional with its ‘undogmatic’ cooperation (Noam 1991) and division of labour (Hellman and Sauri 1988 and 1994) between public and private services.

The 1993 channel reform in Finland was not a result of a planned and uniform process of decision-making. Neither was it an outcome of centralised, governmental policymaking. Quite the opposite, it resulted from several, separately made decisions, agreements and legislative initiatives that succeeded each other and were implemented at different levels of regulation and organisation. The initiative for the re-regulation was taken by YLE and MTV, while the government’s role was rather to adapt the regulatory measures to match the arrangement agreed upon between the broadcasters. Thus, at its first stage, it was a bottom-up reform rather than a top-down reform. Later, government intervention shaped the final result.

The seeds of the channel reform had already been sown in the mid-1980’s when YLE and MTV Finland, after decades of casting sulky glances at each other, realised that they shared common external threats as well as a common interest in controlling them. When the two companies, together with Nokia, a Finnish electronics conglomerate, as their partner founded Kolmostelevisio Oy to programme the intended Channel Three, their interest was to fight back both international satellite channels and potential domestic entrants to the market.

Politically, the extension of the duopoly by launching a new, jointly-owned channel was presented as a response to the challenge of a transnational threat. As is indicated by Salokangas (1996a: 393-403), as well as by the memoirs of the then director-general, Mr Sakari Kiuru (1992: 178-197), protection against international satellite transmissions and promotion of domestic programme production were partly used as a cultural ‘camouflage’ to safeguard, economically, the system dominated by YLE and MTV and, particularly, to block the entry of a rival TV channel advanced by the main Finnish newspapers. As Salokangas (1996b: 213) remarks,
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[the main motive for establishing Channel Three was not concerned with programming policy, but with finance and authority. Had the newspapers' television company succeeded in obtaining the television network, the system by which public service broadcasting was financed in Finland - licence fees and advertising revenue via MTV - would have been overturned. But Channel Three now permitted Yleisradio and MTV to prevent a new agent from making its appearance on the airwaves.

As will be discussed below in Chapter 10, Channel Three did succeed in protecting the YLE/MTV consortium from external competition, whether domestic or foreign. However, it did create an uncomfortable situation in which MTV was made to compete with itself, forced to broadcast sometimes simultaneously on three channels. Channel Three also proved prosperous. With its popular programming it gradually eroded MTV's viewing share, and with its regional advertising concept and competitive pricing it provided an attractive medium for advertisers. Furthermore, with its light cost structure (Kolmostelevisio did not produce programmes itself) it paved the way for a new production culture.

MTV, a minority stock-holder of Kolmostelevisio, was clearly suffering, and did not show a sufficient interest in participating in the development of Channel Three. This made YLE, controlling 50 percent of Kolmostelevisio's stock, anxious, as MTV's internal problems posed a threat to YLE's revenue and introduced uncertainty to the sound functioning of the duopoly. Also YLE found problems in the three-channel arrangement, as it did not ease the serious difficulties of scheduling caused by the sharing of time-slots between YLE and MTV on TV1 and TV2.

It was now YLE that initiated a solution to the problem: 'In spring 1988, I started to look for a more permanent arrangement for the relationship between YLE and MTV', Kiuru (op.cit.: 187) reports in his memoirs. 'The border skirmishing which had lasted for decades had to be stopped and the cooperation between YLE and MTV placed on a solid foundation.' According to Kiuru, YLE's intention was, on the one hand, to maintain MTV as a part of and an economic guarantee of the public-service system and, on the other hand, to clarify and simplify the complicated channel system.

It did not take long before a model of a channel reform began to take shape. In its requested statement of September 8, 1988, to the Ministry of Transport and Communications on the need to reform broadcasting laws, YLE pointed both to the urgency of an organisational reform, as well as outlining the shape of Finnish television to come:

Expansion of programming under the circumstances of limited markets has [...]
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resulted in a situation, where operations must be organised in a new way, in order to maintain the functionality of the overall system and the viability of its parts. In television broadcasting, the channels should be reorganised so that YLE would operate two channels, and advertising-sponsored television would be concentrated on one, i.e. the third channel. At the same time, the national system of television broadcasting based on the broadcasting permit granted to YLE (or on a similar arrangement imposed by law) should be maintained.¹

Here, YLE’s readiness for channel reallocation, the principal constituent of Finland’s television reform, was expressed for the first time.

7.2 Agreement on the Division of Channels

YLE had already initiated negotiations with the owners and backers of MTV in the summer of 1988, including representatives of Finnish industry and commerce, and some members of the MTV Board, too.² According to Salokangas (1996b: 215), ‘the business community did not really know what to do with MTV’, which, however, appeared to be ideologically important to it. This is perhaps why YLE’s suggestion, pointing to common interests, served so well as a basis of negotiations.

What YLE offered the business community was that, as a result of an overall reform, the public-service broadcasting system, based on YLE’s broadcasting licence, would be maintained, while, at the same time, MTV’s position would be improved by gradually transferring all commercial broadcasts onto Channel Three. YLE’s proposition was that, in addition to a channel leasing charge, MTV would be bound to pay a special ‘subsidy for public service’. MTV’s desire to obtain its own broadcasting licence was noted but, according to Kiuru’s minute reporting, it never became a major issue in the talks. At the same time, MTV was also applying for a right to start breakfast television broadcasts, but YLE did not consent to ‘partial’ solutions; it was advocating an overall reform. (Kiuru 1992: 188-191; Salokangas 1996a: 407-408.)

The round of talks continued through the autumn. YLE nominated Jouni

¹Lausunto liikenneministerille yleisradiojärjestelmän kehittämisestä ja yleisradion sisäpiirin tarpeellisuudesta [A statement to the Minister of Transport and Communications on the development of the broadcasting system and the needs for legislation], YLE, September 8, 1988, p. 4.

²The main representative of the business community in the round of talks was Mr Georg Ehrrooth, chairman of the board of MTV (Kiuru 1992).
Mykkänen, vice-director general, Arne Wessberg, director of TV1 and the chairman of the Kolmostelevisio board, Tapio Siikala, director of TV2, and Jussi Tunturi, director of corporate affairs, as its negotiators, while Yrjö Turkama, vice-chairman of the MTV board, and Eero Pilkama, managing director of MTV, represented the other party. In spite of continuous disagreements concerning the question of the broadcasting licence and the relationship between MTV and Kolmostelevisio, the channel reform took shape by the end of the year. The letter of intent, which was accepted by YLE’s Administrative Council in early January 1989, included at least four major elements (see e.g. Kiuru 1992: 194; Salokangas 1996a: 407-409; Soramäki 1990a: 26).³

1 It was agreed that by January 1, 1993, television channels would be re-allocated so that all commercial television operations would be concentrated on Channel Three, thus leaving YLE to operate TV1 and TV2.

2 The companies agreed that YLE would own and construct the transmission network of Channel Three. YLE undertook to extend its coverage to include 95 per cent of all households by the end of 1992.

3 YLE and MTV agreed to make a new basic agreement stating that MTV would continue its operations under the broadcasting licence granted to YLE.

4 Also implied was that, in addition to an annual rent for the use of the third network, MTV would pay a specific subsidy for public service.

As this ‘truce’ between the two companies involved separate elements, details were polished both at the company level, i.e. in preparatory commissions between the companies, and at the political level, i.e. at the YLE Administrative Council, throughout the spring. The most dramatic discussions appeared to focus on the ownership of Kolmostelevisio and the issue of broadcasting licences. As to ownership, YLE finally agreed to sell out its majority of Kolmostelevisio so that the company would become a subsidiary of MTV. As a result, MTV’s share stocks increased from 35 to 65 per cent, whereas YLE’s proportion decreased from 50 to

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³The letter of intent is annexed to the record of the YLE Administrative Council, January 6, 1989.
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20 per cent. However, this concession, coming into force in the beginning of 1990, was balanced by another agreement binding MTV to continue to operate under YLE’s licence for ten more years, i.e. practically up until the end of the 1990s.

According to the new basic agreement between the companies, made in November 1989, MTV was to pay YLE an annual rent for the use of the network, including the real investment and running costs of the network and transmission and, in addition to the rent, an annual ‘public-service fee’, the amount of which was to be determined on the basis of the advertising sales turnover of Channel Three. In exchange, MTV was permitted to start its breakfast television on TV3. YLE also promised to support MTV’s application for membership of the European Broadcasting Union, EBU.

While the purpose of the re-allocation was ‘to create improved conditions for commercial television, which, as part of the Finnish system of broadcasting, provides economic and programming support for public service broadcasting financed by licence fees’, as was commonly stated by the programme directors of YLE and MTV (cited in Salokangas 1996b: 216), it necessarily implied a certain division of labour between the companies. The programmes of Channel Three were to complement YLE’s channels, but the agreement also tried to balance between economic viability and cultural requirements of programming. The basic agreement between the companies included regulations concerning programmes and programme structure. For example, MTV agreed to comply in the purchasing of international programmes and to seasonal coordination of programme schedules.

4In 1991, MTV bought Nokia out by exchanging its 15-percent share of Kolmostelevisio for stock of MTV (Sauri 1993: 35). Later, Kolmostelevisio Oy became responsible for marketing MTV3’s advertising time to regional customers, negotiating broadcasting rights agreements and programme purchasing (see MTV Finland annual reports).

5Agreement of cooperation, June 12, 1989, paras 1 and 2. - However, the basic agreement between YLE and MTV, issued later the same year, did not give any exact expiry date, but was ‘in force until further notice’. See Basic agreement between YLE and MTV Finland, November 30, 1989, para 11. - In December 1989, YLE was awarded a new operating licence intended to be in force until December 1999. Following the traditional wording, the licence stated that YLE has ‘the right to make use in television broadcasting of the assistance of MTV Oy to an extent agreed between the two companies’. See YLE’s operating licence, December 14, 1989, para 9.

6Basic agreement between YLE and MTV (1989), loc.cit., para 8.

7Loc.cit., para 2.
7.3 New Basis for Television Broadcasting

However, the reform did not stop here. After the companies had agreed on the re-allocation of channels, public-service fee and programme coordination, it was now the turn of the governmental level interests to take an initiative. In September 1992, Minister of Transport and Communications, Mr Ole Norrback, ordered Mr Seppo Niemelä, chairman of the YLE Administrative Council, to report on the ‘role of public service broadcasting in electronic media within the communications policies of the 1990s’. According to Soramäki (1994: 23), the motive for this process, finally leading to new legislation and MTV’s operating licence, was in the collective interest of the Swedish People’s Party, represented by Mr Norrback. The minister wished to reinforce the status of programming in Swedish on YLE’s channels and to avoid the possibility that diminishing resources would affect FST, YLE’s Swedish speaking unit.

Niemelä’s report strongly favoured the maintenance of the YLE-MTV dual structure as ‘the basic structure of Finland’s electronic communications’. However, the administrator wanted, on the one hand, to clarify the distinctive roles of YLE and MTV Finland, whereby public service broadcasting were to be kept separate, and, on the other hand, understand both companies to serve an overall public-service system. While considering public-service broadcasting a ‘national resource’, he regarded YLE as the principal purveyor of public-service principles. The Niemelä report both listed the duties and obligations of public-service broadcasting and made suggestions about structural and institutional arrangements. Among the most important of his proposals was that YLE’s position should be based on law, whereas commercial stations should be regulated by operating licences, obliging the licencees to pay a concession fee. The policy of permitting licences, too, should be based on law but, as to MTV, the administrator suggested

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8 *Julkinen palvelu 1990-luvun viestinnässä* [Public service in the communications of the 1990s], Liikenneministeriön julkaisuja 1/1993, p. 5.

9 An important background factor for the Niemelä report was a debate on media concentration, motivated by a clash of ownership over MTV Finland waged in 1991-1992. It was Sanoma Corporation together with other press interests which were active on the stock market buying MTV’s shares in order to gain more control over the company. YLE also took part in this operation by acquiring 10.6 per cent of MTV’s stock in order to protect the company from cornering. (See e.g. Salokangas 1996a: 429-430; Sauri 1993: 36; Soramäki 1994: 39.)

10 *Julkinen palvelu 1990-luvun viestinnässä*, op.cit., p. 11.
that it should be awarded a licence already prior to new legislation.\footnote{Op.cit., pp. 41-42.}

The Niemelä report was made public in early January, 1993, at a stage when the first effects of the channel re-allocation, realised at the beginning of the year, could be seen. In audience figures, YLE was loosing ground, whereas MTV3 became, literally, an overnight success. Obviously, this hastened the need to safeguard YLE’s status, as well as promoted MTV’s efforts to gain a licence of its own. During the spring, the attitudes both among the directors of YLE and within the YLE Administrative Council towards granting an operating permit to MTV became more favourably disposed, as specific legislation for YLE could be regarded as acceptable compensation. In March YLE’s board of directors supported re-regulation, while the MTV board submitted an application for a licence to the Ministry of Transport and Communications. At the same time, the ministry’s preparations for legislation changed to concern YLE alone, instead of broadcasting policy in general. (Salokangas 1996a: 428-430.)

In September 1993 the government granted MTV its operating licence, whereas the parallel arrangement, the YLE Act, was not approved by the parliament until December. MTV’s licence set rather mild requirements on programming, but it stipulated, for example, that significant changes in the company’s ownership would lead to the licence being reconsidered or cancelled.\footnote{MTV Finland’s operating licence, September 2, 1993, paras 2 and 11.} The YLE Act, then, required that a minimum of 70 per cent of all shares should be state-owned; it also defined the public-service duties of the company.\footnote{Laki Yleisradio Oy:stä [YLE Act], 1380/93, paras 2 and 7. At present, the state owns 99.9 per cent of the shares.} Above all, it reaffirmed the established status of the company, its financial basis as well as its independence in programming policy, as YLE itself later perceived it.\footnote{See e.g. YLE annual report 1994, p. 7.}

A further element yet of the reform process was provided by a new organisation of YLE, coming into force in April 1994. It resulted in the replacement, for instance, of the director general by a managing director, thus emphasising corporate strategic aspects of operations and the company’s role as a media industrial firm instead of a cultural institution (Soramäki 1994: 39-40), and introducing the director of television as a head of the directors of TV1 and TV2, thus enabling a better
coordination between the two units and channels, earlier operating individually. This re-organisation had already been anticipated by the government during the legislation process, as a draft proposal for the bill, issued in September 1993, already suggested a more enterprise-type culture of management for the company.

Although channel re-allocation, realised at the beginning of 1993, was initiated and negotiated by the two broadcasters themselves, the final outcome of the reform process was thus a creation of government intervention. The re-regulated Finnish model of television reconciled elements of self-regulation by the broadcasting companies and external regulation by the state powers. As Soramäki (1994: 39) concludes,

[the mutual agreement of 1989 between YLE and MTV on industry structure did not stand the emerged institutional and corporate strategic pressures. As a result, the companies were not in a position to solve alone the institutional issues of the industry, but it was the state power, the political realm, that stepped in as a decisive factor.]

7.4 Winners and Losers?

Who were the winners of the television reform? And who, then, were the losers? Or is it possible to reduce the analysis to simple questions like this at all?

If one analyses viewing shares only, MTV was definitely the winner. MTV’s share of viewing in 1993 reached a record figure of 47.6 per cent, whereas YLE never achieved the 50 percent share of viewing it had set as its goal for the reform. TV2 exceeded its own goal of 20 per cent with its 21.4 percent share, while TV1

15The independence of TV1 and TV2 in relation to each other dated back to the 1960s, when Yleisradio bought out the private broadcaster TES. The sales contract provided an independent status to the successor of Tesvisio, i.e. TV2. Up until the end of the 1960s, TV2 was privileged while being represented directly in the YLE board, but from 1970 the director of TV1 also had a seat at the board meetings. After that, the two units were openly prosecuting their own aims, because the director general was stripped of programme-political power. The competition even became accentuated after 1985, as the role of the programme director was abolished from the organisation. (Salokangas 1996a: 249-252, 349-353.)

16See e.g. Ehdotus hallituksen esityseksi eduskunnalle laiksi Oy Yleisradio-Rundradion Ab:stä [Government draft proposal for a YLE act], September 7, 1993, pp. 10-11.
remained at 24.6 per cent, thus lagging far behind its intended 30 percent share.\textsuperscript{17} However, the shares have gradually balanced to favour YLE, although MTV3 still is the most popular TV channel in Finland and TV1 has not achieved its original goal. On the other hand, the collapse of TV1 has been exaggerated in the public debate. The popularity of YLE’s own programming decreased only slightly as compared to figures for 1992, whereas MTV3 managed to capture both the Kolmostelevisio viewers of TV3 and the MTV viewers of TV1 and TV2. (See e.g. Nurmi 1997: 44-46; Sauri 1996: 37.)

As Nurmi has well demonstrated, the channel reform increased the overall time devoted to watching television, but not in proportion to increased offerings, and not necessarily more than was a typical annual increase in the early 1990s. At the ‘structural’ level, the principal patterns of viewing were maintained, whereas at the ‘situational’ level there occurred a shift in viewing towards entertaining programmes at the expense of informative ones. Series and serials, in particular, gained more viewing time. The re-allocation also tended to clarify the segmentation of viewers on the basis of viewing habits. Another consequence was that, as Nurmi (op.cit.: 55) puts it, ‘each channel was provided with an audience of its “own”, each sharing a similar viewing orientation’. In other words, the reform strengthened channel-based divisions among the audience.

Winners and loosers can also be discussed at the level of the popular market reactions. After only two weeks of the ‘new order’, an extensive public debate had condemned TV1’s efforts to introduce a daily early-evening magazine programme, Suomen Televisio, and a new, extended ‘news hour’ brought forward by half an hour from 8.30 pm. Although both programmes, covering a total of 2.5 hours of the channel’s weekday output, were intended to introduce regularity and continuity to schedules, thus enabling a better audience relationship, the outcome was quite the opposite. The magazine, with its mixed fare, turned out to be immensely unpopular, while viewers thought the extended newscast too ‘heavy’. Naturally, MTV’s counterprogramming contributed to the failure, too. (See e.g. Nurmi 1993, 1997; Salokangas 1996b: 422-428; Soramäki 1994.)

However, according to Soramäki (op.cit.: 37), TV1’s failure was not due only to individual mistakes in scheduling. Two other factors were important, too. First, unlike TV2, TV1 replaced MTV’s popular programme types on the channel by providing more information, the proportion of which now increased drastically. Second, unlike TV2 and MTV3, TV1 lacked successful programme series, which

\textsuperscript{17}The audience share goals of YLE were presented, for example, in the company budget for 1993. See YLE’s budget for 1993.
any channel needs in order to maintain a continuous audience support.

In order to rectify its errors, TV1 carried out a complete re-scheduling of its early and mid-evenings during the spring of 1993. The process also caused heads heads to roll in YLE’s management, as several directors and other executives were replaced and a new organisation introduced.\textsuperscript{18} Although the main newscast was given its old time-slot, and the unsuccessful early-evening magazine, with mixed fare, was replaced by separate programmes, the ‘scheduling adventure’ had a harmful effect on the company’s public relations, and it took months, perhaps even years, to recover the channel image.

Finally, winners and loosers must be analysed at a more general, or structural-institutional, level, too. In the analysis by Soramäki (1994: 40-41) the reform resulted in ‘a new balance of Finland’s television system’, which, however, was based on the old YLE/MTV structure. Similarly, Salokangas (1996b: 223) concludes that, ‘[t]he Finnish public-service broadcasting system became stabilized’ due to the process. As for MTV Finland, the operating licence increased the institutional status of the company and provided protection against cornering. It also introduced independence in relation to YLE as it, in practice, cancelled the cooperation in programme acquisitions and coordination of programming. MTV was no longer controlled by the YLE Administrative Council but directly by the Ministry of Transport and Communications. On the other hand, the operating licence is an effective means of regulating MTV, obviously more obligating than company-level agreements. (Soramäki 1994: 40-41.)

The new act contributed to the institutional status of YLE by consolidating its position and financing. The opportunities of the government to intervene in the corporate affairs of YLE were reduced, while YLE’s right to pursue its programming policy independently was also enhanced. For example, the Ministry of Transport and Communications no longer had a representative in the meetings of YLE’s board of directors, neither was YLE required to submit its budgets and financial programmes to the ministry. The government’s principal influence on YLE is now in resourcing as it still decides the level of the licence fee. As Soramäki (ibid.) has observed, the duties of the state power became restricted to general institutional and structural affairs of media policy, whereas issues directly concerning YLE are now the responsibility of the Administrative Council nominated by parliament.

\textsuperscript{18}For example, the term of office of the director general, Mr Reino Paasilinna, was shortened by one year and he was replaced by the general manager, Mr Arne Wessberg. The director of TV1, Mr Aarno Kaila, too, was released and, later, replaced by Ms Astrid Gartz.
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Thus, both YLE and MTV lost something in the reform but, at the same time, they also gained something. The process did not influence YLE and MTV alone but shaped the developments of the whole industry. What was the overall effect of the channel reform on the marketplace of television in Finland? And what was the overall context of television broadcasting which made the re-regulation possible? These question will be answered in the next six chapters.

7.5 Summary

1 The 1993 channel reform was not a result of a planned and uniform process of governmental policymaking. Rather, it resulted from several, separately made decisions, agreements and legislative steps that succeeded each other and were implemented at different levels of regulation and organisation.

2 Although the initiative for the reform was taken by the broadcasters themselves, particularly YLE, the final result was a creation of government intervention.

3 The overall reform consisted of several elements: (1) re-allocation of channels, (2) introduction of a ‘public-service fee’, (3) MTV’s operating licence, (4) a special YLE act, and (5) YLE’s new organisation.

4 In the popular market, MTV was the first ‘winner’ of the reform; afterwards, the balance between YLE and MTV has been recovered. In the political and the business markets, the institutional status and independence of both companies were enhanced, although the status of their obligations was also increased.
8 The Technological Market:
Broadcast Television Rules

8.1 A Technologically Determined Development?

Technology is often seen as the driving force in the development of television broadcasting. Emerging new methods of transmission and reception, vying for technical standards and consumer acceptance, have been claimed to revolutionise the industry. Above, in Chapter 3, three successive 'revolutions' in television were discussed: the video-cassette recorder, cable and satellite technology and signal digitalisation. Each one of them has provided both functional substitutes and functional complements to broadcast television, the dominant status of which has not been shaken, however.

In the technological market of television broadcasting, various competing technologies seek legitimacy. It is in the interest of the companies operating in the field of broadcast television to strengthen the position of the medium, or at least to maintain it as strong as possible, whereas the substitute and complementary media too aim at expanding their hemisphere. While the new video media have provided a plethora of new outlets and channels, and multiplied the programme choice available to the viewer, the traditional television has responded by increasing its broadcast time and by introducing new services. The most promising horizon is provided by signal digitalisation, which will lift most technical restrictions on channel capacity.

However, this should not blind us to the fact that advances in technology do not alone determine the development of the technological market of television. Other market arenas intervene here. As observed above in Chapter 3, the decisions concerning technical standards, channel capacity, etc. are often made in the political market. Similarly, in spite of the technical scarcities being eliminated, the growth potential of the business market continues to be limited by the cost of programming and the consumers' unwillingness to pay for the new services. Also the professional market plays a role here, because competitive programme output, a cornerstone of any new service, has turned out to be a finite resource. Finally, it is the consumers, television viewers, that in the last instance decide which of the new services prove viable.

In the case of Finland, geographic and cultural characteristics too have determined the technical development of television. With its 338,145 square
kilometres but only 5.1 million inhabitants, the country is large in terms of geography but small in population, which, as will be seen, retarded the decisions on television broadcasting. Swedish being recognised as an official language alongside Finnish, the interests of this minority, comprising 6 per cent of the population, have also intervened in channel decisions.\textsuperscript{19}

While being a large but sparsely populated country, Finland must be characterised as one of the most advanced small television cultures in Europe. What was extraordinary in Finland’s broadcasting policy was that it already experimented with commercial television and introduced parallel television services in the late 1950s, i.e. considerably earlier than, for example, the other Nordic countries. These two features determined and explained broadcasting policy choices concerning channel capacity up until recent years. Later, Finland was also in the vanguard when cable programming, satellite television and the VCR were introduced.

This chapter investigates the development of the technological market of television in Finland. The gradual growth of channel capacity will be described and analysed, as will be the challenge of the new video media and the responses of the broadcasting sector to it. Due to the complicated nature of the matter, it is unavoidable that political decisions concerning new broadcast channels and broadcasting licences, too, are partly discussed in this connection. Finally, developments in the time devoted to different media, and the distribution of advertising expenditure between the media, will be compared.

8.2 Tradition of Parallel Services

\textit{Private pioneers.} - As the age of a new medium, television, was about to dawn, YLE, the national broadcasting institution, awarded with a \textit{de facto} monopoly,\textsuperscript{20} was hesitating. As a result, not only were the first experiments with television made outside the company’s control, by amateurs or engineers interested in broadcasting technology, but also the first regular service was introduced by a privately owned

\textsuperscript{19}However, ethnically the population of Finland is exceptionally homogeneous with only a Lapp minority of some 5,000 and various groups of immigrants, mostly Russian, accounting for less than 2 per cent of the total population. Most of the population has chosen to live in Southern Finland, with about 1 million people living in the greater Helsinki area.

\textsuperscript{20}When YLE’s operating licence was renewed in 1935, the state undertook not to award any other operator a licence for public broadcasting (see e.g. Jyränki 1969: 34).
foundation.

Since the first discussions, in 1949, concerning the launch of television, it had been clear that the major obstacle to the new medium in Finland was not technology but money. YLE entrenched itself behind its view that it should have a monopoly on television broadcasting in the country but that it was too early to start a new service, while the other parties, such as Helsinki University of Technology and the Foundation for Promoting Technology (TES) were more willing to begin joint research and development of television. Throughout the early 1950s, successive initiatives were thus stifled but, behind the scenes, individual engineers in research institutes and within YLE, too, continued their work with television technology. (Salokangas 1996a: 109-122; see also Arhela 1976; Sisättö 1980.) As Sisättö (1980: 38) and Salokangas (1996a: 109-115) have observed, YLE’s hesitation was an indication of the fact that the company was clearly divided on this point. The technology experts pleaded for television, whereas the company management gave preference to constructing the radio’s FM network.

Meanwhile, the Association of Radio Engineers in Helsinki had founded, in 1954, a Television Circle that had started to build equipment and do experiments in cooperation with the University of Technology. This resulted in the first public TV broadcast on May 24th, 1955, consisting of some two hours of a TV test chart accompanied by music plus an hour-long magazine programme including a talk show, music, a newscast and a weather report. In a bilingual country it was natural that part of the show was in Swedish.21

TES-TV, as the pilot service was called, referring to the Foundation of Promoting Technology that supported experiments financially, was also first, in March 1956, to start regular, local broadcasts on three evenings every week. Some of the programmes were sponsored, while others were financed by advertising. In the autumn of 1956, local broadcasts also started in Turku, and a year later in Tampere, both stations being regarded as subdivisions of TES-TV, although all three were independent in terms of programming. In 1960, TES-TV assumed a new name, Tesvisio, expanding to provide programming on a daily basis, and in 1961 the service for Tampere became known as Tamvisio. However, in Turku local programming had dried up by the end of the 1950s. (Lehtonen 1997; Lukkarinen and Nurminaa 1980; Salokangas 1996a: 112-115, 139-140.)

*Competing services.* - Although television had already taken its first steps in

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21 A good description of the first programme is given by Lukkarinen and Nurminaa (1988: 18-21).
Finland, the state-owned YLE still felt it was better to wait and see. 'Among the European countries, Finland has poor facilities for making TV broadcasting lucrative', a memorandum presented at the YLE Board of Directors concluded soon after the first public experiment by the Television Circle (cited in Arhela 1976: 247). It took almost two years before YLE was ready for its first TV transmission. The launch took place in March 1957, and its regular television broadcasts, known as Suomen Televisio (Finnish Television), on five evenings a week, were introduced in January 1958 (Salokangas 1996a: 119-122). Before that, YLE was forced to drastically change its attitude towards advertising, as economic necessities forced it to cooperate with the commercially financed and privately owned Oy Mainos-TV-Reklam Ab, subsequently known as MTV Finland.

As a result of parallel undertakings, Finland had, by the end of the 1950s, two competing television services characterised by three features. First, there existed a dual order of privately owned TES-TV - providing, however, local programmes only in the three largest urban areas, Helsinki, Tampere and Turku - and the publicly owned YLE with its Suomen Televisio (STV), both being awarded an operating licence. Secondly, Finland also applied a mixed financing model, as both licence fee and commercial funding were used. Furthermore, as Mainos-TV paid compensation to YLE for the advertising time it sold for the slots it had at its disposal, YLE was partly, but indirectly, advertising-sponsored. In spite of a somewhat delayed start of television, the semi-commercial competition between STV, or the YLE/Mainos-TV coalition, and TES-TV encouraged both networks to expand geographically and to invest in programming.

YLE’s strategy, in particular, was to expand the network as rapidly as possible at any price. The company launched new stations in Turku, Tampere, Lahti and Kotka in 1958, thus covering the main cities of Southern Finland and providing national programming, while TES-TV focused on local supply and was available only in Helsinki, Tampere and Turku. In 1961, the Foundation for the Advancement of Technology started to prepare an expansion of its Tesvisio into a network which, within a few years, would cover most major urban areas. The networked programming started during the spring of 1963 in Helsinki, Turku and Tampere, but the planned coverage never materialised. By 1964, YLE had 43 TV stations, its network reaching even the southern parts of Lapland, while Tesvisio was still confined to the three biggest cities. YLE also exploited effectively the launches of its new stations. It broadcast impressive opening ceremonies with a lot of entertainment, thus publicising its expansion into a national network. (Arhela 1976; Lehtonen 1997; Lukkarinen and Nurminen 1988; Salokangas 1996a.)

Another strategy of YLE was to defeat TES-TV/Tesvisio by expanding its
programming. YLE/MTV launched daily broadcasts in autumn 1959, Tesvisio followed a year later. By 1963, when the rivalry between the companies was at its peak, Tesvisio broadcast 1,086 hours of programmes, while YLE/MTV reached 2,060 hours. YLE even increased MTV's relative strength by stabilising MTV's share of programmes at around one third and by increasing its prime-time slots. An overall result was an ‘overflow’ of television in Finland. For example, in 1959 Sweden, an earlier initiator of television, broadcast 14 hours per week, whereas Finland's two rival services provided an overall of 25 hours (Salokangas 1996a: 135).

**Back to monopoly.** - As a TV licence fee was introduced in January 1958, the geographical expansion of YLE's network contributed in two ways to its advantage. On the one hand, it increased the company's revenues directly and dramatically. As Arhela (1976: 268) puts it, 'in the early 1960s, sales of TV licences exceeded all estimates, so that there was no lack of funds'. On the other hand, expansion increased the advertising sales of Mainos-TV thus affecting YLE's finances indirectly. The advertisers and sponsors came to prefer Mainos-TV to TES-TV, since it could provide a national audience for advertising campaigns. (Hellman 1988; Lukkarinen and Nurminmaa 1988.)

Thus, it came as no surprise that Tesvisio was gradually drifting into an economic crisis, which finally, in January 1964, resulted in a sales contract, according to which YLE bought the whole stock of Oy Tesvisio Ab, and a month later also that of Tamvisio, its Tampere-based collaborator. (Lukkarinen and Nurminmaa 1988: 130-153; Salokangas 1996a: 139-142). Parallel services remained, but the era of competition was over for two decades in Finland.

Although this marked a return to the duopoly of YLE and Mainos-TV, TES-TV and its successor Tesvisio did leave a permanent mark on Finnish television broadcasting. Besides introducing TV advertising to Finns, it also became, after its sale to YLE, the basis for the present TV2, established in 1965 as a semi-independent YLE network, operating in Tampere, while YLE's TV1, the successor

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22This gradual increase of MTV's proportion was partly an outcome of the company's own, active expansion policy but partly also promoted by YLE, which wished to fight back Tesvisio (Salokangas 1996: 135-139). In the late 1960s, MTV's share was again cut back to one fifth (Finnish Mass Media 1990: 148).

23Tamvision Tuki Oy was formed in 1960 to support the local television broadcasts of TES-TV in Tampere. Tamvision started local broadcasts in 1961 and produced, from 1963 on, programmes for the Tesvisio network (Lukkarinen and Nurminmaa 1988: 78-80, 93-95).
of Suomen Televisiio, remained Helsinki-based. One could also claim that without
the challenge of TES-TV, the commercial model would not have been introduced
in Finland at all, as the founding of Mainos-TV, as a financer of YLE's television
service, was also principally motivated by competitive reasons (Hellman 1996c).
Obviously, it also speeded up the introduction of national television broadcasts by
YLE's Suomen Televisiio. Moreover, as Lukkarinen and Nurminaa (1988: 161)
observe, domestic manufacture of TV sets was greatly promoted by TES-TV, as the
local electronics industry participated actively in local broadcasting experiments.
Hence, the rapid expansion of television, as well as the early introduction of the
second national network, were due to this extraordinary history of television in
Finland.

8.3 A Medium of Universal Culture?

Expansion of television. - The above example suggests that the emergence of
television in Finland cannot be credited to any conscious planning. Rather it was
characterised by 'drifting along with events' or 'pragmatic approaches to concrete
situations', as Salokangas (1996a: 142; 1996b: 141) has observed. 'Drifting along
with events', however, resulted in a rapid adoption of the new medium among the
Finns.

The most expansive growth of television occurred between 1961-1965. When
YLE in 1965 started to operate on two channels, more than 600,000 homes in
Finland had a TV set and a TV licence. The one million mark in the number of TV
licences was reached in 1969, when the density of licences was one of the highest
in Europe. (Salokangas 1996a: 161.) On the other hand, although YLE now had
two networks, its main effort was concentrated on TV1, which by 1965 served 97
per cent of the population but left large areas of sparsely populated Lapland
uncovered. In contrast to the truly nationwide TV1, the coverage of TV2 was in
1970 still at 40 per cent, and it was not until the 1980s that its programmes could
be seen, practically speaking, all over the country. (Kulttuuritilasto 1984: 276.)

As Heiskanen (1981) has claimed, television was introduced to the Finns at a
stage which was characterised by a vigorous urbanisation, a rapid change in the
occupational structure and a shift in lifestyles. More drastically than before, the

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24The new unit names were adopted in March 1965 when Suomen Televisio (STV) was
renamed as 'TV-ohjelma 1' (TV Programme 1) and Tesvisio, now owned by YLE, as 'TV-
population was concentrating in the urban, industrialised parts of Southern Finland. According to Heiskanen, ‘[t]elevision, being introduced in the middle of this change, was obviously about to satisfy both those who were in search of new patterns of behaviour and [...] those who wished a return to nostalgic memories’ (op.cit.: 158).

Although representing modernity and a rising standard of living, television appears to have been able to relieve the problems created by the huge societal change (Helstti 1988). It provided a common leisure-time activity for all, as practically everybody was watching the same programmes - and with intensity and dedication. Estimates of average viewership per programme reached their highest point, some 750,000 viewers, between 1966 and 1968, while TV1’s share of viewing was 80-85 per cent. The share of TV2 did not start to rise until towards the end of the 1970s. However, average daily viewing time remained stable throughout the sixties and seventies, at about 2 hours per day. (Nordenstreng 1969; Sinkko 1975, 1981.)

**Competition or coordination?** - The technological market of television remained considerably stable up until the 1980s. The increasing geographic coverage of TV2 was the principal change, providing an alternative to viewers.

YLE’s public promise to cherish the traditions of Tesvisio promoted competition between TV1 and TV2, but as early as 1966 YLE nominated a coordination committee whose purpose was to prevent unnecessary rivalry. According to Mr Pertti Hemánus (1968), a programme coordinator at YLE in 1967-1971, the purpose of coordination was to promote division of labour between the two units of YLE, as well as between MTV and YLE, and to avoid overlapping operations while, at the same time, preserving the independence of their programming policies. Above all, coordination of scheduling aimed at a *contrast of offerings* on the two channels, with relevant dimensions of contrast including domestic v. imported programming and informative v. entertaining programming. According to Hemánus, providing popular entertainment on both channels at the same time was not desirable, whereas simultaneous broadcasts of two informative programmes was considered a less serious offence against the principles.\(^{25}\)

In the 1960s, ‘the channel identity of TV2 was wavering in many ways’ (Hujanen 1993a: 61). For example, repeats of its programmes were broadcast on TV1 in order to increase their circulation. In the 1970s, when the identity of the channel was perhaps more established, coordination still aimed to increase the

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\(^{25}\)Programme coordination continued officially up until 1992.
viewership of TV2. In practice, this was achieved by tripling MTV’s fare on the channel during the 1970s (Kulttuuritilasto 1984: 278). This aroused criticism claiming that the principle of contrasting offerings had been compromised, as the schedules allowed ‘slaloming’ in accordance with the entertainment content from one channel to another, and that coordination, in general, had failed (see Paaslinna 1975: 38-41).

As TV2’s geographic coverage remained limited up until the 1980s, its development into a full-service TV channel was perhaps delayed. This may also have retarded YLE’s and MTV’s opportunities to utilise fully the advantages of the two channels, while the broadcasting of major national or international events on TV2 would have brought protests from those viewers who could receive only TV1’s service.

8.4 Challenge of the New Video Media

Introduction of cable television. - Several companies providing cable-TV services had already emerged in the 1970s. The pioneer was Helsinki Televisio Oy (HTV), founded in 1973, as it was the first cable company to provide its own programming. HTV started its first channel, the advertising sponsored Helsinki-kanava, in 1975, and introduced a pay channel, Viihdekanava, in 1978. In 1980, the number of cable connections in the HTV network was 66,500, while the pay channel reached some 9,000 subscribers. However, internally produced local programming proved unprofitable and was cancelled. Since then, foreign, mostly US series and movies had dominated Helsinki-kanava as well as Viihdekanava. (Hellman 1988: 49-59.)

In 1984, HTV, now in the hands of Sanoma Corporation, a major Finnish newspaper publisher, was the first cable network in Finland to transmit Sky Channel and, later, also other transnational satellite services such as Music Box, Super Channel, the French TV5, Eurosport and MTV Europe to its viewers. Satellite channels also opened up new opportunities for pay services such as Screen Sport, Filmnet and Children’s Channel in 1986. Similar developments took place in other big cities, too. Local programming was gradually reduced to a minimum, typically comprising a few programmes provided mainly by religious or other

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26 Until 1977 the name of the company was Helsingin Kaapelitelevisio Oy.

27 In English, respectively: Helsinki Channel and Entertainment Channel.
ideological organisations, while programming on these ‘locally’ compiled cable channels focused on imported, popular fare. After the mid-1980s, it was the various satellite channels that clearly became the core of the cable service and acquired the greatest popularity. (Helkelä-Välimäki 1991; Kosonen 1990; Österlund-Karinkanta 1987.)

Unlike in many other Western European countries, relaying of broadcasts from neighbouring countries never became a central duty of cable networks, except for the coastal, Swedish speaking districts of Western Finland, where the two Swedish television channels, SVT1 and SVT2, gained popularity and were the main motivation, after the 1970s, for joining master antenna networks and subscribing to cable. Transmissions of the Soviet Estonian television were also provided by several networks in Southern Finland. By the end of the 1980s, cable and satellite services reached almost 30 per cent of households, but were received daily by only 6-7 per cent of the population. (Sauri 1996; Österlund-Karinkanta 1987; Joukkoviestintätilasto 1991.)

The maturing of cable and satellite. - In 1990, the major cable networks joined to form a network called PTV.28 During its first year PTV reached 13 major cities, and by 1996 it covered all major urban areas, thus providing a semi-national television network for the Finns, supplying 50 hours of programming per week, mostly foreign fiction, entertainment and sports. In April 1996 PTV was renamed as PTV4, thus underlining its status as the fourth network. However, being distributed via cable only, the channel never reached more than 650,000 households, roughly one third of the population. Both its share of advertising and share of viewing remained at less than 5 per cent. (Sauri 1996.)

International channels most frequently distributed in the 1990s have been Eurosport, NBC Super Channel, MTV Europe, TV5 Europe and Deutsche Welle, whereas the most popular pay TV channels were FilmNet Plus and FilmNet Movies, with their number of subscribers totalling 80,000 households in 1996. Due to a change in ownership, the two channels were replaced by Canal + in 1997. New competition has been introduced by TV1000 and TV1000 Cinema. Other pay services are today marketed as channel packages, the most popular of which is

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28PTV, or Suomen Paikallis-TV Kanavat Oy, was founded in summer 1989. One third of its stock was then controlled by Sanoma Corporation, 20 per cent by Aamulehti-yhtymä, and 16 per cent by Oy Turun Sanomat, all major newspaper publishers. Two other major stockholders were the cable operators of Tampere and Turku. In 1994, Helsinki Media, a sister company of Sanoma Corporation, purchased the majority, two-thirds, of PTV’s stock. See Sanoma Group annual report 1989; Helsinki Media Company annual report 1994.
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PlusSat, supplying e.g. CNN International, BBC Prime, RAI Uno, Children’s Channel, Discovery Channel and TNT & Cartoon Network. (Nupponen 1997.)

Because cable services reach only urban districts, and because the capacity of networks is limited, most of the satellite channels can only be received using parabolic antennas. In 1996, some 190,000 Finnish households had a dish (op.cit.). One of the successful satellite pay services was CTV, an entertainment package provided by the Norwegian-based Telenor, supplying basically the same channels for dish-owners as PlusSat for cabled households. Unfortunately, the number of its subscribers is not available.

Emergence of video. - Another new programme source was provided by the VCR, which became widespread during the 1980s. The year 1982 is generally considered to be the breakthrough year for VCR sales in Finland. In autumn 1984, 11 percent of households owned a VCR. Six years later, more than half of the Finns lived in a household with a videocassette recorder. In 1983, when video had just made its sudden advance, 2 million blank cassettes were imported into Finland, while by the end of the decade the figure was at 6 million. (Samola 1990.)

In its early stages, the VCR was widely used for watching pre-recorded programmes provided by video rental stores. Turnover in the renting of video programmes doubled, or even tripled, annually, during the 1980s. In 1982 just over 500 titles were available in Finland, but supply of programmes, too, increased rapidly, replacing the original choice, dominated by pornography and cheap action films, by mainstream movies. In 1989 more than 6,000 titles were available in some 2,000 rental outlets. Some 60 per cent of titles available were US movies; another major country of origin was Britain. At the same time, video was watched daily by 9 per cent of the population. (Op.cit.; Joukkoviestintätilasto 1991; see also Hellman 1996a.)

By the mid-1990s a VCR was available for two thirds of households, but the turnover of the video recording markets had stagnated at FIM 300 million per year. Sell-through cassettes accounted for 67 per cent of the business. (Sauri 1996.)

8.5 Broadcast Television Strikes Back

Viewers escaping? - Although the viewing share of cable television and the VCR remained fairly modest, and posed no imminent threat to the established broadcasters, YLE and MTV were anxious about the developments. Cable television was not regulated at all until the cable television act of 1987 came into force but,
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even after that, transnational satellite channels had a free hand to gain an even better foothold in the viewing habits of the Finns.

Indeed, a series of studies by Tukiainen (1988), conducted in 1986 and 1987 in the three major cities, Helsinki, Tampere and Turku, confirmed that the viewing habits of cable viewers differed considerably from the habits of those who were served by the two nationwide broadcast channels only. Although the cable channels were used by no more than one in three of the cabled households, they accounted for 20 to 35 per cent of their viewing time. She also showed that the ‘cable audience’ was more oriented towards popular programme genres of fiction and entertainment than the traditional ‘broadcast audience’. In particular, the demand for series, serials and feature films was well served by the cable. (See also Panula 1986.)

According to Tukiainen (1988: 22), ‘[t]he most important feature characterising a cable viewer is age’. In all three cities, it was schoolboys and schoolgirls, from 9 to 14 years of age who were the keenest satellite channel viewers. At that time, Sky Channel in particular, was popular. The researcher even detected a small group of young heavy viewers who could spend up to 6 hours per day in front of the TV set, with half of that time taken by cable channels. Results suggesting that a youthful audience was perhaps escaping from the established broadcast channels were alarming for both YLE and MTV (see also Heiskanen 1986; Hellman 1989, 1993).

SHELTER FROM EXTERNAL RIVALRY. - YLE’s and MTV’s reaction to this fear of a decline in traditional broadcasting was a consolidation of their mutual interests. As a multinational threat loomed in the sky, YLE took, in early 1985, the initiative to strike back by starting to prepare a launch of a third national television network. Although the project was launched as a defensive move to protect the established broadcasting order, Channel Three became a seed of liberalisation of television in Finland.

What were the principal reasons why the channel issue came to the fore? First, developments in reception technology provide an obvious explanation. The arguments of director general Kiiuru for the project were purely defensive. In his presentation to the Administrative Council, he described the new channel as a response to the challenge of cable, satellite and video. On the horizon was the danger that these might gradually marginalise traditional broadcasters. (Kiiuru 1992: 180-182; Salokangas 1996a: 396-397.)

Second, there was also a possibility that local cable stations might form into a chain, thus developing into a genuine network, or channel, with common
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programme schedules, and so providing a good bargain both for viewers and advertisers\(^\text{29}\) - a prospect that later, in 1990, materialised in the founding of PTV. Third, matters were speeded up by another domestic threat, the knowledge that there was interest among newspaper publishers in using the spare frequencies in the electromagnetic spectrum. This would have destroyed the 'comfortable duopoly' of YLE and MTV and threatened MTV's monopoly on national TV advertising. 'The fact is that the third channel will come anyway, in one form or other. [...] This is why we must ask ourselves whether YLE and domestic programme production could make use of it', as Wessberg put it in an interview.\(^\text{30}\) Perhaps there was also anxiety at YLE that MTV could ally with the press and put an end to its companionship with the state broadcaster.

Fourth, and parallel to these developments, there was also a fear that, without a new domestic channel, 'money is about to flow outside YLE and away from domestic programme production', as Wessberg put it.\(^\text{31}\) Fifth, as Salokangas (1996a) observes, the fact that local, commercial radio had been permitted since 1985 also made liberalisation of television easier.

Sixth, and most importantly, there also existed a pressing problem of financing the established service. YLE felt that MTV's possibilities to subsidise public broadcasting were threatened by external competition unless more advertising slots were available. The advertising time accommodated by MTV on TV1 and TV2, providing roughly 20 programme hours per week, was quickly sold out, and its advertising sales had stagnated. The problem is well illustrated by the fact that while television's - i.e. MTV's - share of advertising expenditure in Finland was 16 per cent in 1970, by the mid-1980s the figure had dropped to 10 per cent (Hellman 1988: 96-98). Liberalisation suited MTV well, too, since the company recognised the problem. It needed extra programme time, preferably during peak viewing hours, and wished to expand its operations.\(^\text{32}\)

\(^{29}\) This argument was used by the Social Democratic Party in its background memo. See 'Kolmoskanava - mikä ja miksi?' [Channel Three - what is it and why?], SDP Puoluetoinisto, Taustamuisto 10/86, April 20, 1986.

\(^{30}\) Heikki Hellman, 'Kolmos mies' [The third man], Helsingin Sanomat, April 6, 1986.

\(^{31}\) Ylen johto sai valtuutet suunnitella kolmoskanavaa' [YLE's directors authorised to plan Channel Three], Helsingin Sanomat, June 15, 1985.

\(^{32}\) MTV's standpoint was well presented, for example, in a statement by the MTV board to YLE's Administrative Council in 1984. See 'Televiisityönmaan ajankohtaiset ongelmat' [The current problems of television broadcasting], MTV Oy:n hallituksen lausunto Oy Yleisradio Ab:n hallintoneuvostolle, January 10, 1984.
Hence, good arguments for expansion were not difficult to find: a channel could simultaneously afford shelter from external rivalry, strengthen the economic basis of the public broadcasting system and support domestic programme production. Analysis of the situation shows that the two broadcasters, YLE and MTV, faced common problems, which resulted in a consolidation of their mutual interests.

A commercial undertaking. - Sakari Kiuru, the then director general of YLE, named Mr Arne Wessberg, director of TV1, and Mr Jussi Tunturi, head of corporate affairs, as originators of the Channel Three enterprise (Kiuru 1992: 178). YLE's first, unofficial, contacts in the matter were with Nokia, a Finnish electronics conglomerate which was interested in developing a decoder for protected signals, but opening up a new channel for advertisement sales also attracted MTV and its newly appointed general manager, Mr Eero Pilkama.

One of the main ideas from the very beginning was that the new channel should be launched as a commercial undertaking, supported partly by advertising, partly by subscription. Another idea was that the channel would not necessarily provide a nationwide service. These plans naturally stirred up emotions and objections within the Administrative Council, as is well documented by both Kiuru (op.cit.: 180-185) and Salokangas (1996a: 393-403). The political Left considered that YLE should not embark upon a commercial undertaking, while the political Centre protested since pay TV would violate YLE's principle of providing an equal service to all, including remote districts and the Swedish speaking minority. Finally, also the political Right was critical, as the solution would block potential private entrants from the market. (Salokangas 1996a: 396.)

In spite of general scepticism and conflicts of opinion within the council and within MTV, too, the project proceeded rapidly, since the interest in expanding the domestic television service was shared by so many quarters. On the one hand, YLE's consortium continued negotiations paving the way for a separate company which could take charge of programming on Channel Three. It tried to secure the legal, administrative, technical and economic basis of the project. On the other hand, leading newspaper publishers launched a rival undertaking, Oy Kanava Kolme, formed in October 1985, aiming to utilise the same radio frequencies.\(^{33}\) Their preparations followed the same route as YLE's and MTV's plans, except that, due to a later start, they were a few steps behind. As a result, the Ministry of

\(^{33}\)Among the founding stockholders were both Turun Sanomat and Aamulehti, the two biggest regional dailies, whereas Sanoma Corporation was represented only indirectly through Helsinki Television Oy. Represented were a total of 37 media companies.
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Transport and Communications was forced to start investigations on the issue, thus bringing it on the governmental agenda.

*Competition for the licence.* - In November, YLE’s Administrative Council finally approved the plans to form a subsidiary, then named as Oy Kolmoskanava Ab,\(^{34}\) of which YLE was to own 50 per cent, MTV 35 per cent and Nokia 15 per cent. As the new channel was not intended to operate under its own licence, YLE submitted an application to the Ministry of Transport and Communications for a change in its licence to include Kolmoskanava’s operations too.\(^{35}\) A few days later, Oy Kanava Kolme also applied for an operating licence, thus openly challenging YLE’s monopoly right to a television broadcasting licence for the first time since the days of Tesvisio.

On the basis of its investigation into the technical prerequisites of new TV channels, the ministry found that Finland could even launch two new nationwide television channels, but ended with a proposal for expanding the channel capacity by only one, due to constraints of geography, population, economy and talent (see Chapter 9 below).\(^{36}\) Although decision-making was delayed by political controversies, it became evident during the spring of 1986 that the Finns could look forward to being served by at least one new TV channel.

The fact that the Council of State finally, in June 1986, decided to grant the licence to YLE, and to reject the application of Oy Kanava Kolme by 8 votes against 6, indicates that the political controversy surrounding the issue was not settled. The issue was principally pursued by the Social Democrats, whereas the other parties in the government coalition, The Centre Party and the Swedish People’s Party, were left in the minority. They did not oppose the expansion of channel capacity as such, but required further analysis of the impact of the new channel on regional equality in general and the economy of the regional press in particular. Even the Prime Minister, Mr Kalevi Sorsa, a Social Democrat, was sceptical of the opportunities of Oy Kolmostelevisio Ab to fulfill the requirements

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\(^{34}\) In English: ‘Channel Three’. Later, the name was replaced by Oy Kolmostelevisio Ab, as Kolmoskanava was already reserved by another firm in the Trade Register.

\(^{35}\) Amendment to YLE’s operating licence, June 5, 1986, para 9a. - A similar paragraph concerning MTV had been included in YLE’s licence since 1957. See e.g. YLE’s operating licence, November 28, 1985, para 9.

\(^{36}\) Liikenneministerin esitys Oy Yleisradio Ab:n toimiluvan täydentämiseksi [Proposal of the Minister of Transport and Communications for an amendment to YLE’s operating licence], The Council of State, June 5, 1986, Appendix 5.
stipulated in YLE's operating licence.\textsuperscript{37}

Duties were imposed on the new channel, duties which were a compromise between public service principles and commercial goals. As far as the 'technological market' was concerned, the government required that YLE must expand Channel Three's transmission network gradually, so that it would cover the greatest possible proportion of the population, and that the service should be open to all during prime time.\textsuperscript{38} This re-directed the channel, from the very beginning, towards nationwide growth, and frustrated the idea of introducing subscription television.

Channel Three was already on the air in December. During the first, experimental, months it reached only a few major urban areas, and provided only one feature film every night, but by September 1987 the weekly programming had been increased to 40 hours, including series and serials, movies, quiz shows and a daily current affairs magazine. The geographic coverage of the new network developed steadily: in 1987 it reached 40 per cent of the population, by the end of the decade 54 per cent, and in 1993, by the time of the channel reform, 97 per cent. (\textit{Joukkoviestintätilasto} 1987, 1989, 1991, 1993.)

Plans to introduce a pay service were gradually but determinedly buried. According to Mr Heikki Lehmusto, managing director of Kolmostelevisio, the major reason for this was that pay TV 'would have created a great financial risk', while sharing the evening between advertising-based slots and a pay service would have restricted the use of the potential of both.\textsuperscript{39} Instead, a re-allocation of channels between YLE and MTV began to loom as the most promising arrangement.

\textit{The Swedish service as an afterthought}. - Being a bilingual country, Finland's constitution states that the cultural and economic needs of the Swedish-speaking population shall be served according to the principle of equality. Hence, YLE, the state-broadcaster, has always had a special minority obligation. Since Channel Three was fiercely opposed by the Swedish People's Party in particular, practically a permanent member of government coalitions, who claimed that the new service

\textsuperscript{37}See e.g. 'Pääministeri Kalevi Sorsa epäili Kolmoskanavan mahdollisuksia' [Prime-minister Sorsa was sceptical about the opportunities of Channel Three], \textit{Helsingin Sanomat}, June 6, 1986, p. 12.

\textsuperscript{38}Amendment to YLE's operating licence (1986), loc.cit., para 9a.

\textsuperscript{39}Heikki Lehmusto, interview.
would not serve Finland’s Swedish-speaking minority, there remained a political interest in settling the political conflicts surrounding the channel by expanding programming in Swedish.

For its Swedish-speaking service, YLE had a separate unit, which operated a national radio channel and regional stations and filled certain time-slots on TV1 and TV2. Since the early 1960s, there had been talks within the Swedish People’s Party on providing a separate television channel for the linguistic minority, as programmes in a minority language tended to be badly treated in scheduling. However, these plans were regularly rejected as being economically unrealistic. (Salokangas 1996a: 409-411; Wiik 1997: 187-200.) A parliamentary radio and television committee, appointed in 1979, suggested that, similarly to the radio service, a ‘coastal channel’ should be constructed to serve the 300,000 Swedish-speakers. As the first phase service expansion, the committee proposed an increase in television programmes in Swedish on TV1 and TV2. As a result, the state budgets of the early and mid-1980s did contain appropriations for both the planning of the channel and expansion of programming.

However, for economic reasons, the idea of the coastal channel was gradually reduced to the possibility of receiving Sweden’s television channels in Finland’s Swedish-speaking regions. In fact, Sweden’s TV channels have always been receivable in parts of Finland, such as the Åland Islands and the coastal districts of Ostrobothnia, simply by installing a large enough antenna. Also, community antenna networks and cable systems had provided Sweden’s channels to their viewers. In 1988, the Swedish television broadcasts became a channel known as TV4, subsequently SVT Europa, a compilation of domestic programming on

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40This was expressed by the party leader and Minister of Justice, Christoffer Taxell in a press interview: ‘I am afraid that Channel Three is becoming another MTV. It broadcasts only a few programmes in Swedish. MTV does not consider the Swedish speaking population to provide a good buying audience.’ See Arto Astikainen, ‘Taxell ei halua kolmoskanavaa’ [Taxell does not want Channel Three], Heisingin Sanomat, May 27, 1986. When the government in June voted in favour of its operating licence, Taxell was in the minority but submitted his statement to the records of the Council of State claiming that international, commercial entertainment could also be resisted by ‘transmitting programmes from neighbouring countries’, obviously referring to Sweden. See Amendment to YLE’s operating licence, loc.cit.

Sweden’s two public-service channels, SVT1 and SVT2.\(^4\) By 1996, it reached not only Swedish-speakers but one third of Finland’s population. (Salokangas 1996a: 411-412.)

In spite of its significance in terms of minority policy, TV4/SVT Europa did not provide a genuine fourth channel but, partly due to its geographically restricted coverage, has remained a ‘half a channel’ only, a special service which is watched daily by no more than 3 per cent of the population, while its share of TV viewing has remained at 1 per cent. The popularity of the programmes of FST, YLE’s Swedish-speaking television unit operating on TV1 and TV2, is considerably greater. (Sauri 1996; Wiik 1997.)

8.6 The Era of Liberalisation

*Time for more competition.* - In June 1997, PTV4 was replaced by Nelonen, while Oy Ruutunnelonen Ab, a consortium controlled by the owners of PTV, won the dramatic competition for an operating licence for the fourth terrestrial television network, Channel Four. Following a model adapted earlier by, for example, Sweden’s TV4 and Germany’s RTL and SAT.1, a service constrained by a limited distribution on cable (or satellite) grows into a genuinely nationwide, terrestrially distributed TV channel. By the end of 1997, Nelonen reached more than 70 per cent of Finland’s population, but its viewing share remained at less than 5 per cent (*Joukkoviestimet* 1998).

If the arguments for launching Channel Three stemmed from competition, economy and cultural policy, the rationale for introducing another new channel was a new kind of a mixture of technology policy, media policy and industrial policy arguments, which will be more profoundly dealt with in Chapter 9. This was the first time in Finland that television services had been expanded with the explicit purpose of introducing new competition into the market, instead of repressing it, as was the case with Channel Three.

In business terms, Channel Four was a response to an emerged market interest in opening up a new television service. In policy terms, it was also a response to an approval, at the European level, of the allocation of the frequency bands for terrestrial digital broadcasts. And as for the final solution, the new channel was a result of political, technological and industrial analysis of the possibilities of either

\[^4\] A similar compilation of Finland’s TV1 and TV2 has been transmitted since 1986 in the greater Stockholm area and later, via cable networks, in various other cities in Sweden.
From Companions to Competitors

digitalising the terrestrial television broadcasting network or introducing a new analogue channel before the digital era. In fact, the solution was to do both of these things, since it, first, involved a decision of principle to proceed towards digitalisation and, second, resulted in the granting of a new operating licence, as one national television frequency had remained unused. These two parallel lines of policy were combined by a requirement that the licence holder of the new channel would be obliged to participate in digitalisation, thus providing its own share of the financing.

_competition for the licence revisited._ - If Channel Four provides the first case where promotion of competition has been approved as motivation for expanding the television service in Finland, it also serves as an example of the first genuine competition for an operating licence. There were many candidates, and the conclusion was far from self-evident.

In fact, the competition for the licence already started in August 1995 when PTV, Suomen Paikallis-TV Kanavat Oy, quite unexpectedly, and prior to any policy considerations, submitted an application to the Council of State for a licence to operate commercially on a nationwide television channel. With the intention to supply a combination of national and local programming, as well as national and local advertising, its principal arguments for the licence were, first, that distribution via cable could not provide a sufficient basis for covering increasing programme costs; second, that local programming would promote local production and also support local culture; third, that an alternative and a competitor for MTV is necessary; and, fourth, that the company had long experience in the television sector.\(^\text{43}\)

It soon became clear that the interest in introducing a fourth national television network was enormous, and that the climate of opinion was towards liberalisation. The very same month, a Russian company, Russkoje Video, operating a TV channel in St Petersburg, submitted a competing application. During the autumn of 1995 several other media companies expressed their interest in Finland’s airwaves, including the Luxembourg-based Scandinavian Broadcasting System SA (SBS), the media division of the Swedish conglomerate Industriöfvaltnings AB Kinnevik, Modern Times Group AB (MTG), and a consortium of domestic independent

\(^{43}\)PTV’s application, August 7, 1995.
production companies, Ruutunelonen Oy.44 Later, still more candidates appeared. One was A4 Media Oy, a company founded by a group of distinguished YLE journalists,45 and another a joint venture of Aamulehti Group and Kolmostelevisio.

In September, Mr Jouni Mykkänen, general manager of the Finnish Film Foundation and a former deputy director-general of YLE, had been appointed to provide a strategy for Finland’s policy to develop its broadcasting sector up until the year 2010, focusing on digitalisation and the opportunities of introducing a new analogue channel before the digital era. In his report, published in January 1996, Mykkänen recommended both the starting of digitalisation and the granting of a new operating licence.46 Another committee, consisting of representatives of YLE, MTV, PTV, the Ministry of Transport and Communications, and the Telecommunications Administration Centre, focusing on technical details, remarked that launching another analogue TV channel would retard digitalisation but, in spite of this, gave the new channel the green light.47

Although technical issues no longer posed an obstacle, disagreements between the dominant political parties delayed the process.48 As the ministry finally, on

44The companies behind Ruutunelonen Oy were Vip Vision Oy, owned by Mr Kalervo Kummola and Mr Jarmo Porola (50%), Firma Brutto Oy, owned by Lasse Lehtinen (25%), and Headline Oy (25%). Later, they changed the name of their joint venture for VBH Television Oy. However, when PTV and VBH Television later combined their applications the new joint venture was named Ruutunelonen Oy.

45Among the founding members were two YLE producers, Ms Liisa Akimof and Mr Harri Saukkomaa, and Mr Markus Leikola, managing editor of a current affairs magazine. They all were forced to resign their offices.

46Yleisradiotoinnin strategiaselvitys: Radio ja televisio 2010 [Strategy report on broadcasting: radio and television in 2010], Liikenneministeriö julkaisuja 45/1995. The report concerned both radio and television broadcasting. As for radio, Mykkänen recommended the launching of a commercial, national radio and the elimination of restrictions against forming chains of local stations. As a result, the commercial Radio Nova, operated by Suomen Uutisradio Oy, a company jointly owned by MTV Finland and the Aamulehti Group, was launched in spring 1997.

47Yleisradiotoinnin digitalisointi Suomessa [Digitalisation of broadcasting in Finland], Liikenneministeriö julkaisuja 20/1996.

48For example, the Swedish People’s Party demanded the construction of a national, Swedish-speaking TV channel (see ‘Rkp haluaa ruotsinkielisen tv-kanavan’ [SPP wants a Swedish-speaking TV channel], Helsingin Sanomat, February 7, 1996, p. A8), whereas the Minister of Culture Claes Anderson, representing the Left Alliance, wished to postpone decisions until further discussions on broadcasting (see ‘Andersson lykkäisi päätöstä tv-kanavasta’ [Andersson would postpone decision on the TV channel], Helsingin Sanomat,
From Companions to Competitors

June 1, 1996, invited applications, it offered no longer than a five-year licence period, while requiring that the network should cover 70 per cent of the population within 3 years, that the licencee be obliged to pay compensation based on its annual advertising revenue and that the licencee undertakes to operate two digital TV channels, if a terrestrial digital television network is introduced in Finland.49

All major candidates submitted or renewed their applications in a hurry, because the period of application was no longer than one month. In July, Ruutunelonen and PTV combined forces by reorganising Ruutunelonen Oy as a joint venture of PTV and VBH Television Oy, and, in August, the Danish media conglomerate Egmont A/S was introduced as a third major partner in the consortium.50 Also in July, A4 Media introduced its partners, CLT S.A., a Luxembourg-based media giant which controls several TV channels in Western European countries, and CapMan Capital Management Oy, a Finnish investment company.51 The joint venture of Aamulehti-yhtymä Oy and Oy Kolmostelevisio Ab was called Tampereen Viestintä Oy,52 whereas SBS applied for the licence for its subsidiary Oy Fixum Ab, wholly owned by SBS SA, and MTG’s application concerned its subsidiary Viestintä SF4 Oy, jointly owned by TV3 Sverige AB, TV3 Norge AS and TV3 Danmark A/S. Two non-profit associations, Suur-Suomi ry and Työttä työttömille maailmassa ry, and a British company, Icewaves Corporation, also submitted their applications for the broadcasting licence, thus totalling nine competing candidates.

As will be explained in Chapter 9, the principal competition for the licence was between Ruutunelonen Oy and A4 Media Oy, as the ministry regarded these as having ‘the best capacity to operate regularly as television broadcasters’.53


49The ministry’s proclamation was published in major newspapers on June 2, 1996.

50The major owners of the ‘new’ Ruutunelonen were Helsinki Media Company (42.5%), Suomen PTV Kanavat Oy (7.5%), Egmont Holdings Oy (20%), TS-Yhtymä Oy (16%) and VBH Television Oy (14%). See Helsinki Media Company annual report 1996.

51The founding group controlled 22.1 per cent of the stock, CLT S.A 42.6 per cent and CapMan Oy 36.3 per cent.

52The stock of Tampereen Viestintä Oy was shared equally by Aamulehti-yhtymä Oy and Oy Kolmostelevisio Ab.

53The ministry’s assessment was presented in a memorandum annexed to the final proposal. See Toimiluvan myöntäminen valtakunnalliseen televisiotoimintaan tavannonaista analogista signaalia hyväksikäytäen [Granting a licence for nationwide television broadcasting using a conventional analogue signal], Ministry of Transport and

124
YLE, for instance, appears to have lobbied strongly for Ruutunelonen Oy and against A4 Media Oy, it was no surprise that the former won the competition and was awarded the operating licence in September 1996. According to the proposal of the Ministry of Transport and Communications, Ruutunelonen was ‘the best to consolidate the Finnish media structure’. Although it was the Social Democrats together with the Coalition Party finally agreeing to support Ruutunelonen which determined the result, the Council of State was not unanimous. The ministers of the Swedish People’s Party, the Left Alliance and the Green Party, supporting A4 Media, were outvoted by 9 votes to 4, while one Social Democratic minister, also seconding A4 Media, abstained.

Nelonen, as Channel Four is now called, was launched in June 1997 with a programming profile highly resembling PTV’s schedule. By the end of the year Nelonen reached 72 per cent of the population, but its audience share has remained marginal.

The digital future? - If it was the launch of MTV3 that prepared opinions for a further liberalisation of broadcast television, the launch of Nelonen may indirectly contribute to future developments of cable and satellite television. It may encourage local television experiments which, so far, have been of minimal significance in Finland - in spite of the pioneering work of TES-TV and a few cable stations. For example, while aiming to homogenise the network’s output, PTV effectively lopped off local programme slots. So far, however, what cable television today provides, in addition to broadcast channels, is mainly international satellite services.

On the other hand, both MTV3 and Nelonen now have the advantage of being among the first broadcasters, along with YLE, to provide new television services within the digitised terrestrial network which will triple or quadruple the present terrestrial channel capacity. Both MTV3 and Nelonen are required to equip themselves for two digital programme channels, while YLE is preparing for several

Communications, September 23, 1996, p. 15.


55 Toimiluvan myöntäminen valtakunnalliseen televisiotoimintaan, loc.cit., p. 17.

56 In 1996, local television services using radio frequencies were provided by three stations, TV Tampere in Tampere, Krs-tv in Kristinankaupunki and När-tv in Närlö (Sauri 1996).
new programme ‘routes’, thus enabling more specialised and targeted services than is possible today.

8.7 Growth and Stagnation

Stagnation of the new video media. - By the late 1990s, the development of cable television stagnated. A decade earlier, cable television networks were expanding at a rate of approximately 100,000 new subscribers per annum, but for the last few years things have moved much more slowly. The reception of direct satellite services via a dish, too, has only increased in importance slowly. As Sauri (1996: 56) observes, generally, ‘the role of cable and satellite channels has been much less significant than in the Scandinavian countries’. In other words, although the technological market provided opportunities for the business market to expand, it did not make a major success. The opportunity to see the various ‘channels’ of television is presented in Table 8.1.

The VCR too was soon ‘tamed’. Instead of threatening broadcast television, it became, as Liikkanen (1994a: 59) puts it, ‘an integral part of everyday television viewing’. Although the sell-through video market has been increasing, the viewing of rental cassettes has been in such drastic decline that the market has stagnated. Increasingly, the principal use of the VCR is for timeshift purposes, i.e. recording television programmes for viewing at a later, more suitable, time. This appears to be promoted by broadcast television’s scheduling policy, which offers far more feature films than before. Of the total time dedicated to TV viewing, the VCR contributes no more than 6 to 7 per cent. (Hellman 1996a; Sauri 1996.)

A comparison with Table 8.2, presenting the daily reach of these channels, shows that while access to the new video media is common, these are not so frequently used. While two thirds of the population has a VCR at home, and PTV or satellite channels can be watched by every third person, they are switched on daily by 5 to 10 percent of the audience. As for the nationwide broadcast channels, the daily reach of TV1 has decreased from some 70 per cent in the late 1970s to 58 per cent in 1996, while both TV2 and, particularly, TV3 have gained new audiences.

What the figures suggest is, first, that increased channel choice has levelled and balanced the use of nationwide broadcast channels while, second, technologies such as cable, satellite and video have remained as an auxiliary to broadcast channels. They do not appear to have provided a functional substitute for traditional television
TABLE 8.1 Access to broadcast television channels and the new video media, 1960-1996 (%)

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<tbody>
<tr>
<td>TV1</td>
<td>40</td>
<td>97</td>
<td>98</td>
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<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
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<tr>
<td>TV2</td>
<td>31</td>
<td>40</td>
<td>82</td>
<td>95</td>
<td>98</td>
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<td>99</td>
<td>99</td>
<td>99</td>
<td>99</td>
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<tr>
<td>TV3</td>
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<td>45</td>
<td>65</td>
<td>97</td>
<td>99</td>
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<tr>
<td>TV4*</td>
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<td>17</td>
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<tr>
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<td>MTV Europe</td>
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<td>6</td>
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<td>4</td>
<td>10</td>
<td>22</td>
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<td>Pay TV</td>
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<td>8</td>
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<td>VCR</td>
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<td>-</td>
<td>21</td>
<td>41</td>
<td>49</td>
<td>63</td>
<td>70*</td>
<td>70*</td>
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<tr>
<td>Teletext</td>
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<td>19*</td>
<td>23</td>
<td>36</td>
<td>48*</td>
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</table>

Notes:
*TV4, subsequently SVT Europa, is a Swedish-speaking service providing programmes from Sweden's SVT1 and SVT2. It is receivable in the coastal districts of Finland.
*The figure is for 1995.
*The figure is for 1989.


but a functional complement to it (cf. Dimmick 1997; Noh and Grant 1997). The figures also carry strong evidence of a stagnating growth of the new video media in Finland.

This stagnation of development can be claimed to be a result of at least two things (see e.g. Hellman and Sauri 1997). First, both the potential advertising market and the popular market are rather small and traditionally - and effectively - dominated by terrestrial channels, thus leaving only niche markets for new entrants. Second, Finland has not yet seen any full-service satellite channels targeted on the Finnish audience and offered in the Finnish language, which necessarily has restricted the popularity of services. So far, PTV has been the only serious effort
TABLE 8.2 Daily reach of broadcast television channels and the new video media, 1978-1996 (%)^a

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<tr>
<td>TV1</td>
<td>67</td>
<td>68</td>
<td>72</td>
<td>70</td>
<td>77^b</td>
<td>66^c</td>
<td>63^d</td>
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<td>55</td>
<td>58</td>
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<tr>
<td>TV2</td>
<td>31</td>
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<td>53</td>
<td>47</td>
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<td>7</td>
<td>19</td>
<td>41</td>
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<td>3</td>
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<tr>
<td>Satellite TV</td>
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<td>9^e</td>
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</table>

Notes:
^aThe figures for 1976-1986 are not necessarily comparable with those for 1988-1996, because from 1987 on the figures are based on continuous people-metering data.
^bThe combined reach of TV1 and TV2.
^cThe combined reach of TV1 and TV2. The figure is for the fiscal year 1987-88.
^dThe combined reach of TV1 and TV2. The figure is for the fiscal year 1989-90.
^eThe figure is for 1987-88.
^fThe figure is for 1989-90.


To create a nationally compiled channel on cable television, although its success was moderate only.

Although the time devoted to watching cable and satellite channels, and video alike, has increased, too, it is the broadcast channels in particular which have gained, whereas the share of the new video media has remained marginal. Even in cabled households, the overall share of cable and satellite channels and video amounted to only one fifth of daily viewing time (Sauri 1996). On the other hand, patterns already detected by Tukiainen (1988) in the mid-1980s still hold true for the new video media. For example, the reach of satellite programmes as well as video is highest in the under-20's age group. Of 10-14 year-olds one third say they watch satellite programmes often, while half of the same group say they watch
TABLE 8.3 Daily average viewing time, 1987-1996 (minutes)

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</thead>
<tbody>
<tr>
<td>Broadcast TV</td>
<td>95</td>
<td>93</td>
<td>93</td>
<td>104</td>
<td>107</td>
<td>111</td>
<td>119</td>
<td>128</td>
<td>133</td>
</tr>
<tr>
<td>Cable/satellite</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td>6</td>
<td>5</td>
<td>7</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>VCR</td>
<td>6</td>
<td>6</td>
<td>7</td>
<td>10</td>
<td>11</td>
<td>11</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Total minutes</td>
<td>108</td>
<td>106</td>
<td>106</td>
<td>120</td>
<td>125</td>
<td>130</td>
<td>140</td>
<td>148</td>
<td>151</td>
</tr>
</tbody>
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Notes:
*Includes TV1, TV2, TV3 and TV4.

Sources: Joukkoviestimet (1998); Sauri (1996).

Video programmes several times a week. Similarly, the use of new video media appears to be characterised by a male bias. (Liikkanen 1994a; see also Hellman 1996a.)

Growth of broadcast television. - The figures presented in Tables 8.1 and 8.2 also carry indirect evidence for a growth in the significance of broadcast television in Finland. This is supported by the development of the daily viewing time of television, shown in Table 8.3. The average viewing time was stagnant, at little less than 2 hours throughout the 1970s and 1980s (Sinkko 1981; Kalkkinen 1986), but in the 1990s the figure started to rise, and the 1993 reform even stimulated the increase, so that during the last decade the daily viewing time has grown by 56 per cent from an average of 1 hour 48 minutes in 1986-87 to 2 hours and 41 minutes in 1996.\(^\text{57}\)

\(^{57}\)Television audience measurement started in Finland in 1960 as a joint investigation financed by YLE, MTV and the Finnish Association of Advertising Agencies (in Finnish: Mainostoinistojen Liitto). From 1966 on, there were separate, diary-based measurement systems, one for YLE and another for MTV, until in 1986 the new metered television audience measurement system brought the interested parties back together again. (Kasari 1992; Kytömäki and Ruohomaa 1996; Sinkko 1981.) PTV joined the continuous measurement system, administered by Finnpanel, in 1996 and its successor Ruutunelonen in 1997. - Rival figures, provided by regular surveys conducted by, for example, Statistics Finland (time-use and leisure surveys) and Suomen Gallup Media Oy (the Intermedia
This suggests that television has taken a growing role in the leisure time of the Finns. The increase in daily viewing time could be explained by an increase in leisure time, but since the shifts in the proportion of time used for leisure purposes has not changed significantly since the 1970s (Liikkanen 1990 and 1994a; Niemi and Päälkkönen 1989), it appears to be an increase of programme offerings and the increased number of channels that has principally affected the demand for television. For example, while the number of weekly programming hours on national television channels has quadrupled in a quarter of a century. In 1970, TV1 and TV2 provided an average of 65 hours and, in 1980, 86 hours of programmes per week, while the weekly supply in 1990 on TV1, TV2 and TV3 was 169 hours, reaching an average of 243 hours in 1996 (Carlsson and Harrie 1997; Joukkoviestintätäistö 1991).

Naturally, other reasons too have contributed to making television a more attractive medium. In 1991, 40 per cent of the Finns had at least two TV sets, while 60 per cent had a VCR and 70 per cent a remote control (Liikkanen 1994a: 54). The increasing number of households in the country with more than one television set has given the viewers greater freedom of choice, thus enabling them to make better use of the increased channel capacity and programme offerings. Similarly, with the VCR and the remote control device too, people have gained more convenience and independence for their viewing choices.

Broadcast television has proved its attractiveness not only to the viewers but also to the advertiser. If the stagnating advertising revenue was one of the principal reasons for the launching of Channel Three, the liberalisation of television and an increase in TV advertising time has clearly improved its competitiveness as an advertising medium. For instance, while MTV Finland in 1986 sold 125 hours of advertising time, the sales in 1996 totalled 791 hours.58 While newspapers have remained the most important advertising medium in Finland, television’s share of the advertising cake began to grow rapidly during the years of recession of the early 1990s when the advertising industry suffered a drastic decline.

As is illustrated by Table 8.4, newspapers in particular were hit by the recession, whereas television managed much better, obviously due to the effective combination of regional and national targeting of the advertising Channel Three could provide, which enabled MTV Finland to improve its stake in advertising

58See MTV Finland annual report 1986, 1996.

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The Multiple Market of Television

**TABLE 8.4** Shares of advertising in mass media, 1980-1996 (%)  

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</thead>
<tbody>
<tr>
<td>Newspapers/free sheets</td>
<td>64.8</td>
<td>65.2</td>
<td>67.3</td>
<td>69.0</td>
<td>69.5</td>
<td>67.4</td>
<td>63.3</td>
<td>59.7</td>
<td>57.1</td>
</tr>
<tr>
<td>Magazines/periodicals</td>
<td>16.8</td>
<td>15.9</td>
<td>14.4</td>
<td>12.7</td>
<td>11.5</td>
<td>11.4</td>
<td>10.7</td>
<td>13.2</td>
<td>14.5</td>
</tr>
<tr>
<td>Broadcast television</td>
<td>15.6</td>
<td>16.5</td>
<td>15.8</td>
<td>14.7</td>
<td>13.6</td>
<td>13.8</td>
<td>18.1</td>
<td>19.7</td>
<td>21.0</td>
</tr>
<tr>
<td>Cable television</td>
<td>. .</td>
<td>. .</td>
<td>.1</td>
<td>.2</td>
<td>.2</td>
<td>.4</td>
<td>.5</td>
<td>.7</td>
<td>.6</td>
</tr>
<tr>
<td>Radio</td>
<td>2.8</td>
<td>2.5</td>
<td>2.3</td>
<td>2.3</td>
<td>2.7</td>
<td>2.9</td>
<td>3.1</td>
<td>3.2</td>
<td>3.6</td>
</tr>
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</table>

| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| FIM million*          | 1635 | 2299 | 3255 | 3916 | 4869 | 5671 | 4447 | 4711 | 5415 |

*These data are net of discounts. The figures include planning and production costs.

while, at the same time, offering it at a more reasonable price than before. As a result, while a total of FIM 531 million was spent on advertising in broadcast television in 1988, the figure for 1995 was FIM 924 million. While its share in the late 1980s was 12-15 per cent of mass media advertising, by the mid-1990s broadcast television had increased it to 20 per cent. (Sauri 1996: 58.)

### 8.8 Summary

1. The number of broadcast television channels in Finland increased from one to four without any conscious planning or consistent policy.
2. The explanation for providing parallel services so early was the extraordinary competition between a private pioneer, TES (TES-TV/Tesvisio), and the state-run YLE (STV, in collaboration with Mainos-TV). While Tesvisio’s network became the core of TV2, STV served as the foundation of TV1.
3. Whereas TV1 was rapidly expanded to cover the country during the 1960s, it was not until the late 1970s that TV2 was established as a truly nationwide
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channel.

4 Channel Three, launched in 1986, was a defensive reaction against new video media but also an effort to deny entry to domestic competitors.

5 Channel Four, launched in 1997, was a result of re-regulation and liberalisation of broadcasting, already initiated by the establishment of Channel Three and the reallocation of channels between YLE and MTV. Its function was to introduce competition in television broadcasting and advertising and to consolidate the domestic broadcasting industry.

6 The development of cable and satellite television has stagnated in Finland. Cable and satellite reach less than half of all households while their share of viewing has remained marginal in comparison with broadcast television. Broadcast television has also improved its performance in the advertising market.
9 The Political Market:
Pragmatism and Cultural Nationalism

9.1 Media Policy v. Programming Policy

The players of the political market. - The political market of television is comprised of three principal agents: (1) the government - or the Council of State - which presents law proposals to parliament, grants operating licences to commercial broadcasters and decides the level of the TV licence fee payable to YLE; (2) the Ministry of Transport and Communications, which prepares media policy issues for the government, supervises commercial licence holders in particular and is in charge of the technical radio administration; and (3) parliament, which exercises the final legislative power and appoints the Administrative Council of YLE. Other crucial players include occasional parliamentary or governmental commissions, which report on broadcasting, and the YLE Administrative Council, which, while controlling the public-service broadcasting institution, also attends to the rights and interests of this institution in society. Lately, international media policy agents too, particularly in the form of decisions and directives of the European Union, have increased in importance.

In concert, and partly independently of each other, these agents define the general lines of media policy, regulate the institutions and structure of the industry and set goals for the programming policy of the broadcasters. Hence, the political market represents both a regulative and an advisory power over broadcasting. Politicians have traditionally had a tight grip on broadcasting in Finland. Until 1993, television was protected as a de facto monopoly of YLE, and like the industry structure, even the operative actions of YLE were strictly controlled by the political market (Silvo 1988; Lowe and Alm 1997).

Policy of structure. - According to Silvo (1988) Finnish broadcasting policy in general has been dominated by a rationale that has ‘stressed public responsibility, common national, cultural and political values, unified audiences and democratic media politics’, instead of by competing rationales focusing, for example, on television as a cultural market or as a business environment (op.cit.: 275-276). As a result, programming policy has, according to him, surrendered to the domination of general media policy regulating the structural and institutional setting of broadcasting. A similar remark is made by Soramäki (1988) who, unlike Silvo, has
spoken strongly in favour of the tradition of preferring the 'policy of structure' over programming policy. According to him, 'it is the media policy and the structural arrangement of television broadcasting which creates the opportunities to apply a programming policy', whereas 'programming policy [alone] does not necessarily decide the fate of broadcasting' (op.cit.: 30).

In line with Soramäki, programming policy is here considered to adjust to the constraints set by general media policy, or the policy of structure. In other words, a commercial media structure is considered to promote certain kinds of programming policies, whereas a system based on public broadcasting tends to favour a different kind of programming policy. Similarly, if the structure of broadcasting is transformed from a public monopoly system into a competition between the public and commercial sectors, it will also have programming policy implications. On the other hand, stipulations on programming policies alone can hardly steer the direction of the broadcast media if the media industry structure does not allow it. Hence, general media policy can promote a programming policy by, for instance, regulating competition within the industry and balancing between the rights and responsibilities of broadcasters, i.e. by creating structural opportunities pursuing certain types of programming.

This chapter analyses, first, how the political market in Finland has structurally regulated the development of the media industry and thereby determined implicitly broadcasters' programming policy choices and, second, how the political market has explicitly regulated programming.

9.2 Tradition of Pragmatist Media Policy

Serving the interests of all parties. - Historically, Finland has a tradition of political coalitions. The government, or the Council of State, is typically formed either by the Social Democratic Party or the Centre Party, often together with the conservative National Coalition Party and several minor parties. For example, while the cabinet after the 1987 election was formed by the Social Democrats together with the Centre Party, the Swedish People's Party and the Finnish Rural Party, the 1991 election gave a landslide victory to the Centre Party, which then headed the cabinet together with the conservative National Coalition Party and the Swedish People's Party, whereas the 1995 election restored the Social Democrats to power, this time together with the National Coalition Party, the Swedish People's Party, the Green Party and the Left Alliance.

Finnish democracy has been characterised by a close neo-corporatist link
between the government and several interest groups. Governmental control and regulation have been developed in cooperation with private enterprises or organisations, thus blurring the traditional line between public and private affairs. The allocation of public finance and other important decisions tend to be made in large policy packages aiming at a consensus. The interests of every collaborating group are usually respected, although not necessarily served.59

A good example of this tradition is provided by the very creation of Finland’s original system of television broadcasting. As YLE, having lost the initiative in the development of television to TES, a private foundation, realised that the tough combination of a small population, vast country and low post-war standard of living made it difficult to cover the cost of transmitters and links, not to mention programming, it started to search for a totally new kind of organisational formula. The company wanted to lay a firm financial basis for television before its launch, as the only means of ensuring its viability appeared to be expansion of the network as rapidly as possible to reach the largest possible number of people. Hence, it was economic calculations that forced YLE to start negotiations with advertising and business circles, and in 1956 a memorandum outlined a plan for cooperation between YLE and a separate commercial TV company to which a monopoly on advertising sales within the YLE network would be rented but which, at the same time, would be subjected to regulation and control by YLE.60

Typical of Finnish corporatism, the solution sought to safeguard the interests of both private business and the state. Private business was regarded as a relevant ‘social partner’ in the media policy community and, thus, was allowed to influence the structural arrangement. As Mr Pentti Hanski, the executive director of the Association of Advertisers of the time and the managing director of MTV, noted, ‘the Association of Advertisers finally came to the conclusion that, under the exceptional circumstances prevailing in Finland, commercial television would be implemented most economically and rapidly in cooperation with the state TV company’ (Hanski 1968: 21). During the negotiations with YLE, the advertisers emphasised the ‘mutual advantages of TV advertising for industry and commerce on the one hand and YLE on the other’ (op.cit.: 22).

59Features of modern neo-corporatist democracies have been analysed e.g. by Lehmburch and Schmitter (1982) and Pafioheimo (1984).

60This document ‘Televisio ja mainos’ [Television and advertising], presented to the board of directors of YLE on December 12, 1956, is reprinted as an appendix to Sinkko (1981: 202-212).
From Companions to Competitors

In April 1957, soon after the first experimental broadcasts by YLE’s Suomen Televisio, 80 advertisers, 11 film companies and 17 advertising agencies founded Oy Mainos-TV (subsequently MTV Finland), thus laying the basis for this unholy marriage between a state-owned and a commercial broadcasting company. MTV’s logo first appeared on TV screens in August 1957, and since then the company has accounted for approximately 30 percent of the TV economy in Finland and, through a leasing charge, approximately 20 percent of YLE’s revenues (Hellman 1988: 67-73).

Hence, Finland provides a good example of a hybrid of political and business interests. As Silvo (1988: 66-73) has shown, the actual regulations of the first decade of television highlighted, in addition to social responsibility, the existence of an economically viable broadcasting organisation. In its own policy papers of the early 1960s, YLE concentrated on corporate strategic issues such as competitiveness and financing. Questions of freedom of speech, plurality of broadcasting, etc., were largely ignored in the Finnish debate. As will be shown below, this tradition of ‘pragmatist’ broadcasting policy dominated up until the 1990s.

A non-monopoly system. - Another characteristic of Finland’s broadcasting order is that, in terms of legislation, there has never been a broadcasting monopoly in Finland. Thus, it was in principle in the hands of each consecutive cabinet whether it would grant licences for broadcasting. In practice, however, the Council of State had undertaken in 1935 not to grant broadcasting licences to any other instances but YLE (Jyränki 1969: 34-35; Salokangas 1996a: 13). This principle was laid down in the company’s operating licence between 1935 and 1954, thus signalling a general policy line of awarding YLE a de facto monopoly, if not de jure.

As a result, YLE’s collaboration with MTV was based on YLE’s operating licence. The scheduled collaboration of the state broadcaster with a commercial company caused a change, technically minor, but significant as a decision of principle, in its operating licence. While granting YLE permission to include advertisements in its television broadcasts, the justification of the Council of State was purely economic: to protect the public economy from investment costs and viewers from unbearable licence fees. (Jyränki 1969: 55-56; Salokangas 1996a: 118-119.)

Soon the subordinate status of MTV was made clearer. According to the renewed operating licence granted to YLE in 1962, the ‘company shall have a right in its television operations to make use of MTV’s assistance’ (cit. in Jyränki 1969: 56-57; Salokangas 1996a: 140-141). YLE’s de facto monopoly was thus expanded into a semi-duopoly, in which MTV’s status was to assist YLE, both in terms of
programming and funding. The relations of the companies, then, were regulated in
detail by a basic agreement and tested in the yearly negotiations concerning the
price and placement of MTV’s programme slots, as well as by regular meetings of
a programme coordination committee, the purpose of which was to prevent undesirale overlaps in programming. The companies had mutual interests, as the
semi-duopoly safeguarded effectively both the political legitimacy and the economic
viability of the system. (Hellman 1988, 1996c.)

Nevertheless, relations between the companies remained strained until the mid-
1980s. Two levels of disputes must be separated, however. At one level, the
coordinated sharing of programme slots on two channels created practical and
operative contradictions between the companies. MTV’s permanent interest in
expanding its programming and growing into a ‘real’ TV channel was always
retarded by YLE’s directors and programme makers. This was not a problem of the
political market, but caused tensions in the business market and the professional
market.

At another level, the question was a more general and political one: whether the
viability of the broadcasting structure in general needed MTV’s assistance or not?
This debate came to a head in 1968, when the Administrative Council voted for
whether the operating licence should mention MTV’s role as YLE’s assistant or not.
If this amendment to YLE’s monopoly right had been omitted, MTV’s future would
not have been promising. Luckily, MTV’s status was guaranteed by 11 votes to 10.
What determined MTV’s fate here was again media political pragmatism, the view
that ‘through the force of circumstances, advertising on television should be
continued for the time being’, as it was expressed by Nils-Börje Stormboim (1969:
79), chief of YLE’s the long-range planning team, which for reasons of principle
opposed commercialism in television.

In spite of the fact that the duopoly arrangement was uneasy, both operatively
and politically, the coordinated collaboration between the two companies was
confirmed by each consecutive renewal of YLE’s licence up until 1994, when MTV
finally was granted a licence of its own. MTV’s licence brought YLE’s de facto
monopoly in television broadcasting to an end.

*Break in the system: the Tesvisio era.* - The fact that there was no legal monopoly
on broadcasting also made the short life of TES-TV possible. In terms of licencing,
the experimental phase of the private pioneer created no problems. The University
of Technology was considered to be a governmental institution and, thus, did not
need a specific broadcasting licence. All it had to do was register with the National
Board of Post and Telecommunications. However, since the operations of TES-TV
From Companions to Competitors

became regular in 1956, and since the operative responsibility for broadcasts was taken by a private foundation, it was required to apply for a licence from the PTT.\(^{61}\) (Jyränki 1969: 34-39; Lukkarinen and Nurminaa 1988: 27-28.)

In May 1956, the National Board of Post and Telecommunications awarded TES-TV the licence, thus offending against the policy principle of not granting broadcasting licences to any other instances but YLE. According to Jyränki (1969: 34-35), who has analysed possible explanations for this decision to break YLE’s monopoly, TES-TV’s application, as well as the PTT’s decision, referred to the necessity of TV broadcasts for research and development into TV technology. It seems that these experimental, research and teaching purposes justified the departure from the previous licensing policy.

TES-TV’s licence was renewed in 1957, for six years, but as it soon became clear that its operations exceeded research and teaching purposes, the Ministry of Transport and Communications informed the PTT in October 1959 that operating licences should not be renewed except for YLE, until a new broadcasting legislation, which was then under preparation, could be applied.

In 1962 it became apparent that the ministry and the PTT applied different approaches to licensing. Tesvisio’s licence was about to expire, and since the parliamentary reading of a new law on broadcasting predicted a return to the broadcasting monopoly, Tesvisio’s managing director, Mr Väinö J. Nurminaa conducted delicate negotiations with the director general of the National Board of Post and Telecommunications, Mr Simbri J. Ahola. As a result, the licence was granted on the day the application was received in February 1962, but the decision was not made public until two weeks later when Mr Ahola had already retired. There seems to have been no liaison about the renewal between the two government authorities.\(^{62}\)

Perhaps it was due to this incident that the power of the National Board of Post and Telecommunications to grant licences for radio equipment was cancelled in 1963 and made into a monopoly of the Council of State (Jyränki 1969: 38-39). The

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\(^{61}\) Obviously for technical reasons, the authority to grant licences for both radio equipment and broadcasting was transferred, from 1949 to 1963, to the National Board of Post and Telecommunications. However, when YLE’s operating licence was renewed annually in 1950, 1951, 1952 and 1953, and then for 1954-1958, the decision was made by the Council of State, after which YLE and the Ministry of Transport and Communications signed a concession agreement (Jyränki 1969: 38-40).

\(^{62}\) A good description of the renewal process is given by Lukkarinen and Nurminaa (1988: 85-88). - However, the scheduled broadcasting law was never passed as parliament was dissolved before its final reading (see e.g. Jyränki 1969; Kulmanen 1991).
arrangement better guaranteed the political control and assessment of broadcasting licences. It took two decades, then, until the government started to liberalise the broadcasting sector by introducing commercial local radio in 1985, launching Channel Three in 1986 and, finally, awarding licences to commercial television broadcasters in the 1990s. Tesvisio’s short ascent star can then be seen as an exception in the long tradition of pragmatist broadcasting policy, which has aimed at safeguarding YLE’s viability and dominant role. Tesvisio represented a break in the system. On the other hand, the decision to allow a private foundation to pioneer television broadcasting is an indication of the pragmatic flexibility of the policymaking system. While YLE hesitated, another agent was allowed to seize the necessary initiative.

It must also be remembered that although YLE’s domination was accepted and tolerated by most, there were many who pursued liberalisation. Accordingly, Tesvisio’s independence was strongly supported by many who were critical about YLE’s monopoly. As Silvo (1988: 66-73) has shown, there had been, since the launch of television, two competing ideologies among media politicians concerning the organisation of broadcasting. One emphasised social responsibility through a centralised monopoly, while the other preferred a decentralised organisation. Arguments for the liberalisation of broadcasting have been presented continuously by the political Right in particular. For example, a few weeks before the government granted YLE the right, with the assistance of Kolmostelevisio, to launch Channel Three, two influential MPs of the National Coalition Party, then in opposition, suggested that the third network should be granted to private regional and local broadcasters, while Channel One should be left to YLE and Channel Two handed over to MTV. In fact, a struggle between these two approaches - i.e. centralised control and liberalisation - has never really seized, although the social responsibility model has dominated, thus guaranteeing the structural and institutional hegemony of YLE and MTV up until the mid-1990s.

势的政策化。- 由于广播在形成国家意见中的核心角色，以及芬兰公共广播商YLE的创立，国家拥有该公司的管理行政和机构性的纽带，由此导致了政策化的威胁。显然，越接近国家，广播商所站的位置，越受政策化的支配。正如Humphreys (1996) 所观察，在

63 Martti Tiuri and Perti Salolainen, ‘Kolme riippumatonta tv-kanavaa’ [Three independent TV channels], Uusi Suomi, April 22, 1986, p. 3.
spite of their strong traditions of open government and parliamentary accountability too, the Nordic countries are also characterised by a distinctively corporatist culture, with party politicisation and political proportionality being emphasised at all levels of the their public broadcasting institutions.

Humphreys has classified Western European public broadcasting systems according to patterns of politicisation, making a distinction between three types. The first is the single party dominated system, represented by France, Italy (up until 1975 and from 1994 on) and Greece. In these countries, party system tends to produce a distinctly majoritarian system of government, which is also reflected in the broadcasting system. The second types is comprised of countries with arm's length influence, such as Britain and Sweden, of which Britain represents a 'weak state' tradition with strongly entrenched, autonomous institutions of civil society, like the BBC, while in Sweden the public television broadcaster SVT is shielded by strong 'popular movements' which own the majority of the company. The third type is represented by multi-party or multi-group dominated systems such as Germany, Austria, Denmark, Netherlands and Belgium, combining politicisation with political pluralism. (Op.cit.: 144-158.) Without hesitation, Finland can be included in the last group of the typology.

In Finland, the so-called Lex Jahvetti of 1948 reformed the administrative relationship of the state and YLE, making the appointment of the Administrative Council the task of parliament. In practice this meant that the highest executive body of the company became occupied mainly by MPs in proportion to the their political strength in parliament. Between 1949 and 1997, an average of 73 per cent of the Administrative Council members were MPs.54 In order to guarantee that the administration of YLE would correctly reflect the balance of power, the term of office of the council was even set to correspond to the period between parliamentary elections.55 (Jyränki 1969: 93-118; Salokangas 1996a: 13-24.)

Indeed, there have been periods of extreme party politicisation of control, particularly in the late 1940s and then during the late 1960s and throughout the 1970s, when general party political struggles were often transposed into media policy and, sometimes, into controversies concerning the political balance of

54The figure is calculated from the lists provided by Ilmonen (1996: 173-177). The share of MPs was highest in the 1950s (85-87%). 71 per cent of the present council members are MPs. (See also Jyränki 1969: 112.)

55This principle was frustrated by the fact that, from 1954 on, parliament sat for four years, but the term of office of the Administrative Council was not changed to correspond to the new electoral term until the 1970s. In the late 1960s in particular this resulted in a political 'imbalance' between the compositions of the Administrative Council and parliament.
individual programmes (see e.g. op.cit.: 217-246, 275-298; Vihavainen 1996: 291-302). During these periods the Administrative Council of YLE, as well as the various programme councils, became fora of political disputes, making them into ‘mini-parliaments’, resembling the developments in Denmark (see Humphreys 1996: 156; Søndergaard 1996: 18-20). While the major criticism of the late 1960s claimed that YLE’s programmes were radically leftist, the trend of the 1970s was perhaps to overemphasise the political balance within the company. Accordingly, YLE came to be regarded more clearly than ever as part of the political system.

Salokangas has observed that, during the period of heated struggles, the political parties, in a manner of speaking, ‘were not prepared to trust solely in the will and ability of the company’s executives to work for “their own side” and thus keep the programming sufficiently “correct”’ (Salokangas 1996b: 173). This tendency resulted in a growing political control by the Administrative Council and not only culminated in an increasingly open politicisation of top-level appointments, but was also reflected in the general personnel policy of the company.66 In fact, as Salokangas puts it, the council and in particular its unofficial working committee ‘took a very active role and expanded their activities into areas that were in fact the domain of the company’s Board of Directors’ (op.cit.: 196).

Leading politicians have on several occasions made efforts to influence or put pressure on YLE’s journalistic and artistic content, but it appears that the general climate of opinion has tended to protect the broadcasting company. However, when the Council of State in 1973 renewed YLE’s operating licence for the next two years, the following statement, initiated by Foreign Minister Ahti Karjalainen, went on record: ‘In granting the operating licence, the government requires that the company shall take into account Finland’s striving to maintain good relations with all countries, and neighbouring countries in particular’ (citated in Salokangas 1996b: 186-187). In practice, this referred to a degree of caution in terms of foreign policy and relations with the Soviet Union in particular. As a result, YLE did introduce several programmes which have been characterised as being ‘liturgical and complied to official Soviet positions’ (op.cit.: 187) and increased the share of Soviet material.67

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67 However, YLE was not always cautious enough. For example, a historical series, Sodan ja rauhan miehet [Men of war and peace], a dramatisation of the Fenno-Soviet talks in Moscow before the Winter War in 1939, broadcast on TV2 in 1978-1979, as well as the US movie comedy of the 1950s, Silk Stockings, broadcast on MTV in 1973, were regarded
From Companions to Competitors

Although the political controversy surrounding, and the control over, YLE was relieved in the 1980s, this did not stop executive positions from being explicitly political mandates. Perhaps the underlying thought still is that the party’s ‘own’ executive will best serve its interests. Hence, the chairman of the Administrative Council has during recent decades been a representative of the Center Party (Atte Pakkanen, 1970-1977; Reino Karpola, 1978-1987; Mauri Pekkarinen, 1987-1991; Seppo Niemelä, 1991-1995; Markku Laukkanen, 1995-), while the last three director generals (Erkki Raatikainen, 1970-1979; Sakari Kiuru, 1980-1989; and Reino Paasilinna, 1990-1994) were Social Democrats, as is also the present managing director Arne Wessberg (1994-). Similarly, the directors’ posts of TV1, TV2, radio, etc., have typically been divided between the major political parties.

On the other hand, similarly to most West European public broadcasters (see e.g. Humphreys 1996: 144-158), the company was designed to enjoy a certain protection from the political system. One of these safeguards was that Yleisradio Oy has been granted the legal identity of an autonomous corporation, although 99 per cent of its stock is owned by the state. Second, although the level of the licence fee was determined by the government, YLE had a degree of autonomy over their finances. However, efficient shields against politicisation were not erected until the 1993 YLE act which, as will be seen below, dramatically changed both the status of the Administrative Council and increased the independence of the company.

9.3 Regulation of the Media Structure

Light regulation of cable industry. - As was suggested above, by guiding the general media structure, the general media policy often indirectly affects the programming policy of broadcasters, too. In what way has the Finnish media policy reacted to new developments, and to what degree has it been willing to actively guide them? In what way has the tradition of pragmatic, or even ‘pragmatist’ (Hellman 1996c), media policy been reflected in the recent legislation and liberalisation of broadcasting?

The development of regulatory measures for cable television was delayed in Finland. Although, a parliamentary commission reporting on cable TV was appointed in 1979, it was not until September 1985 that the government delivered a bill to parliament concerning cable television. The cable television act, which

as hostile by the Soviets. (See Salokangas 1996a: 322-330.)

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came into force in June 1987,\cite{68} is an example of fairly light regulation of both structure and programming.

According to the act, cable broadcasting shall promote freedom of speech, support democratic values, give information on local issues and promote an open discussion between citizens. An operator is entitled to be awarded a licence only if the applicant is regarded as solvent and capable of maintaining regular transmissions.\cite{69} According to a must-carry rule, the owner of the network is required to retransmit the mandatory YLE and MTV programmes and to reserve one programme channel, or some programme time, for local programmes. However, legislation does not require an operator to surrender programme time for local content without compensation. Hence, the law imposed no drastic constraints on cable operators. (Isaksson 1990; Jyrkiäinen and Hujanen 1992; Kosonen 1990; see also Hellman 1988: 52-54.)

An example of the light stipulation is provided by the joining of major cable operators into a network, PTV, in 1990. Without any media political assessment, the government welcomed it as an improvement in the service.\cite{70} Indeed, Finland’s cable television act imposed no restrictions on operators’ forming chains but, rather, favoured it. Furthermore, PTV, providing a semi-national TV channel, was not required to obtain a licence, as the act considered that only the local distributors were obliged to do this. Operators, then, tend to be strong local monopolies, owned either by the PTT, local telephone companies,\cite{71} or by newspaper publishers. This again reminds us that no cross-ownership legislation has been introduced in Finland, again reflecting the pragmatic media policy aimed at safeguarding the economic viability of enterprises.

As Isaksson (1990) has shown, parliamentary debate on the bill concentrated heavily on the issue of domestic content. In the bill to parliament, the government

\begin{itemize}
  \item \textit{Laki kaapelilähetystoiminnasta} [Cable television act], 307/1987.
  \item Originally, the opportunity to get a concession was limited to Finnish citizens and Finnish associations. Later, this limitation has been cancelled.
  \item In a magazine interview, a representative of the Ministry of Transport and Communications welcomed PTV: ‘What is at stake here is chaining of programming, which is permitted by the law. It can only be welcomed if it contributes to an increase in programme offerings’. See Timo Rinta, ‘Kaapelitelevisio hakee nyt lisävauhtia yhteistyöstä’ [Cable TV seeks extra push via cooperation], \textit{Uudet Viestimet}, 1/1990, p. 5.
  \item In Finland, the telephone business has traditionally been a private business, especially in cities. Until recent deregulation, the public PTT took care of long distance connections and guaranteed the service for the less populated areas.
\end{itemize}
stated only that ‘a sufficient share’ of the programmes must be of Finnish origin, whereas the final act defined it numerically, allowing the required domestic content to vary between 15 and 50 per cent, depending on the licencee’s opportunities to provide domestic programming. Interestingly, some representatives of the Social Democrats, then the governing party together with the Swedish People’s Party, the Center Party and the Rural Party, suggested that the percentage of domestic programmes should be calculated across all channels provided by the operator, thus also including international satellite channels - which at that time already composed the main bulk of cabled services - and, for example, the Swedish television channels which played an important role in several cable networks in the Swedish-speaking Finland. This, however, was consistently rejected by the Swedish People’s Party, with the support of most of the Social Democrats and the major opposition party, the National Coalition. (Op.cit.: 11-19.).

Hence, Finland’s cable television act provided an explicit stipulation on local programming only, whereas it largely ignored cable TV’s function as a distributor of international satellite programmes. Neither did the act require any active promotion of local programming, as a result of which locally programmed services remained an exception in the flow of imported entertainment and satellite services (Heikelä-Välimäki 1991; Hellman and Sauri 1997). The new broadcasting legislation of 1998 leaves cable television completely outside governmental control, since it no longer requires that cable operators hold an operating licence. Accordingly, the new broadcasting act also cancels all requirements concerning programming on cable television.

Finland’s legislation for cable television was thus extremely liberally minded, which perhaps reflected a change in the political atmosphere, now favouring deregulation. Whether conscious or not, the minimal requirements on content and access contribute effectively to a free, market-based development of cable networks and a creation of locally strong operators with related media interests, thus representing the ‘policy of structure’ typical of the Finnish media policy.

Consolidation of YLE’s interests. - The launch of Channel Three also continued the tradition of pragmatic policy making. This time the outcome was not liberalisation of the market, but rather consolidation of the established semi-monopoly of YLE.
and MTV. However, the race for the licence was tight, and it would not have been totally impossible for the final result to have been a different, more liberal one. This time, the pragmatist rationale favoured the YLE consortium. While safeguarding its competitive advantage against satellite and cable services, the solution led to a block on the entry of new, external competitors to the market. Interestingly, while the licence for Channel Three was awarded in 1986 to YLE, the cable television act of 1987 appears as a deregulatory reaction to the developments in the broadcasting sector.

Oy Kolmostelevisio Ab clearly represented the existing broadcasting establishment, or the semi-monopoly, as YLE owned 50 per cent and MTV 35 per cent of the stock. Another way of consolidating the existing order was that Kolmostelevisio was intended to operate under YLE’s licence and as an assistant to YLE. In contrast, the rival application from Kanava Kolme represented the existing media policy order. The owners of the company, mainly newspaper publishers, wished to take advantage of the potential liberalisation of the industry but, at the same time, to control its development so that its harmful effects on printed media could be minimised.

With the assistance of three separate expert commissions, the Ministry of Transport and Communications investigated both the prerequisites for a new channel during the early 1986. The commission focusing on technical and administrative issues remarked that, considering the economic and political significance of the solution, licencees should be obliged to serve certain goals of media and cultural policy. The economic commission found that the business prospects of both applicants were realistic, whereas the prospects for pay TV were clearly more risky than those for advertising-based television. In its analysis, the new channel would decrease the advertising revenues of MTV, cable TV and magazines but would not shake the overall balance of the advertising market dramatically. Finally, the third commission, the one concentrating on cultural issues, recognised that the new channel could complement the existing programme supply and, at the same time, be utilised to promote domestic programme production.73

While deciding to introduce only one new channel, the ministry underlined that the new channel should not threaten YLE’s economic foundation and that it should respect certain media policy goals, such as promotion of domestic programme production, diversification of production infrastructure and promotion of regional

73 Liikenneministerin esitys Oy Yleisradio Ab:n toimiluvun täydentämisestä, loc.cit., Appendix 5.
and linguistic equality. Accordingly, the proposition to grant a licence to YLE was based on the argument that the established state-broadcaster, in collaboration with MTV, could guarantee both the domestic fare, geographic coverage and general expertise of the third network better than a new entrant. The application from Kanava Kolme was also rejected on the basis that operation of a new company would have 'a negative effect on YLE's economies'.\textsuperscript{74} The only positive aspect of Kanava Kolme's rival application was, according to the ministry, that it would 'create a new alternative in television broadcasting and a more liberal competition between media'.\textsuperscript{75} The Ministry of Transport and Communications also emphasised that the decision should be made urgently, because developments in the media industry might otherwise result in a decline of YLE and MTV.

The government's decision of June 1986 to grant the licence to YLE was thus again based on the pragmatist rationale, or economic and corporate strategic calculation, and not on a general assessment of the cultural values of the new channel. After all, there were suggestions during the public debate that Channel Three be created as a culturally oriented minority channel, following the example of the British Channel 4 (see Hellman 1988: 76-80). However, the final design of Channel Three aimed mainly, as Jyrkiäinen and Hujanen (1992: 66) put it, 'to maintain the high level of programme supply and, in order to safeguard the economy of supply, to guarantee a continuous flow of advertising revenues to national television'. It was designed to protect the 'national' YLE/MTV consortium against competitors.

Hence, the solution primarily served the purpose of consolidating the existing structure of the broadcasting industry. This was supported by a secondary structural target of promoting domestic programme production, i.e. the creation and growth of independent production companies, which, at that time, were almost non-existent in Finland. These aims were supported by lesser, i.e. cultural or programme political, goals such as the promotion of domestic programmes. The Ministry of Transport and Communications even mentioned 'promotion of regional and linguistic equality in television supply' as one of its goals,\textsuperscript{76} but, as was soon observed, Channel Three focused on supplying a satellite-channel type of entertainment to those who were not reached by the cable (see Hellman 1988: 76-80, 128-132).

\textsuperscript{74}Loc.cit., Appendix 5, p. 5.

\textsuperscript{75}Ibid.

\textsuperscript{76}Loc.cit., p. 4.
However, the decision effectively combined two sorts of interests, those concerning industry structure and those concerning programming policy. This was enabled by a version of cultural nationalism (cf. Humphreys 1996; Lowe and Alm 1997), which, instead of creating illusions about programme quality, aimed simply at promoting 'Finnishness' in general. It was believed that domestic programming could be best promoted and the domestic industry structure best protected by the hybrid organisation of Kolmostelevision, combining commercial funding via advertising and (partly) public ownership. The decision on Channel Three provided a ‘national’ response to liberalisation, internationalisation and commercialisation of television by ensuring that the winners in this far-from-evident development were the existing domestic broadcasters. Later, a similar rationale guided other Nordic countries when they liberalised their television sector in the late 1980s and early 1990s (Hellman and Sauri 1997; Hultén 1996a).

**The new policy of structure.** - As was shown above in Chapter 7, the 1993 channel reform was composed of several elements, some of which were based on an agreement between the two companies, YLE and MTV, while others were a result of governmental interference, i.e. creations of the political market. Whereas channel re-allocation and the public-service fee were agreed upon at the company level, it was the Ministry of Transport and Communications which proposed that the common administration of the public broadcasting company and commercial broadcasters should be replaced by a dual arrangement. Here, the political market made a major intervention, marking a new policy of structure that most obviously will dictate Finland’s broadcasting policy even in the digitalised environment.

The idea of regulating YLE by law, while commercial broadcasters would be regulated by operating licences granted by the Ministry of Transport and Communications, took shape during the first months of 1993. Originally, Mr Niemelä’s ‘one-man committee’ had proposed that the whole sector of electronic media should be covered by a general skeleton law that would, on the one hand, define the role and responsibilities of YLE as a public service broadcaster and, on the other, provide a basis for licensing commercial broadcasters and for their economic obligations to YLE.77 As it became evident that preparation of such a law would take quite a while and that MTV was actively pushing for the licence, the introduction of a separate act on YLE served as a convenient compromise.

Hence, it was Niemelä’s report which introduced the new dual structure of broadcasting, composed of the public-service sector and the commercial sector,

77Julkinen palvelu 1990-luvun viestinnässä, op.cit., pp. 41, 52.
From Companions to Competitors

replacing the previous integrated structure. In the new model the two sectors would be independent of each other and follow separate administrative lines of regulation. YLE, with the Administrative Council operating as its governor, would be liberated from licensing and instead become guided by legislation. Commercial broadcasters, then, should be required to hold operating licences of their own, similar to local, commercial radio stations, which would bring them under the supervision and assessment of the Ministry of Transport and Communications. The commercial sector would no longer be subject to YLE’s command, its operative decisions or regulation by YLE’s Administrative Council.78

The special YLE act would have strengthened its independence in several ways. Earlier, YLE’s operations were principally regulated by two long-lived laws. One was the radio equipment act of 1927, which included the principle that the building of radio equipment requires a licence, while the use of radio receivers entails a responsibility to pay a licence fee.79 The other was the radio company act of 1934, by which the state had assigned the stations and transmission network to YLE and which stipulated that the Council of State and parliament participate in the administration of the company via the Administrative Council.80 According to the radio equipment act a licence for broadcasting could be awarded for a maximum of ten years and the licence fees paid by the receivers were to be collected into a separate Radio Fund and used for the promotion of broadcasting at the discretion of the Council of State.81 In practice, YLE has had a monopoly on the funds.

Under the legislation, the structure of broadcasting was regulated by the operating licence, granted by the Council of State. As noted above, YLE’s monopoly had, since the mid-1930s, been based on a conscious policy of not awarding any other companies a broadcasting licence. This policy was temporarily cancelled between 1956 and 1964, for reasons discussed earlier, and then gradually liberalised from 1985 when the first operating licences for local, commercial radio stations were granted. Although the competition for the licence for Channel Three

79 Laki radiolaitteista [Radio equipment act], 8/1927.
80 Laki valtioneuvoston oikeudesta luovuttaa yleisradiotoimintaa varten valtiolle hankittu omaisuus osakeyhtiölle [Radio company act], 216/1934. - The act was altered in 1948, transferring the right to appoint the Administrative Council from the annual general meeting to parliament, thus subjecting YLE to parliamentary control. This amendment is generally known as ‘Lex Jahvetti’ (Jyränki 1969: 93-101).
81 Radio equipment act, loc.cit., sections 2 and 4.
can perhaps be seen as a backlash in the liberalisation process, it finally resulted in allowing both MTV and Ruutunelonen to gain the status of independent, licensed broadcasters.

During the years of YLE’s monopoly, the assistant status of MTV (and later that of Kolmostelevisio, too) defined by YLE’s operating licence was also reinforced by the basic agreement, which defined MTV’s role as a financing base of public broadcasting. According to the agreement, MTV undertook to obey decisions and recommendations on programming made by YLE’s Administrative Council, report on its programming plans to YLE and subject its schedules to the joint coordination committee. Although the basic agreement mostly concerned programming, its latent fuction, however, was to consolidate the integrated, mixed, structure of broadcasting. With the support of the radio equipment act, radio company act and a licensing policy designed to support the public broadcasting company’s domination, the basic agreement composed the main tools of the ‘policy of structure’ in Finland’s broadcasting policy.

The YLE act, which came into force at the beginning of 1994, repealed the radio company act of 1934. It changed the situation, first, by granting the company new privileges. YLE was granted the right to practice broadcasting without an operating licence. The company was now regulated directly by the law, thus separating it from other broadcasters and exempting it from the decrees of the radio equipment act. The act also strengthened YLE’s status as a privileged, public broadcaster by promising to safeguard its operating requirements.

On the other hand, the new legislation increased the company’s independence by decreasing the powers of the Administrative Council. A principal duty of the council was traditionally the appointment of the Board of Directors. According to the new act, however, the Administrative Council appoints the director general.

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82YLE’s operating licence, December 14, 1989, preamble.

83The first basic agreement was signed by the companies in spring 1958. It was renewed in 1960, 1963 and 1968, and then annually until 1989, when the companies agreed upon the channel reallocation and signed their last mutual basic agreement.

84See e.g. Basic agreement between YLE and MTV, April 27, 1970, section 1. - The agreement is annexed to Yleisradion ohjelmatoiminnan säännöstö, YLE Administrative Council, April 14, 1972, Appendix 12.

85YLE act, loc.cit., section 1.

86Loc.cit., section 3.
only, while other directors would be appointed upon the director general’s proposal.\textsuperscript{87} Although the Administrative Council still has the right, for instance, to decide the budget for the following year, as well as the most important financial undertakings, and to make decisions concerning the range of operations and the basic organisational structure of the company,\textsuperscript{88} its role appears to have changed from a ‘political overcoat’ of the public-service broadcaster into a high-level guarantee of public service broadcasting. Instead of intervening in details, the council now represents, according to the analysis by Salokangas (1996a: 438), the owner, the nation, supporting the company in making ‘big’ decisions.

As Soramäki (1994: 41) has emphasised, an important dimension of this re-regulation was also that the possibilities of the Council of State and the Ministry of Transport and Communications to intervene in the operations of YLE were mainly cancelled, as the end of the dependence on the operating licence also marked the end of ministry control over the public broadcasting company. The principal exception to this rule is the licence fee, the level of which is still within the jurisdiction of the cabinet. A new, more independent and company-like culture at YLE was also promoted by increasing the powers of the director general by allowing him/her to act as managing director.\textsuperscript{89} The company’s opportunities to seek new financial structures were also increased by stipulating that the minimum share capital of the company owned by the state shall be 70 per cent instead of the earlier 90 per cent.\textsuperscript{90}

YLE’s statutory position can also be analysed in terms of four principal factors, i.e. ownership, financing, obligations and privileges (see Syvertsen 1997). As to ownership, 99.9 per cent of YLE’s stock is still owned by the state, although the new law considerably slackened the ownership rule. The company’s financial status was consolidated, as the law now guarantees that the licence fees, paid by viewers and collected into the extra-budgetary state Radio Fund, will be used for financing public service broadcasting. Interestingly however, YLE’s right to receive the ‘concession fees’ or ‘public-service fees’, paid by commercial TV broadcasters, is not stipulated by law, but has been left on lower level statutes. The licence fee already provides a major privilege acknowledged by law but, even more importantly, the new legislation clarified YLE’s status in Finnish society by defining

\textsuperscript{87}Loc.cit., section 6.
\textsuperscript{88}Ibid.
\textsuperscript{89}Loc.cit., section 4.
\textsuperscript{90}Loc.cit., section 2.
it as the principal broadcaster with the privileged right and duty to practice public service broadcasting in Finland. Balancing these new rights and privileges, the act also introduced a set of public service duties and obligations explicitly concerning programming. These will be dealt with in more detail below. As to supervision of YLE’s obligations then, it is noteworthy that the authorities of both the Administrative Council and the Ministry of Transport and Communications were undermined, whereas the independent decision making of the company board was strengthened. - The change of the statutory framework regulating YLE’s structural-institutional status is presented in Figure 9.1.

The function of creating a carefully balanced regulation between the privileges and duties of YLE was to provide a new ‘policy of structure’ which, first, would set the basis for a new dual order of programming and, second, consolidate YLE’s operating requirements and modernise its organisation in the midst of growing competition. Hence, the act on YLE of 1993 partly continued the traditional pragmatic and structural approach to broadcasting, with the purpose of safeguarding the established industry structure. However, while aiming simultaneously at both the strengthening of the status of the public broadcaster and the liberalisation of television, it also involved a major re-regulation. After all, the law was passed in order to balance the new, more liberal-minded licensing policy.

Towards a liberal licensing policy. - The government granted the operating licence to MTV at the same time as it put forward the proposal for the act on YLE. As noted above, these two regulatory tools were intended to complement each other. The decision to introduce a major change in the licensing policy on broadcast television followed the proposition of Mr Niemelä’s ‘one-man committee’, suggesting that ‘MTV shall be awarded an operating licence of its own, regulating its ownership structure with consideration given to aspects of competition and foreign ownership’ and that the commercial sector shall ‘via concession fees answer for a part of the nationally justifiable costs of the public service’.91

According to Mr Niemelä’s proposition, the basis of the licensing policy should be defined by a skeleton law for the electronic media but, until the new broadcasting law of 1998, it was exclusively in the hands of the Ministry of Transport and Communications, in its day-to-day policymaking, to sketch the general outlines for licensing, based on the assessment of applicants. Hence, it was YLE’s operating licence which partly served as a model for MTV’s licence, while it also included formulations derived from licences granted to cable operators.

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**FIGURE 9.1** The statutory framework of YLE before and after the channel reform

<table>
<thead>
<tr>
<th>CRITERION</th>
<th>BEFORE THE 1993 REFORM</th>
<th>AFTER THE 1993 REFORM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership</td>
<td>■ 90 per cent of the stock must be owned by the state (radio company act)</td>
<td>■ 70 per cent of the stock must be owned by the state (YLE act)</td>
</tr>
<tr>
<td>Financing</td>
<td>■ licence fee levied for the use of television (radio equipment act)</td>
<td>■ licence fee levied for the use of television (radio equipment act)</td>
</tr>
<tr>
<td></td>
<td>■ funds collected into the state Radio Fund mainly used to finance YLE</td>
<td>■ funds collected into the state Radio Fund in practice used to finance YLE (YLE act; annual utilisation plan ratified by the Council of State)</td>
</tr>
<tr>
<td></td>
<td>■ leasing charge from MTV and Kolmostelevision (basic agreement)</td>
<td>■ leasing charge and ‘public-service fee’ from MTV and Ruutunen (operating licence or agreement)</td>
</tr>
<tr>
<td>Privileges</td>
<td>■ monopoly on broadcasting licence (licensing policy of the Council of State)</td>
<td>■ exempted from obtaining a licence, regulated directly by law (YLE act; radio equipment act)</td>
</tr>
<tr>
<td></td>
<td>■ monopoly on licence fee (radio company act; annual decision by the Ministry of Transport and Communications)</td>
<td>■ monopoly on licence fee (YLE act; annual decision by the Council of State)</td>
</tr>
<tr>
<td></td>
<td>■ right to use the assistance of MTV and Kolmostelevision (operating licence)</td>
<td>■ operating requirements of the company promised to be taken into account when developing other broadcasting activities (YLE act)</td>
</tr>
<tr>
<td>Obligations</td>
<td>■ Administrative Council, appointed by parliament, engages and dismisses the board of directors, makes major financial, operational and organisational decisions (radio company act; bylaws)</td>
<td>■ Administrative Council, appointed by parliament, engages and dismisses the director general, makes major financial, operational and organisational decisions (YLE act; bylaws)</td>
</tr>
<tr>
<td></td>
<td>■ annual budget submitted to the Ministry of Transport and Communications (operating licence)</td>
<td>■ annual budget decided by the Administrative Council (YLE act)</td>
</tr>
<tr>
<td></td>
<td>■ a representative of the ministry in the Administrative Council with the right to speak (radio company act; operating licence)</td>
<td>■ a representative of the ministry in the Administrative Council, but no right to speak in matters concerning programming policy (YLE act)</td>
</tr>
</tbody>
</table>
How, then, did the ministry argue for its new, more liberal policy? In the memorandum annexed to the proposal to the Council of State, the ministry remarked that ‘there are neither legal, administrative, economic nor technical obstacles’ to the admittance.\textsuperscript{92} What did this mean? As to legal obstacles, there was no broadcasting monopoly based on law in Finland. Operating licences for broadcast radio and television could be granted by the Council of State on basis of the assessment of appropriateness. As to administrative grounds, the ministry itself was the authority which supervised the broadcast licencees. In technical terms, MTV’s application caused no changes, as YLE and MTV had agreed upon the channel reallocation and MTV was already operating on Channel Three. Perhaps most importantly, MTV’s licence was considered not to cause any economic rearrangements, as the prospects for commercial television were promising and YLE’s share of the advertising revenue would be guaranteed by the leasing agreement.

Still another rationale supporting MTV’s licence was, of course, the political argument. Out of some 40 interested factions, including the political parties, principal ministries, media companies, organisations of citizens etc. which were invited to submit a statement on the propositions by Mr Niemelä, a clear majority supported awarding MTV the licence.\textsuperscript{93} There existed a strong consensus within Finnish society in favour of a modest liberalisation and re-regulation of television.

MTV’s operating licence, valid until December 1999, provides only minimum requirements. It evades detailed definitions and strict stipulations. Naturally, the document focuses on programming policy, but at the structural level it is reminiscent of the controlling role of the Ministry of Transport and Communications, to whom the licencee is obliged to submit ‘an account of compliance with the terms of this licence’,\textsuperscript{94} although how often and in which form this account should be given remains unclear.

It is also stipulated that the licence ‘may not be transferred to another party’ and that also ‘a significant change […] in MTV Finland’s ownership relations […] shall be regarded as a transfer of the licence’. The sanction introduced here is cancelling

\textsuperscript{92}MTV Oy:n toimilupahakemus [The application by MTV for an operating licence], Memorandum, Ministry of Transport and Communications, August 6, 1993, p. 5.

\textsuperscript{93}Yhteenveto lausunnoista selvitysmais Seppo Niemelän mietinnöstä Julkisen palvelun 1990-luvun viestinnässä [Summary of statements on Seppo Niemelä’s report on Public service in the media of the 1990s], Memorandum, Ministry of Transport and Communications, [1993].

\textsuperscript{94}MTV Finland’s operating licence, loc.cit., para 9.
of the licence.\textsuperscript{95} Perhaps illustrative of the ‘pragmatist’ media policy, the possibility of cancellation was hardly even discussed when the Aamulehti Group and MTV in 1997 introduced their plans to merge. On the contrary, the merger was welcomed as a clarification of the media sector.\textsuperscript{96} This suggests that media cross-ownership is not strictly sanctioned, since in the Finnish market, drastically limited by language and small size, an economically feasible structure of industry is preferred to a diversity of industrial players - again an indication of pragmatism applied in media policy.

Interestingly, MTV’s obligation to pay a ‘public-service fee’ as a compensation was not imposed by the licence, nor was it even mentioned in the licence. The ministry justified this absence by the fact that YLE and MTV had mutually agreed on the terms under which MTV was to use Channel Three. Both the leasing charge and public-service fee were included in the basic agreement of 1989,\textsuperscript{97} and their level was negotiated annually between the companies. However, this arrangement has turned out to be problematic for two reasons. First, since MTV was awarded the licence, both companies saw the basic agreement as having become invalid. Indeed, the agreement was strongly based on the pre-reform situation with MTV operating under YLE’s licence and supervision. Second, when a licence to operate Channel Four was granted to Ruutunnelonen in 1996, there existed no contractual relation between YLE and the new entrant, as a result of which the public-service fee had to be included in the licence. This caused a discrepancy in regulation between MTV Finland and Ruutunnelonen.

The principal changes in the statutory regulation of MTV are presented in Figure 9.2. In the light of the analysis, MTV’s licence was a sign of liberal re-regulation of broadcast media, while it awarded, for the first time since the days of Tesvisio, a private, commercial broadcaster with a licence of its own. At the same time, it provided a natural continuation of the pragmatist line of thought, while it consolidated the existing industry structure, dominated by YLE and MTV. Thus, the new ‘policy of structure’ was an extension of the old policy.

\textit{Policy of cultural nationalism}. - As seen above in Chapter 7, the gates to liberalisation of the airwaves were already opened with the introduction of local

\textsuperscript{95}Loc.cit., para 11.

\textsuperscript{96}See e.g. ‘Kolmen medialeirin malli selkiintyy’ [The three-media-party model becomes clearer]. \textit{Helsingin Sanomat}, December 22, 1996, p. A2.

\textsuperscript{97}Basic agreement (1989), loc.cit., para 8.

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FIGURE 9.2 The statutory framework of MTV before and after the channel reform

<table>
<thead>
<tr>
<th>CRITERION</th>
<th>BEFORE THE 1993 REFORM</th>
<th>AFTER THE 1993 REFORM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership</td>
<td>■ no regulation of ownership</td>
<td>■ changes in ownership must be reported to the Ministry of Transport and Communications; significant changes may result in a cancellation of the licence (operating licence)</td>
</tr>
<tr>
<td>Financing</td>
<td>■ commercial television activities acknowledged (YLE's operating licence)</td>
<td>■ commercial television activities acknowledged (operating licence)</td>
</tr>
<tr>
<td></td>
<td>■ advertising allowed to account for 15% of the air time monthly (basic agreement)</td>
<td>■ advertising allowed to account for 15% of the air time monthly (operating licence)</td>
</tr>
<tr>
<td>Privileges</td>
<td>■ monopoly on national television advertising (the Council of State’s licensing policy; agreement with YLE)</td>
<td>■ right to sell air time for television advertising together with other commercial broadcasters (operating licence)</td>
</tr>
<tr>
<td>Obligations</td>
<td>■ YLE's Administrative Council, appointed by parliament, supervises programming (basic agreement)</td>
<td>■ the Ministry of Transport and Communications supervises the compliance with the terms of the licence (operating licence)</td>
</tr>
<tr>
<td></td>
<td>■ obligation to pay an annual rent for the network to YLE (basic agreement)</td>
<td>■ obligation to pay an annual rent for the network and a public-service fee to YLE (agreement)</td>
</tr>
<tr>
<td></td>
<td>■ obligation to submit programme schedules for coordination with YLE (basic agreement)</td>
<td>■ official programme coordination cancelled</td>
</tr>
</tbody>
</table>

Commercial radio in 1985 and the launching of the semi-commercial Channel Three in 1986. If the reallocation of TV channels in 1993 was a logical consequence of YLE's and MTV's warmed-up cooperation, the decision to launch another commercial TV network, Channel Four, and to grant a new licence for it was, then, the first test of the new media policy outlined by the government in 1993. It was already clear in Mr Niemelä's report to the Ministry of Transport and Communications that 'commercial operations', which, it was suggested, should be regulated by operating licences, did not refer to MTV alone, but to potential commercial broadcasters in general.98

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On the other hand, the launching of Channel Four was a response to the international allocation of the frequency bands for terrestrial digital broadcasts. Another one-man commission, that of Mr Jouni Mykkänen, appointed in September 1995, had recommended both the starting of digitalisation and granting of a new operating licence for analog broadcasts, with the requirement, however, that the licence-holder should participate in digitalisation, thus also financing it. The purpose was that the digitalised networks could be built up by YLE in collaboration with the commercial broadcasters.99

In accordance with Niemelä’s report, Mykkänen too dealt with the television sector in terms of a dual order, with YLE on the one hand performing its statutory tasks of providing public service broadcasting, and commercial broadcasters, on the other, being regulated by operating licences. However, Mykkänen’s emphasis on actively granting new operating licences was clearer than Niemelä’s.100 It also underlined the significance of competition in a new way, while remarking that ‘for media policy reasons, it is reasonable to argue that there should exist a commercial competitor to MTV’.101 Mykkänen also emphasised the promotion of domestic, independent programme production as a central motivation for the new channel.

As Channel Four was inspired principally by multiple interests of technology policy (to pave the way for digitalisation), industrial policy (to promote the independent production sector), employment policy (to create new jobs in the audiovisual sector) and competitive policy (to introduce competition to MTV), and as issues of programming policy were subordinate to these structural approaches,102 it clearly represented the ‘policy of structure’. Together with the 1993 channel reform, Channel Four, itself being a logical if indirect outcome of the reform, stands out as a landmark of the era of regulated liberalisation which characterises Finland’s media policy of the 1990s.

Indeed, the strategy report by Mr Mykkänen had explicitly advised policymakers

101 Yleisradion toiminnan strategiaselvitys, op.cit., 16, 34. - During the competition for the Channel Three licence this argument was presented but not taken into account. In the original proposal of the Ministry of Transport and Communications the only factor that appeared to favour the application of Kanava Kolme was the fact that it would introduce competition with MTV. However, this challenge was considered harmful, as it would have endangered YLE’s financing. See Liikenneministeriön esitys Oy Yleisradio Ab:n toimiluvun täydentämiseksi, loc.cit., Appendix 5, p. 5.
102 Yleisradion toiminnan strategiaselvitys, op.cit., p. 34.
not to stipulate any strict obligations on commercial broadcasters. Quite the opposite,

detailed standards concerning programming should not be applied in granting the licences. Instead, attention should be paid on the assessment of candidates. Too detailed definitions included in the licences easily become a dead letter impossible to obey for several reasons, the central explanation often being an economic one.\textsuperscript{103}

However, the report stipulated that, in granting new licences, candidates offering 'new alternatives' should be favoured, and held that YLE, Finland’s public-service broadcaster, and commercial stations should operate ‘complementarily’.\textsuperscript{104} Still another central criterium recommended for the assessment of applicants was the amount of domestic content offered.

Largely following Mykkänen’s proposal, the candidates for the fourth network were offered a licence for five years, while the terms imposed on them required that the network should cover 70 per cent of the population within three years. The licencee was also obliged to pay compensation not exceeding 33 per cent of its annual advertising revenue and to operate two digital TV channels if a terrestrial digital television network were introduced in Finland. As to programming, the applicants were expected to supply 50 per cent of the European content in domestic languages, as well as to commission 50 per cent of domestic programming from independent producers. The invitation to candidates also stated that when considering the applications the Council of State will pay particular attention to, first, the domestic content of the candidates' programme offerings; second, whether and in which way the programming would consolidate the industry structure of domestic audiovisual production; and, third, the safeguarding of the diversity of content and ownership.\textsuperscript{105}

While the Ministry of Transport and Communications wished to 'consolidate the industry structure of domestic audiovisual production', as it put it in its invitation, the principal competition for the licence was between Ruutunelonen Oy and A4 Media Oy. Four of the candidates, i.e. Icewan Corporation, Russkojo Video, Suur-Suomi ry and Työväentyömillä maailmassa ry, were dropped because they were not considered to have the capacity to operate regularly and they had not

\textsuperscript{103}Op.cit., p. 35.

\textsuperscript{104}Op.cit., p. 16.

\textsuperscript{105}See the proclamation of the Ministry of Transport and Communications in e.g. *Helsingin Sanomat*, June 2, 1996, p. D12.
presented their plans for programming. The weakness of Oy Fixum Ab and Viestintä SF4 Oy, both representing foreign media interests, was then their insufficient ‘knowledge of the Finnish television marketplace’, as the ministry put it, whereas the application of Tampereen Viestintä Oy was turned down on competition policy grounds due to its connection with MTV and YLE, both already operating in the market.\textsuperscript{106} Another explanation for its defeat in the competition was that the operating licence for national, commercial radio was expected to be won by Suomen Uutisradio Oy, another company mainly owned by MTV and the Aamulehti Group.

While Ruutunelonen on the one hand represented PTV and, on the other, was only at arm’s length from Sanoma Corporation, the major media player in Finland,\textsuperscript{107} its main advantages were an economically firm background and experience of both programming and programme production, as well as the fact that it could perform as a strong domestic competitor to MTV Finland.\textsuperscript{108} A4 Media, then, with its journalistic experience, successfully promoted its ‘quality channel’ concept, which appealed to those who had opposed the new channel or wished to see a less commercial alternative. It was ‘a channel for intellectuals’, as its profile was described.\textsuperscript{109}

Reflecting the pragmatic tradition of the Finnish media policy, the ministry judged that it was these two companies which, in spite of their international connections, ‘had the best capacity to operate regularly as television broadcasters’, ‘to consolidate the industry structure of domestic audiovisual production’, thus ‘promoting domestic audiovisual industries’, and operate as a ‘promoter of domestic culture’.\textsuperscript{110}

Nevertheless, both top candidates had their faults, too. There were many who

\textsuperscript{106}MTV Finland owned 80 and YLE 20 per cent of Kolmostelevisio Oy, while Kolmostelevisio owned 50 per cent of Tampereen Viestintä Oy.

\textsuperscript{107}Helsinki Media Company, the principal shareholder of both PTV and Ruutunelonen, is owned by Sanoma Corporation and the Eerko family, which, then, has a dominant share in Sanoma Corporation (see e.g. Carlsson and Harrie 1997; Sauri 1996).

\textsuperscript{108}There appeared to exist a strong will among (media) politicians to bring the Sanoma Corporation into the ‘national solution’ (see e.g. Saska Saarikoski, ‘Neloskanava – salajuonia ja mustia hevosia’ [Channel Four – plots and dark horses], Suomen Kuvalehti, 24/1996, pp. 32-35).

\textsuperscript{109}Miira Lähteennäki, ‘Kanava älyköiille’ [A channel for intellectuals], Helsingin Sanomat, June 20, 1996, p. C5.

\textsuperscript{110}Toimiluvan myöntäminen valtakunnalliseen televisiotoimintaan, loc.cit., p. 15.
were afraid that if Ruutunelonen was to be awarded a licence, it would increase the domination of Sanoma Corporation within the media field, thus contributing negatively to media concentration. PTV, representing the programming experience of the consortium, could not boast about its quality profile, as the channel traditionally focused on hobbies, sports and US fiction.\textsuperscript{111} A4 Media, then, aroused suspicions due to its weak domestic financial basis. The ministry assessed the candidate’s economic calculations, both in terms of turnover and viability, to be ‘unrealistic’.\textsuperscript{112} Fears were also expressed that CLT might take control of the channel, abandoning the ‘journalistic facade’ of the consortium.\textsuperscript{113} Another concrete fear concerning A4 Media was that with the purchasing power of CLT it could challenge YLE in competition for broadcasting rights for major sports events. There was also an assumption that it would be more difficult to engage the multinational CLT in the construction of the Finnish digital television network or in subsidising the public-service broadcaster YLE than it would be to engage the national Sanoma group. Indeed, it was understandable that YLE was actively lobbying for Ruutunelonen and against A4 Media, since the latter might have threatened the pragmatic pattern of ‘social partnership’ typical of Finland’s media policy.

As a result, Ruutunelonen’s victory was not a surprise. According to the ministry’s proposal, ‘granting the operating licence to Ruutunelonen Oy best consolidates the structure of Finnish media’. The candidate was selected because it was owned by ‘established companies which have displayed their knowledge of the Finnish media markets’. Justification of the decision referred also to the ‘realistic’ economic calculations and financial structure of the company.\textsuperscript{114}

What the decision demonstrated was that Ruutunelonen was more acceptable to the political market. This was perhaps because of respect for its major owner, the

\textsuperscript{111}As a Social Democratic media politician remarked, ‘PTV’s profile is a burden for Ruutunelonen. Nobody wants to have more of that stuff’. See Saska Saarikoski, ‘Kanavakilpailu kiristyy - yllättääkö A4?’ [Competition for the TV channel is being stepped up - does A4 have a surprise up its sleeve?], Suomen Kuvalehti, 35/1996, pp. 12-13.

\textsuperscript{112}Toimiluvan myöntäminen valtakunnalliseen televisiotoimintaan, loc.cit., p. 17. - The economic calculations of the applicants were also introduced by Ilkka Jauhiainen, ‘Tv-toimiluvan hakijoilla erilaiset taloulaskelmat’ [Channel candidates show diverging economic calculations], Helsingin Sanomat, September 7, 1996, p. A10.

\textsuperscript{113}See e.g. Pauli Takala, ‘Neljäs tv-kanava on kahden kauppa’ [The fourth TV channel is a deal for two], Demari, August 30, 1996, pp. 10-11.

\textsuperscript{114}Toimiluvan myöntäminen valtakunnalliseen televisiotoimintaan, loc.cit., pp. 17-18.
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Erkko family - a superior player in Finland’s media industry - and because the consortium was believed to provide a strong institutional structure not in danger of slipping into foreign control. Unlike CLT, Helsinki Media Company was considered a trustworthy and interested partner in accomplishing the digitalisation of the terrestrial network as a ‘national project’ in cooperation with the state, YLE and MTV. Indeed, the government’s decision referred in many ways to various ‘national interests’ which tilted the balance in Ruutunelonen’s favour.

Thus, while granting the licence to Ruutunelonen, the government only appeared to apply the ‘policy of structure’, as the choice was based on the assessment of the appropriateness of the candidates, not their programming policy. However, this is not the whole truth. The candidates’ programme offerings, too, were considered, but with due economic pragmatism, although explicit indications of this are hard to find in documents. The policymakers appeared to reason that if the schedules did not appeal to advertisers, they would be subject to major changes anyway. Although the diet suggested by A4 Media was ambitious and justifiable in cultural terms, its plans concerning audience share and turnover raised scepticism. If the programming were too exclusive, it would not yield profit enough to allow investments in the digitalisation, the ministry concluded.

The decision is another indication of a version of cultural nationalism (cf. Humphreys 1996; Lowe and Alm 1997), which had already been applied in the launch of Channel Three a decade earlier. It effectively combines the interests of the ‘policy of structure’ with programming policy by claiming that domestic programmes are best promoted and their popularity best protected within a media structure which is firmly in domestic hands. Hence, it aims at reconciling the goals of competition policy, industrial policy and technology policy with a cultural interest to promote ‘Finnishness’ in general.

According to the policy outlines sketched by Mr Niemelä, operating licences, granted to the private sector, provided ‘the most convenient way of regulating [...] concentration of media, [...] their foreign ownership, while they also enable [...] sufficient competition between advertising media’.115 ‘This time it was not the fear of international satellite channels but the threat of foreign media conglomerates and ‘imported digitalisation’ in general which motivated policymakers. Whoever the licencsee and whatever its ambition of production, according to this logic, domestic programming would be supported simply by ensuring that the main winners from commercialisation were domestic forces. (See also Hultén 1996a; Humphreys 1996.)

Hence, liberalising the radio spectrum by means of another commercial licence aimed both at increasing ‘consumer choice’ by providing new alternatives and continuing the pragmatist tradition of Finnish media policy. In accordance with the tradition, only scant attention was paid to programme policy, while emphasis was put on safeguarding a sound, i.e. domestically controlled, structure of the media industry and viability of the business. Instead of strict regulation of programming, the licencsee was obligated to support YLE by paying it an annual ‘public-service fee’ and to invest in the build-up of the digital network. These latter obligations can also be seen as a justification, or a balancing element, of liberal regulation of programming policy.

The operating licence of Ruutunelonen also pointed to risks caused by the fact that there exists no legislation governing the terms of licensing. First, as has already been stated above, the obligation to pay a public-service fee to YLE was included in the operating licence of Ruutunelonen, whereas in the case of MTV it was expressed in the agreement between the companies, thus resulting in an odd discrepancy. Second, the principles of determining the level of this fee are also different for the two commercial broadcasters. As for MTV, the amount is not specified in any way but is ‘determined on the basis of advertising sales turnover from the commercial programme operations’ and negotiated annually.¹¹⁶ For example, in 1996 the public-service fee accounted for 28.8 per cent of MTV’s sales.¹¹⁷ In contrast, Ruutunelonen’s operating licence released the company from paying the fee in 1997 and the obligation grows only gradually, so that by the year 2000 it is required to reach the same level as that of MTV’s, however not exceeding 33 per cent of the advertising sales turnover.¹¹⁸

Although the ‘public-service fee’ has been criticised by, for example, the Office of Free Competition for biasing competition between the public-service broadcasting company and other broadcasters,¹¹⁹ the arrangement appears to satisfy the pragmatic media policymakers as well as the audience. This widely shared support


¹¹⁸Ruutunelonen’s operating licence, September 26, 1996, para 10.

¹¹⁹Julkisen palvelun maksu ja sen kilpailuva rajoittavat vaikutukset [The public-service fee and its restraining effects on competition], Motion by the Office of Free Competition, November 21, 1996, Dnô 928/71/96. - Similar arguments were presented by a recent report on future alternatives of financing YLE commissioned by the Ministry of Transport and Communications (see Pulkkinen and Tillikka 1997).
is also reflected in the 1998 broadcasting legislation. The compensation, now renamed the ‘concession fee’, is payable by all commercial broadcasters, radio broadcasters included, on the basis of their turnover. However, the stipulated scaling frees local stations from the fee.\textsuperscript{120}

Policy of structure and programming. - The new ‘policy of structure’ changed the statutory framework of broadcast television principally in two ways. First, it raised the level of regulation so that the post-reform dual order is more legalistic and based less on contractual relations while at the same time being more constructive and less restrictive than the pre-reform integrated system. Indeed, the strategy report by Mr Mykkänen emphasised that

\begin{quote}
[\ldots]he role of the state as a regulator is changing. Its function as a controller will be increasingly replaced by positive regulation, positive contribution to the structures of programme production.\textsuperscript{121}
\end{quote}

Second, it liberalised television while at the same time strengthening the independence of the two established broadcasters, as well as the privileges of the domestically owned media industry, thus giving it an edge over future entrants. This structural intervention of media policy, which has both protected YLE’s privileges and opened up new opportunities for the commercial sector, has created a new balance between public and private interests, which fits nicely into the traditional policy framework. The reform stabilised the structure of the Finnish broadcasting industry, thus performing a pragmatic, structural function.

What, then, was the indirect effect of this policy on programming? It seems that the ‘policy of structure’ has definitely not promoted fierce competition but, rather, favoured coordination and a division of labour between broadcasters. During the years of the mixed, integrated system, YLE and MTV were designed, by structural decisions, to complement each other. This resulted in a balanced and diverse programme mix, a high proportion of national productions, and a high audience share and an established status within Finnish society (e.g. Hellman and Sauri 1988). At the same time, however, it operated as an effective entry barrier against independent producers, and can be claimed to have mediocrised programme output (see Heiskanen 1981, 1985, 1986). The pragmatic media policy has, as Silvo (1988:

\textsuperscript{120}Broadcasting fund act, loc.cit., section 5. For argumentation, see Hallituksen esitys eduskunnalle televisio- ja radiotoimintaa koskevaksi laiksi, loc.cit., pp. 46-48.

\textsuperscript{121}Yleisradiotoiminnan strategiaselvitys, op.cit., p. 17.
155) puts it, 'strengthened the existing status quo that was originally produced by accident' and 'assigned to commercial television a "domesticated" role of its own as a source of funding for non-commercial television broadcasting'.

Preserving the status quo and domestication of commercialism are fundamental elements of the liberalised 'policy of structure', too. According to the original proposition of Mr Niemelä's 'one-man committee', a wise combination of legislation and licensing policy could 'simultaneously guarantee (1) a universal service, (2) a sufficient proportion of domestic programming, (3) stimulating competition in programming, and (4) proper resources for the players within the industry, in addition to (5) expanding the freedom of speech, too'.122 Although the general broadcasting legislation was not passed until autumn 1998, the decisions to grant new broadcasting licences and to pass a separate law concerning YLE, already realised many of these goals.

By the end of 1997, Finland had three nationwide TV channels, a fourth, Nelonen, covering three quarters of the population, and a fifth, SVT Europa, reaching one in three Finns, thus providing a universal service. Granting the operating licence to Ruutunelonon indicated the ability of policy makers to control foreign ownership of the media. While introducing new, independent broadcasters, it may well have increased freedom of speech, at least in principle. There are also good reasons to expect that the new order of television broadcasting has guaranteed better resources for broadcasters and contributed to the growth of television as an advertising medium. And when the obligation to pay a 'concession fee' is extended to concern all broadcasters with a sufficient turnover, the commercial sector will be firmly engaged in the 'domesticated' structure of public service broadcasting, thus guaranteeing YLE's resources in the digital age too.

9.4 Regulation of Programming

Public service provision. - As stated above, direct regulation of programming in Finland has been minimal, and avoided strict stipulation. What exactly are the principal rules and regulations imposed by law, operating licences and other directives? And how did the regulation change as a result of the renewed policy? I will start by comparing the obligations set on YLE before and after the reform and then move on to the analysis of MTV's regulations. Finally, I will analyse differences between the existing programming requirements of YLE, MTV,

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122Julkinen palvelu 1990-luvun viestinnässä, op.cit., p. 52.
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Rututunonen and cable TV operators.

YLE’s programming policy was traditionally guided by the traditional public-service triple duty to inform, educate and entertain. YLE’s operating licence defined it as follows:

Yleisradio programmes shall offer variety, be dignified, relevant and impartial in their content and presentation, and also provide suitable entertainment. Every effort must be made in programming to promote public education and to provide useful information and news, while similarly ensuring that care is taken not to infringe anyone’s rights.123

The formulation of this section of the licence had survived since the launch of Suomen Televisio, in 1958. However, the company’s last operating licence, awarded in 1989, introduced an additional obligation concerning promotion of national culture and independent productions. It required that

[1]In the interest of preserving and promoting national culture, Oy Yleisradio Ab must see that a sufficient proportion of programmes broadcast by right of this operating licence are domestic productions and that some of the purchasing reserves are used to buy programmes by domestic producers outside the Company and MTV Oy.124

This requirement reflected both Finland’s gradual integration into the European regulation of broadcasting, particularly the EU Television Directive, given in 1989,125 and the growing interest of media and cultural policy in promoting domestic productions, including independent producers. This latter interest had already materialised in the launch of Channel Three, and was particularly supported again by an expert committee on media culture, appointed by the Ministry of Education in 1987. The first report of the committee recommended not only more budgetary funds for domestic audiovisual productions but also promotion of the independent sector.126


124 Ibid.

125 Directive on the Coordination of Certain Provisions Laid down by Law, Regulation or Administrative Action in Member States Concerning the Pursuit of Television Broadcasting Activities [EU Television Directive], Council of the European Communities, 89/552/EEC.

126 Viestintäkulttuuritoimikunnan I osamietintö: Kansallisen elokuvan-, televisiön- ja videotuotannon ja -jakelun edistäminen [Report of the expert committee on media culture: Promotion of domestic film, television and video production and distribution],

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Furthermore, the company was obliged ‘to include in its programming any announcement by the Government or other authority’ and to transmit emergency messages. The final obligation was that ‘broadcasts shall be in Finnish and Swedish’ and since 1989 also in the Lapp language. This latter stipulation was typical of a country with two official languages and an indigenous minority populating part of the country.

Indeed, more detailed orders concerning YLE’s programme output were not given. Hence, there existed no strict rules on the percentages of various programme types or domestic programmes, for example. Not even the EU Television Directive, imposing a 50 percent quota on European programmes and a 10 percent quota on independent productions, came into force in Finland until 1994. Neither did the regulation provide any detailed definition of the company’s public-service duties. Indeed, the whole concept of ‘public service’ was not officially included in any statutes until the new media regime of 1993.

How did the YLE act of 1993 change the regulatory framework then? First and foremost, it introduced a specified definition of YLE’s public-service obligations. Second, it raised the statutory level of YLE’s programming duties, thus emphasising their importance and legal validity. The act defines the company’s public-service obligations as follows:

The company shall be responsible for the provision of comprehensive broadcasting services for all citizens under equal conditions.

As special duties involving public service, the company shall:
(1) support democracy by providing a wide variety of information, opinions and debates on social issues, also for minorities and special groups;
(2) support, produce and develop Finnish culture and make the products thereof available to all citizens;
(3) promote the educational nature of programmes, support citizens’ study activities, and offer devotional programmes;
(4) ensure equal treatment in programme policy for both Finnish and Swedish-speaking citizens, and provide services in the Lapp language, and also for other language groups in Finland as appropriate;
(5) broadcast official announcements, further provisions for which shall be issued in statutory order, and make provision for broadcasting in exceptional circumstances; and
(6) make, produce and broadcast Finnish programmes and transmit news and


\(^{127}\) YLE’s operating licence (1989), loc.cit., paras 5 and 7.

\(^{128}\) EU Television Directive, loc.cit., articles 4 and 5.
programmes between Finland and foreign countries.\textsuperscript{129}

In fact, this section of the act includes all the directions concerning programming imposed on YLE. If the contents of these stipulations are analysed thematically, the introductory statement of the section sets the duty of \textit{universal service} on YLE. Interestingly, YLE’s operating licence never included this requirement, perhaps because it was assumed to be self-evident, as the company was the only operating licence-holder in the country. The fact that universal service is now regarded as a principal duty reflects the new broadcasting regime and the competitive situation, in which commercial broadcasters are not necessarily interested in serving, or required to serve, the whole population on an equal basis. As was emphasised by Mr Niemelä in his proposal for public-service duties, this difference of function between the public service company and commercial operators may be important in a country such as Finland, geographically large but sparsely populated.\textsuperscript{130} Interestingly, however, ‘comprehensiveness’ of programmes is mentioned in the law, which can be interpreted to refer to a large scope, diversity and inclusiveness of the service, thus referring to a traditional ‘full service’ function of public broadcasting.

As to the special duties involving public service, the first refers to diversity of opinion, traditionally included in the provisions of public broadcasters. YLE’s operating licence had a similar requirement, which, however, was less explicitly formulated, stating only that programmes shall ‘offer variety’, be ‘impartial’ and provide ‘useful information and news’. Neither was broadcasting’s relationship to supporting democracy expressed explicitly. In his proposal, Mr Niemelä made this relationship very clear, recommending that public-service broadcasting should ‘provide a public arena offering equal access to different opinions’.\textsuperscript{131} The new act also urges YLE to provide ‘opinions and debates’ and to cater for ‘minorities and special groups’, too. This extension of the definition of the diversity of opinion required of the company is remarkable, and reflects cultural policy debates of the last decade.

The second of the public-service duties can be named as a requirement of national culture, which was not mentioned in YLE’s operating licence but proposed

\textsuperscript{129}YLE act, loc.cit., section 7.

\textsuperscript{130}Unlike the final law, Niemelä recommended specifically that the duty of the public service is to ‘serve the regions’ of the country. See \textit{Julkisen palvelu 1990-luvun viestinnässä}, op.cit., pp. 32-33.

\textsuperscript{131}Op.cit., p. 34.
by Niemelä’s report as one of the company’s central duties. The issue of domestic culture had increased in importance during the 1980s, when internationalisation of television introduced a break in the hegemony of the YLE/MTV coalition in television broadcasting. As argued above, the promotion of national culture became assimilated into the favouring of a regulated and domestically controlled industry structure (see also Silvo 1988: 218-221, 231-235). Following Mr Niemelä’s proposal,¹³² the act provides YLE with a double function as an agent of national culture. On the one hand the company is expected to ‘support, produce and develop’ Finnish culture, thus operating as an active cultural institution and patron which, for instance, both creates new works of art itself and supports creative work in other institutions. On the other, the company is required to make the products of Finnish culture available to all citizens, thus imposing on it the duty of reflecting the diversity of cultural activity in the country.

The third of the public service obligations refers to the educational function of the company, which was also explicitly mentioned in the operating licence. In addition to ‘promoting public education’ in general, the new law, however, distinguishes between ‘supporting citizens’ study activities’ and ‘the educational nature of programmes’, which follows a proposal of Niemelä’s strategy report and specifies the company’s duty.¹³³ As a new element, a requirement to provide devotional, religious programmes is introduced.

The fourth duty emphasises equality of linguistic groups. This requirement was also included in the operating licence, but less strictly. Under the new regime, YLE is not only obliged to broadcast programmes in Finnish, Swedish and Lappish, but is also required to provide ‘equal treatment in programme policy’ for both Finnish and Swedish-speaking citizens. If taken literally, this is a heavy obligation. Although the needs of the Swedish-speaking minority are considerably well taken care of by YLE, the quality and quantity of television services in Swedish have aroused permanent criticism among the Swedish People’s Party, for example. Following the operating licence of 1989, the law renews the duty to provide services in Lappish too but, again following Mr Niemelä’s proposition,¹³⁴ extends this minority principle by requiring that, if appropriate, other language groups should also be served.

The fifth duty refers to the official and emergency function of YLE, and derives

¹³²See op.cit., p. 35.

¹³³See op.cit., p. 36.

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from the operating licence, which also requires the company to transmit official announcements to the public. Finally, the sixth duty imposes an export function on YLE, expecting it both to produce programmes for, and transmit them to, foreign countries. This is an extension of YLE’s duties and was not earlier included in its operating licence. Based on the argumentation of Mr Niemelä’s report, it can be interpreted to refer both to serving Finnish citizens abroad and promoting Finnish culture to foreign citizens.

If these duties imposed by the YLE act are compared to obligations originally proposed by Mr Niemelä’s one-man committee, they show a great similarity. In practice, each public-service duty specified by his proposal is included in the law, although in a condensed or reformulated form. This suggests that YLE’s programming duties imposed by the 1993 act derive from this report assigned by the Ministry of Transport and Communications and represent an extension of the former regulations provided by the company’s operating licence.

YLE’s public-service duties imposed on programming can also be compared to similar statutes in other countries. If we take the latest Royal Charter of the BBC and the Agreement between the BBC and the state as examples, the British policy on broadcasting shows completely another approach to regulation. Whereas Finland’s act on YLE is comprised of 17 considerably short sections printed on two pages, the BBC’s Charter provides 25 comprehensive articles printed on nine pages, and is complemented by the Agreement’s 18 articles printed on 16 pages.

While the Charter includes an exhaustive list of the objectives of the corporation, the Agreement defines in detail how many national and regional programme services the BBC is obliged to provide. Furthermore, the requirements concerning the programme content and programme standards are separated, as well as are specific requirements for the home services and world service. However, as to directions of programming, the Agreement establishes basically the same requirements concerning a wide range of subject matter, support and reflection of culture, stimulation of informed debate, education and regionalism as Finland’s act on YLE. Obligations ignored by the Finnish regulation but explicitly required of the BBC include ‘wide-ranging coverage of sporting and other leisure interests’, ‘high

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(136) See Royal Charter for the Continuance of the British Broadcasting Corporation [BBC Charter], Cm. 3248, March 13, 1996. See also Agreement Between Her Majesty’s Secretary of State for National Heritage and the British Broadcasting Corporation [BBC Agreement], Cm. 3152, March 13, 1996. - Both the Charter and the Agreement came into effect in May 1996.

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standard of original programmes for children and young people' and a day-to-day account of the proceedings of Parliament.137

Unlike the United Kingdom, Finland has not favoured detailed and strict rules and regulations concerning programming by her public broadcasting company.

Commercial freedoms. - Since MTV operated under YLE’s licence, its programming was directly subjected to YLE and supervised by its Administrative Council. Hence, it was also MTV’s mission to ‘offer variety’, i.e. to ‘provide suitable entertainment’, ‘promote public education’ and ‘provide useful information and news’, as YLE’s operating licence put it.138 However, these requirements were traditionally limited by the basic agreement between the companies, serving as the most important programme policy document for the company. Since MTV’s schedules were subject to joint coordination with YLE, and since YLE’s operating licence was considered to cover the programme offerings of the integrated, mixed system as a whole, the commercial company was never expected to provide a similar variety of programmes to that of YLE. This policy tradition contributed to a division of labour between the two companies (Hellman and Sauri 1988; Hellman 1996c).

For example, the basic agreement of 1970, which survived almost unchanged up until the early 1980s, stipulated that MTV was obliged to submit to YLE ‘regularly, and in good time, information about its schedules and programmes’.139 This was necessary because the schedules of both TV1 and TV2 were compiled by the coordination committee, on which MTV had a representative. Furthermore, the document forbade MTV to broadcast party political programmes and newscasts,140 Principles concerning advertising, broadcasting hours, etc., were also included in the agreement.

MTV’s right to provide news caused a major media political dispute in the late 1970s and early 1980s (see Salokangas 1996a: 317-321; Sisättö 1981: 71-74). MTV had been claiming its own news since 1976, but YLE’s Administrative Council was unable to make a decision about it. Finally, a parliamentary committee, assigned to report on radio and television broadcasting in general, also put MTV’s right to its

137 BBC Agreement, loc.cit., article 3.2.
139 Basic agreement between YLE and MTV, April 27, 1970, para 1.
140 Loc.cit., para 2.
own news on its agenda. The committee recommended that MTV should be granted a two year probationary period for newscasts on TV2.\textsuperscript{141}

However, the proposal did not satisfy MTV, as, according to the commission, the programme should not last for more than 15 minutes and, as it would be included within MTV’s existing broadcasting hours, would not therefore open up extra slots for advertising. After difficult negotiations between the companies, the Administrative Council made the final decision in March 1981, allowing MTV to launch a daily 20-minute newscast (15 minutes during weekends) and 140 minutes of extra broadcasting time per week. Kymmenen uutiset [News at ten] was already on the air in September, and in 1984 the newscast was granted permanent status. (Salokangas 1996a: 320-321.)

This example shows that although the basic agreement was in principle a contractual relationship between the two companies and, thus, an issue of the business market, it always concerned the political market too, as it was YLE’s Administrative Council, a politically appointed organ, which made the final decisions about the company relationships. When MTV, for example, was permitted the right to deal with topical issues in its current affairs programmes (1987), to launch breakfast television on TV3 (1989), to broadcast party-political programmes (1990), and to sell advertising time to political parties and during domestic sports broadcasts (1991), the decisions were always political ones, approved in the last instance by the Administrative Council.

What characterised regulation of MTV’s programming before 1993 was that it involved several restrictions but only few obligations. Hence, the policy could be called negative regulation. When MTV was granted an operating licence of its own, restrictions were in practice abolished, but only a few obligations introduced. Negative regulation was turned into a broadly defined regulation of framework of commercial broadcasting. How did this change requirements on programming?

The basic agreement of 1989, following the decision to gradually transfer MTV’s operations onto Channel Three, had already introduced new obligations to MTV. First, it required that its broadcasts

should provide viewers with a high-quality, diverse range of programmes supplementing Yleisradio programme operations. The range of programmes should then be developed so as to be both competitive and supportive of domestic programme production. Special attention must therefore be paid to the programming structure in

\footnote{Radio- ja televisiokomitean II osamietintö: Uutistaminnan järjestäminen [Report of the committee on radio and television: Organisation of news broadcasts], Komiteamietintö 1980:48, pp. 53-55.}

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order to avoid excessive one-sidedness.  

It was now, with MTV's own channel looming, that the company was for the first time actively required to provide a diverse programme structure, which, however, would complement YLE's supply. This was supplemented by including, for the first time, a requirement concerning domestic content in the agreement. The company was obliged to ensure that

at least 35% of programmes broadcast on the channel are domestic productions. A sufficient number of domestic programmes must also be scheduled for prime-time viewing.  

This regulation reflected the general fear of the time that foreign programming would oust domestic productions. Accordingly, the agreement also required that MTV should use 'part of its purchasing reserves to buy programmes by domestic producers outside the company', i.e. from independent producers.

However, the agreement still leaned on the traditional coordination philosophy, as it stated that '[i]n the case of certain programme types, there may be a division of labour between the companies on terms agreed separately'. The agreement specified this division of labour as follows:

It shall continue to be Yleisradio's responsibility to broadcast important national events. Yleisradio shall also televise major national and international sports events. The transmission of other scheduled sports events can be negotiated separately by the contracting parties.  

Compared to these pre-reform requirements, the operating licence of 1994 relaxed MTV's obligations, as it did not introduce new obligations and released it from coordination with YLE. Hence, although the statutory level of regulation was raised, the stipulation became lighter. The operating licence pointed only to five specific issues of programming. As to the structure of programming, the document requires that

\[142\] Basic agreement (1989), loc.cit., para 3.

\[143\] Ibid.

\[144\] Ibid.

\[145\] Ibid.
From Companions to Competitors

[The structure of programme activities must take into account communication and cultural-policy viewpoints. Programming should offer the public versatile programmes of high standard, useful information and news, as well as appropriate entertainment.\textsuperscript{146}

Hence the obligation to provide a diverse range of programmes of high standard was transferred from the basic agreement to the operating licence, whereas the requirement that the company should offer useful information and suitable entertainment were taken from the classical formulation of YLE's operating licence. As a new element, a compliance with communication and cultural policy viewpoints was added, whereas every reference to complementing YLE's offerings was excluded.

Directions concerning \textit{domestic content} were relaxed:

A sufficient portion of MTV Finland's programming should be of domestic origin. Domestic programmes should also be broadcast to a sufficient extent during prime time. - Part of the funds intended for programme activities should be directed to programmes produced by domestic producers outside the company and the Finnish Broadcasting Company [i.e. YLE].\textsuperscript{147}

The operating licence no longer set a strict quota for domestic programmes, but required only that they should compose 'a sufficient portion' of the output.\textsuperscript{148} As to the obligation to use domestic, \textit{independent producers}, the regulation survived without imposing a strict quota, which means that the minimum level of 10 per cent for European independent productions, set by the EU Television Directive, remains valid.

As a new obligation, 'a sufficient amount' of MTV Finland's programmes should be able to 'be understood by the Swedish-speaking population'.\textsuperscript{149} This requirement of \textit{language policy} was copied from YLE's operating licence, with the

\textsuperscript{146} MTV Finland's operating licence, loc.cit., para 3.

\textsuperscript{147} Ibid.

\textsuperscript{148} In its proposal concerning the operating licence, the Ministry of Transport and Communications argued that, 'for communication and cultural policy reasons a requirement concerning the domestic content should be included in the licence'. However, the ministry did not find a strict quota 'advisable', as no such stipulation is included in YLE's operating licence either. See MTV Oy:n toimilupahakemus, loc.cit., p. 8.

\textsuperscript{149} MTV Finland's operating licence, loc. cit., para 3.
exception that the Lapp language is not mentioned. As another new element, observation of good journalistic practice was included in MTV’s obligations, indirectly referring to values of impartiality and non-infringement of anyone’s rights familiar from YLE’s operating licence.

Regulation of MTV’s programming did not impose too painful duties on the company. Although MTV Finland can be seen as a hybrid broadcasting organisation, reconciling private ownership and commercial financing with a public duty to financially support YLE, the programming regulations released it to a great extent from providing ‘public-service programming’. The operating licence does mention versatile programmes of high standard, as well as news and information, but no reference to educational programming is made. Neither is the company constrained by obligations such as supporting democracy, promoting debates on social issues or developing Finnish culture. Perhaps indicating the pragmatism of the Finnish broadcasting policy, these duties are clearly transferred to YLE’s area of responsibility.

When Ruutunelonen was awarded its licence in 1996, formulations were mostly borrowed from MTV’s licence. It included the obligations to provide ‘versatile programming of high standard, useful information and news, as well as suitable entertainment’, while also referring to communication and cultural policy viewpoints in the structure of programme activities. It also obliged the company to comply with good journalistic practice. Interestingly, it included the European quota requirement in the operating licence but specified it by stipulating that

[a] majority proportion of European content shall be reserved for programmes in Finnish or Swedish. At least half of them must be works produced by independent producers.

Unlike MTV’s operating licence, Ruutunelonen’s licence does not require that the company should provide programmes in Swedish too. It is enough that a majority proportion of European programmes is either in Finnish or in Swedish. In contrast, its obligation to use independent production companies is much stricter than that of MTV’s, particularly if the share of domestic (and Swedish-speaking) output turns out to be high. On the other hand, the present production economy of

150Ruutunelonen’s operating licence, loc.cit., para 3.1.

151Loc.cit., para 3.2.

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TV programmes favours the use of external programme sources. Internally produced shows and series are feasible only for companies such as YLE (and to a certain extent MTV) with big professional and production capacity.

As already stated, cable TV operators, too, were obliged to provide ‘a sufficient portion’ of domestic programmes, but only on channels which were compiled in Finland.\textsuperscript{153} Foreign satellite channels, retransmitted by a local operator, were exempted from the rule. According to the act on cable TV, the annual share of domestic programmes could be ordered to vary between 15 and 50 per cent. Similar to Ruutunelonen’s licence, the cable television act also stipulated that programmes shall not include extreme violence or pornography. Substantial rules on programming imposed on cable operators were minimal during the period of research, whereas the new broadcasting legislation of 1998 will release the cable TV sector altogether from any programme regulation.\textsuperscript{154}

Comparison of regulations. - As regulations established for YLE, MTV and Ruutunelonen show considerable differences, they will be compared on the basis of certain central dimensions of programme output. Obligations imposed on a major cable TV operator, Helsinki Televisio Oy,\textsuperscript{155} are also included in the analysis. The dimensions of comparison concern regulations on the structure of programming, domestic and European content, independent productions, minority languages and cultural duties. The comparison is presented in Figure 9.3.

The analysis shows that stipulations follow the tradition of light regulation, typical of Finland’s media policy. Instead of strict and detailed directions on programme content, the act on YLE, as well as the operating licences for commercial broadcasters and cable operators, provide a general framework of programming, a paternalistic proposal to offer versatile programmes of high standard which cater for the needs of citizens for both information and entertainment. With the exception of YLE, even the obligation to serve the

\textsuperscript{153}Laki kaapelilähetystoiminnasta [Cable television act], 1380/1993, article 10.

\textsuperscript{154}This is due to the fact that from 1999 onwards cable operators will no longer be required to hold an operating licence. See Broadcasting act, loc.cit., section 2. - However, stipulations of the EU Television Directive concern cable operators too.

\textsuperscript{155}See Helsinki Televisio’s operating licence (VNP 1819/33/92). - Helsinki Televisio Oy, a part of Helsinki Media Company, is the biggest cable TV operator in Finland. By the end of 1996 it served more than 190,000 households in the greater Helsinki district. In addition, it provided pay TV services to more than 50,000 households in Helsinki and other major cities. See Helsinki Media Company annual report 1996.
FIGURE 9.3 Programming regulations of Finland’s broadcasters, 1996

<table>
<thead>
<tr>
<th>OBLIGATION</th>
<th>YLE</th>
<th>MTV</th>
<th>Ruotunelonen</th>
<th>MTV</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Structure of programming</strong></td>
<td>'comprehensive broadcasting': 'a wide variety of information, opinions and debate'</td>
<td>'versatile programmes of high standard, useful information and news, as well as appropriate entertainment'</td>
<td>'versatile programmes of high standard, useful information and news, as well as appropriate entertainment'</td>
<td>[no stipulation]</td>
</tr>
<tr>
<td><strong>Domestic content</strong></td>
<td>[no stipulation]</td>
<td>'a sufficient portion [...] should be of domestic origin'</td>
<td>'a majority proportion of European content [...] for programmes in Finnish or Swedish'</td>
<td>'at least 25% annually must be of Finnish origin'</td>
</tr>
<tr>
<td><strong>European content</strong></td>
<td>[no stipulation; obeys the 50% quota of the EU Television Directive]</td>
<td>[no stipulation, but reference made to the EU Television Directive]</td>
<td>[direct reference made to the EU Television Directive]</td>
<td>[no stipulation; obeys the 50% quota of the EU Television Directive]</td>
</tr>
<tr>
<td><strong>Independent productions</strong></td>
<td>[no stipulation; obeys the 10% quota of the EU Television Directive]</td>
<td>'part of the funds [...] should be directed to programmes produced outside the company'</td>
<td>'at least a half [of the programmes in Finnish or Swedish] must be works produced by independent producers'</td>
<td>[no stipulation; obeys the 10% quota of the EU Television Directive]</td>
</tr>
<tr>
<td><strong>Minority languages</strong></td>
<td>'equal treatment [...] for both Finnish and Swedish-speaking citizens, services [...] also for other language groups [...] as appropriate'</td>
<td>'a sufficient amount of programmes which can be understood by the Swedish-speaking population'</td>
<td>'a majority proportion of European content [...] for programmes in Finnish or Swedish'</td>
<td>[no stipulation]</td>
</tr>
<tr>
<td><strong>Other cultural duties</strong></td>
<td>'support, produce and develop Finnish culture', [provision of education]</td>
<td>'take into account [...] cultural policy viewpoints', [no provision of education]</td>
<td>'take into account [...] cultural policy viewpoints', [no provision of education]</td>
<td>[no cultural or educational duties]</td>
</tr>
</tbody>
</table>
From Companions to Competitors

Swedish-speaking minority is formulated very vaguely and generally. The issue of domestic content is also paid scant attention only, perhaps due to the 'naturally' high proportion of domestic programming on Finnish television.

Interestingly, the comparison shows considerable differences between stipulations concerning MTV and Ruutunelonen. However, the significance of these deviations should not be exaggerated. The operating licence of MTV was granted when the act on YLE had not yet come into effect and the basic agreement between the companies was still valid. The formulations included in Ruutunelonen's licence then perhaps represent directions which will also be taken into consideration when MTV's licence comes up for renewal in 1999.

Finally the comparison shows that the cultural and educational functions of broadcasting are left to YLE alone. This can be understood to be based on YLE's privilege and obligation to operate as Finland's public service broadcaster, as well as on the extraordinary financing arrangement according to which commercial broadcasters principally fulfil their public duties with money, i.e. by taking part in the financing of Finland's public-service broadcasting company.

9.5 Summary

1. Finland's media policy is characteristically pragmatic, or even 'pragmatist'. Regulation of programming has surrendered to a 'policy of structure', aiming for viability of the industry and the safeguarding of both public, political and private, business interests.

2. Finland never had a television broadcasting monopoly based on law. Granting operating licences is in the hands of the Council of State.

3. Particularly in the 1970s, YLE was subjected to strict, politicised control of its Administrative Council. Since the mid-1980s the grip of the political market on YLE, and MTV too, has been relaxed.

4. The gradual liberalisation of television broadcasting from the mid-1980s onwards materialised in the launch of Channel Three, the legislation on YLE and cable TV, and in the operating licences of MTV and Ruutunelonen.

5. Liberalisation has simultaneously served both the strengthening of the public-service YLE's position and the interests of introducing more competition by commercial broadcasters. This dual strategy of regulated liberalisation slightly modifies the basic line of the traditional 'policy of structure'.

6. The act of 1993 increased YLE's independence both financially and organisationally, relaxed stipulations concerning its ownership and granted
it a privileged status as Finland’s public service broadcaster.

The new, liberal licensing policy imposes only minimal structural constraints on commercial television broadcasters, which reflects the pragmatic interest in safeguarding the viability of operation. On the other hand, it obliges them to take part in the financing of YLE and explicitly promotes ‘cultural nationalism’.

The dominant ‘policy of structure’ does not encourage fierce competition in programming but, rather, advises broadcasters to apply a division of labour, although the new regime of the media of 1993 abolished all direct rules concerning coordination.

Direct regulation of programming is not characterised by strict and detailed stipulations. Rather, both YLE and commercial broadcasters are directed by rather vague rules that provide a general framework of versatile programming of high standard.

Due to its privileged status, YLE is constrained by far more ‘public-service duties’ than the commercial broadcasters. Interestingly, the formulations of the operating licences of MTV and Ruutumelonen are somewhat different, reflecting conditions prevalent at the time the licence was granted.
10 The Business Market: From a Mixed Model to a Dual Order

10.1 The Structure of the Business Market

Television broadcasting operates in Finland as an industry, involving both publicly and privately owned as well as both publicly and commercially financed companies. Whereas YLE is owned by the state and financed by licence fees, privately owned broadcasters such as MTV Finland and PTV, as well as its successor Ruutunelonen, rely on advertising. Hence, the Finnish broadcasting industry provides a dual order within one market. However, as the regulatory tradition engages the commercial sector with the public service sector by financial ties, the industry can be analysed in terms of a tripartite typology. Here YLE performs the function of (1) a traditional public service broadcaster, whereas PTV, operating in 1990-1997, alone formed (2) a genuinely commercial broadcasting sector. MTV, Kolmostelevisio and, the latest entrant, Ruutunelonen, then, represented (3) a ‘hybrid’ sector reconciling a commercial method of funding and public-service duties.

In terms of vertical integration, the broadcasting sector consists again of three types of players. The first level is composed of (1) production companies which make programmes but have no broadcasting channels at their disposal. According to a recent survey (see Vilhunen 1996), some 80 companies independently produce programmes for broadcasters, and the sector is growing strongly. The next group consists of (2) TV channels, i.e. players or companies compiling programmes into scheduled services. Finally, there are (3) genuine broadcasters, or broadcasting institutions, which both control channels and distribute and transmit programmes. For example, PTV was a typical channel programmer, since it purchased its programmes from external producers, and local cable operators were responsible for the distribution of the channel. Kolmostelevisio, too, relied on external programme producers, whereas its transmission network was in the hands of YLE. In contrast, YLE and MTV perform all three functions from production to transmission, although the transmission network of MTV3 is owned by YLE.

Another feature distinguishing broadcasters from one another is transmission technology. A specific characteristic of PTV was that it was distributed to homes
over cable only,\textsuperscript{156} which restricted reception to cabled households. In contrast, the programmes of YLE, MTV and Kolmostelevisio were transmitted using radio frequencies within a terrestrial network which reached practically every household in Finland.

Due to market size and scarcity of frequencies, the number of competing firms in television broadcasting has always been limited to a few. Digitalisation in the near future will open up technical opportunities for new services, but the question remains: to what extent does the market size allow new entrants? For 40 years the duopoly of YLE and MTV dominated Finland’s television sector, although up until 1964 it was challenged by TES-TV. In 1986, the launch of Kolmostelevisio, a joint venture of YLE and MTV, served the function of consolidating the duopoly - while, on the other hand, it confused the market too. This consolidation of the established industry structure was brought to a conclusion by the 1993 re-allocation, until the entry of Ruutunelonen in 1997 again broke the duopoly and introduced a new tripartite structure of television broadcasting. While PTV never became a serious challenger, its successor, Ruutunelonen has every chance of becoming a genuine competitor.

This chapter deals with the business market of television in Finland. The analysis focuses on genuine broadcasters and channel operators, whereas the independent production sector will be paid only scant attention. I will analyse and compare the strategies and volume of their businesses, their mutual relationships and assess the degree of competition in Finland’s television market.

10.2 YLE, Still the Protected One

The monopolist tradition. - The Finnish Broadcasting Company, Yleisradio Oy (YLE), was founded in 1926 as a limited company, owned by a wide variety of interest organisations and businesses. The government guaranteed the economic basis of the new company by introducing a compulsory radio licence, establishing a specific state Radio Fund to allocate the funds to YLE, and by erecting the first high power radio station for its use. In 1934 the majority of the company’s stock was transferred to the government, while stations, transmitters and links were handed over to the new state-owned YLE. Since then, the state has owned 99.9 per cent of the company, although its status as a limited company has provided it with

\textsuperscript{156}From 1996 on, PTV experimented with digital satellite transmission too. See Helsinki Media Company annual report 1996, p. 17.
certain freedoms in decision making, in spite of the parliamentary control described above in Chapter 9.

As reported in Chapter 8, YLE’s de facto monopoly over the airwaves was temporarily broken only in the mid-1950s, but regained in 1965 when YLE bought the stock of its private competitor, TES-TV/Tesvisio, and founded TV2 on its ruins. YLE’s struggle against Tesvisio was assisted by Oy Mainos-TV-Reklam Ab, subsequently MTV Finland, a commercial broadcasting company which had collaborated with YLE since 1957.

Today, YLE is still a highly protected broadcaster which, in addition to its special status provided by legislation, enjoys the monopoly on the licence-fee income paid by viewers as well as the compensations paid by the commercial television broadcasters. These two privileges constitute the economic foundation of this public broadcasting institution.

Reliance on licence fee. - YLE’s operating strategy is based on a considerably stable economy. Licence fees, paid by the TV viewers, constitute the major part of its revenues. It has been considerably easy for the company to anticipate its annual turnover, since the income received from the licence fee is determined by a few established factors - the price of the licence, the number of households and the extent of evasion of the licence fee (cf. Graham and Davies 1992). While rents paid by MTV have also developed steadily, bringing in extra revenues, operative planning is rested on firm ground. However, the major challenge increasingly facing the public broadcaster is how to allocate stagnating resources in a market of rising expectations. The equation is difficult to solve.

YLE’s natural goal as a company is to safeguard the legitimacy of the licence fee and push for moderate and regular adjustments to its level. After the natural buoyancy imparted by the triumphal march of television had petered out by the end of the 1960s, it was only the diffusion of colour TV during the late 1970s and early 1980s that provided a temporary relief to the otherwise stagnating tendency. The fruits of the boom years were spent on promoting the growth of the company by expanding the transmission network and recruiting new personnel. Since 1977, when the radio licence fee was abolished and the level of the TV licence fee was raised considerably at one go, the government has generally attempted to keep YLE on a tight financial rein.

However, particularly since the late 1980s, increases in the price of the fee have generally reflected the rising cost level (Salokangas 1996a: 253-256, 361-364). On the other hand, although its price has risen nominally by 46 per cent between 1986 and 1996, the increase in real terms is no more than 2 per cent (Immonen 1996: 180.
The Multiple Market of Television

189-190). And if we take the effect of ‘broadcasting inflation’ into consideration, i.e. the fact that there is in the broadcasting industry an inexorable tendency for the real costs to rise faster than those in industries which are less labour intensive (see Collins et al. 1988: 16-18), the actual benefit provided by the licence fee is probably negative. Luckily, the number of licences, 1.9 million in 1996, is still growing, mainly due to a continuous increase in the number of households. YLE has also campaigned strongly against licence-fee evasion, which showed a temporary increase during the years of recession in the early 1990s.\(^{157}\)

This shows that YLE cannot make its living from the licence fee alone.

Compensations from commercial broadcasters. - Indeed, another central element in the financial balance of YLE has always been compensations paid by the commercial television sector. As explained above, MTV was founded explicitly to finance YLE. Similarly, Kolmostelevisio was obliged to pay a certain proportion of its advertising revenue to YLE, as must Ruutunen. Tesvisio, then, was an exception, with no obligations at all towards the public broadcaster.

YLE’s transmission network has been, and still is, its principal monopoly resource. Indeed, unlike in other Nordic countries, it has been the public broadcasting company which has owned, built and maintained transmission stations and links. It is this very network which has furnished YLE with the right to charge MTV and Kolmostelevisio for the use of these facilities. Accordingly, channel rent - or ‘broadcasting time’ rent, as it was originally called - paid by MTV Finland accounted for between 15 and 25 per cent of YLE’s turnover (Hellman 1988: 84-86), until the 1993 channel reform radically lowered the channel rent to a level which covered only the real operating costs; it compensated YLE for this, however, by means of the new public-service fee (Sauri 1996: 38-39). The significance of the charge can also be seen from another perspective: without compensations from MTV the price of the licence would have been up to 50 percent higher.\(^{159}\)

Since the early 1960s, channel rents had provided a steadily growing source of income. Its level was agreed upon annually in price negotiations between the companies. YLE’s interest was to charge a maximum price, while MTV offset the

\(^{157}\)YLE annual report 1996.

\(^{158}\)According to an estimate by the Telecommunications Administration Centre, responsible for the collection of the fee, the evasion of the licence fee is approximately 10 per cent.

\(^{159}\)Based on the information provided by YLE’s annual report of 1996, the TV licence in Finland is 14 to 35 per cent cheaper than in other Nordic countries.
increase in rent by raising the price of advertising time. Particularly in the 1970s, these spiralling increases resulted in an increased turnover for both companies. Towards the mid-1980s, the continuous growth of MTV’s sales, on which the compensation was based, was becoming more uncertain. Kolmostelevisio was then founded in order to guarantee YLE’s share of advertising income. During the first years of commercial semi-competition between Kolmostelevisio and MTV, both companies suffered, and the compensations enjoyed by YLE dropped. In purely economic terms, this was the principal motive for YLE’s and MTV’s agreement, made in 1989, to reallocate the three channels. (Hellman 1988, 1990.)

In 1998 YLE decided to establish a separate limited company to administer broadcast transmissions and to construct, as a joint venture with commercial broadcasters, the future terrestrial, digital distribution network. This means that rental income from broadcasting facilities will cease to bring money to YLE; instead, YLE will become a renter of a new transmission network company. On the other hand, the sale of assets will provide YLE with considerable revenue.

The 1993 channel reform introduced a new form of compensation, known as the public-service fee, accounting in 1996 for 14 per cent of YLE’s turnover. As this payment, introduced both to augment and partially replace the channel rent, also survived the new broadcasting legislation of 1998 (although it was renamed the ‘concession fee’) and was expanded to concern all commercial broadcasters, it will provide YLE with considerable, even growing, resources in future.

Other sources of income, such as sales of programmes or government grants for educational programming, cannot determine the fate of the company. Due to the separateness of the Finnish language, YLE’s programmes do not have flourishing export opportunities. For example, in 1996 sales of programmes and other products accounted for no more than FIM 48 million, or 2.4 percent, of the company turnover. As Table 10.1 indicates, YLE’s income structure has not changed much during the last quarter of a century. The licence fee still accounts for 76 per cent of revenues, while compensations from commercial broadcasters account for roughly 20 per cent, although the introduction of the public-service fee changed the composition of these compensations.

Growing pains. - However, it is not only income that counts. Much depends on

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161 Calculated from YLE annual report 1996.
TABLE 10.1 Distribution of YLE’s revenues, 1980-1996

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<tbody>
<tr>
<td>Licence fees*</td>
<td>76.0</td>
<td>76.9</td>
<td>77.2</td>
<td>77.5</td>
<td>81.1</td>
<td>82.3</td>
<td>79.8</td>
<td>77.2</td>
<td>75.9</td>
<td>76.2</td>
</tr>
<tr>
<td>Public-service fees‡</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>12.1</td>
<td>14.8</td>
<td>13.8</td>
<td></td>
</tr>
<tr>
<td>Channel rents§</td>
<td>22.2</td>
<td>20.1</td>
<td>19.0</td>
<td>18.5</td>
<td>16.2</td>
<td>14.9</td>
<td>16.2</td>
<td>6.0</td>
<td>5.7</td>
<td>5.7</td>
</tr>
<tr>
<td>Government grants</td>
<td>0.2</td>
<td>1.2</td>
<td>0.8</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
<td>0.6</td>
<td>0.2</td>
<td>0.1</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>1.6</td>
<td>1.8</td>
<td>1.9</td>
<td>1.9</td>
<td>2.3</td>
<td>2.4</td>
<td>3.5</td>
<td>4.1</td>
<td>3.4</td>
<td>4.2</td>
</tr>
<tr>
<td>Total % Turnover (FIM million)</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>674</td>
<td>1371</td>
<td>1460</td>
<td>1593</td>
<td>1684</td>
<td>1810</td>
<td>1857</td>
<td>1897</td>
<td>1965</td>
<td>2037</td>
</tr>
</tbody>
</table>

Notes:
* A separate licence fee for colour TV was introduced in 1969. The radio licence fee was abolished in 1977 and the monochrome-TV licence fee in 1996.
‡ MTV started to pay the public-service fee in 1993 as compensation to YLE. However, its share was not separated by YLE’s or MTV’s annual reports until 1994.
§ Rental income consists of rents for the use of YLE’s transmission network paid by MTV and, between 1986 and 1992, by Kolmostelevision. Since 1997 Ruutunen has also been obliged to pay a leasing charge to YLE.

Sources: YLE annual reports; see also Joukkoviestimet (1998).

expenditure too. The company’s long-range planning group (see Stormbom 1969) had already remarked the end of growth in the late 1960s, and insisted that the price of the licence fee should be adjusted regularly and that the government should provide compensation for the costs of educational programming and the foreign service. Similar requirements were repeated in the 1970s (see e.g. Tamminen 1976), until in the mid-1980s the issue of YLE’s efficiency was put on the agenda. A report, commissioned from a private consultant in 1985, pointed to several problems in the company’s operations, management and resource allocation. It recommended, for instance, a halt to the growth in personnel, a better division of labour between the units and partial externalisation of programme production.162 In order to increase the company’s effectiveness, YLE prepared a specific action

162 See Tiivistelmä Yleisradion tehokkuusselvityksestä [A summary of the assessment of YLE’s efficiency], YLE, December 5, 1985.
programme which answered much of the criticism presented.\footnote{Yleisradion tehostamisohjelma [Action programme to increase YLE’s efficiency], YLE, February 27, 1986.}

Roughly half of YLE’s turnover is spent by television operations.\footnote{In 1996, television’s share was budgetted to total FIM 1,042 million (YLE’s budget for 1996). Reliable information concerning the allocation of money between television and radio has been available only since 1995.} Selected factors indicating the growth of YLE’s expenditure are presented in Table 10.2. They suggest that the two principal constraints are still the size of the staff and programme costs. In spite of a drop of 7 per cent during a decade, the number of personnel in 1996 still totalled 4,500 people. However, personnel costs accounted for not more than 50 per cent of the turnover, a considerable decrease from 58 per cent a decade earlier.\footnote{The figures are taken from YLE annual reports.} A large number of personnel is typical of a company such as YLE, which provides a majority proportion of domestic programmes and is built to produce most of them itself. Yet YLE’s use of outside producers in Finnish-language first broadcasts has increased during the last decade from less than 5 per cent to 13 per cent.\footnote{The figures are calculated from YLE annual reports. The figures do not include news and sports programmes. See also Viestintäkulttuuritoimikunnan I mietintö, op.cit., p. 76.} An outcome of YLE’s efforts to cut the number of staff is that the proportion of fixed-term contracts, as well as the use of freelancers, is growing.

\textit{Programme costs}. - Programme costs, then, play a critical role for two reasons. First, as Table 10.2 indicates, programming hours have tripled in radio and more than doubled in television since the mid-1980s. This has been YLE’s major strategy for competing in the new broadcasting environment, in which both local radio stations, the national commercial radio and commercial television channels have developed towards a 24-hour service. In radio, YLE expanded its regional services and introduced its new, formatted channels in 1990 (see e.g. Kemppainen and Soramäki 1996; Lowe and Alm 1997). In television, YLE has introduced new programme slots, first in the afternoon but later in the morning and during the night too. Commercial channels can yield extra income from extended broadcast time, but for a public broadcaster it represents an additional financial burden.

There is also a permanent tendency for the costs of programmes to rise, which creates another financial problem. For example, YLE’s budget for 1996 took note
TABLE 10.2 Number of TV licences, YLE’s staff and programming hours, 1960-1996

<table>
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<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of TV licencesa</td>
<td>93</td>
<td>1058</td>
<td>1530</td>
<td>1784</td>
<td>1862</td>
<td>1894</td>
<td>1888</td>
<td>1882</td>
<td>1929</td>
</tr>
<tr>
<td>Number of staffb</td>
<td>853</td>
<td>3035</td>
<td>4430</td>
<td>4879</td>
<td>4799</td>
<td>4733</td>
<td>4775</td>
<td>4549</td>
<td>4536</td>
</tr>
<tr>
<td>TV programme hoursc</td>
<td>997</td>
<td>2565</td>
<td>3217</td>
<td>3919</td>
<td>4663</td>
<td>4932</td>
<td>5359</td>
<td>7227</td>
<td>8108</td>
</tr>
<tr>
<td>Radio programme hoursd</td>
<td>6512</td>
<td>15058</td>
<td>21139</td>
<td>28621</td>
<td>35152</td>
<td>53602</td>
<td>61191</td>
<td>70745</td>
<td>77264</td>
</tr>
</tbody>
</table>

Notes:
a. In thousands.
b. Includes both permanent employees and fixed-term contracts.
c. Annually, including repeats.
d. Annually, including regional broadcasts but excluding e.g. the foreign service.

Sources: YLE annual reports; Ilmonen (1996).

of three factors which contribute to this rising tendency:

* The price level of programmes on the international market has risen significantly as new players intensify the competition by means of major agreements on pre-emption and bundling.
* The sports rights business is, and will be, based on prices which have even got out of the control of the companies selling advertising rights.
* Competition for the talent of domestic producers and journalists as well as for top performers and authors is growing fiercer.167

Competition for film rights, for example, concerns mostly US productions, which are of lesser importance for YLE’s programme output. Competition for professional talent, then, may even be fruitful and result in better programmes. But, undoubtedly, in sports the effects of competition have been harmful to the company, as for decades major sports events were YLE’s monopoly in Finland. In order to safeguard its competitiveness, the company has applied a pre-emption strategy, too. For example, it has an option for the Olympic Games up until the year 2008. When YLE in 1995 purchased the rights to broadcast the ice-hockey world championships

167YLE’s budget for 1996, p. 44.
in 1998-2000, the price had tripled since the previous three-year period.\textsuperscript{168} Regardless of expense, the company did not want to experience a loss like that as in 1992-1994, when the broadcasting rights were gained by PTV.

On the other hand, as the programming budgets have grown much more moderately than the number of broadcast hours, the average cost per hour has in general decreased. While one hour of TV programming in 1989 was estimated to cost on average FIM 191,000, YLE reported that the average cost per hour in 1996 was FIM 139,000.\textsuperscript{169} In real terms, the drop is even more drastic, so that the average programme hour in the late 1980s can be estimated to have been almost twice as expensive as it is today. And if one takes into consideration the cost inflation typical of the broadcasting industry, the drop in programme ‘quality’ can be expected to have been even greater.

Increasing externalisation of TV productions, as observed above, is one of the methods by which YLE has tried to tackle programme costs. However, no tendency to increase the share of imports can be discerned.\textsuperscript{170} Another method applied is developing cheaper and ‘lighter’ programme formulas, such as replacing documentary productions by studio debates or single dramas by series and serials. A third measure is to increase the share of repeats in programme output. Indeed, in 1985-86 the share of repeats in YLE’s supply was 14 per cent, whereas by 1996 it had doubled to 28 per cent.\textsuperscript{171} Table 10.3 presents average costs per hour for different programme types. As expected, the cost of in-house productions is roughly twice as high as that of the average programme. Particularly in drama and music, the highest-priced programme category, as well as in series and serials, the expense of own productions is pronounced, and here the average cost to the company has been balanced by a high share of imports. The average price of educational and current affairs programmes, as well as features and documentaries, is depressed by a high proportion of repeats, whereas the average cost of newscasts has been spread by introducing new windows for them.

Still another element in YLE’s cost structure is investments in fixed assets so that, for example, between 1990 and 1996 they accounted for an average of 17 per


\textsuperscript{169} The figures are drawn from YLE annual reports.

\textsuperscript{170} For example, in 1985-86 the share of imports in YLE’s supply is the same as in 1996, 46 per cent (YLE annual report 1985-86, 1996).

\textsuperscript{171} YLE annual reports 1985-86, 1996.
TABLE 10.3 Average price of YLE's programmes in 1996

<table>
<thead>
<tr>
<th>Programme category</th>
<th>Average cost per hour(^a)</th>
<th>Share of imports (^b)</th>
<th>Share of repeats (^b)</th>
<th>Average cost of in-house production (^c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>News</td>
<td>181,000</td>
<td>17</td>
<td>0</td>
<td>215,000</td>
</tr>
<tr>
<td>Current affairs</td>
<td>190,000</td>
<td>2</td>
<td>31</td>
<td>201,000</td>
</tr>
<tr>
<td>Sports</td>
<td>138,000</td>
<td>66</td>
<td>0</td>
<td>187,000</td>
</tr>
<tr>
<td>Information</td>
<td>109,000</td>
<td>39</td>
<td>23</td>
<td>251,000</td>
</tr>
<tr>
<td>Education</td>
<td>95,000</td>
<td>24</td>
<td>50</td>
<td>325,000</td>
</tr>
<tr>
<td>Children's programmes</td>
<td>132,000</td>
<td>51</td>
<td>11</td>
<td>253,000</td>
</tr>
<tr>
<td>Drama and music</td>
<td>376,000</td>
<td>54</td>
<td>17</td>
<td>968,000</td>
</tr>
<tr>
<td>Entertainment</td>
<td>238,000</td>
<td>21</td>
<td>5</td>
<td>253,000</td>
</tr>
<tr>
<td>Films</td>
<td>54,000</td>
<td>83</td>
<td>12</td>
<td>-</td>
</tr>
<tr>
<td>Series and serials</td>
<td>115,000</td>
<td>87</td>
<td>5</td>
<td>556,000</td>
</tr>
<tr>
<td>Other</td>
<td>45,000</td>
<td>2</td>
<td>18</td>
<td>-</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>139,000</strong></td>
<td><strong>48</strong></td>
<td><strong>14</strong></td>
<td><strong>263,000</strong></td>
</tr>
</tbody>
</table>

Notes:
\(^a\)Includes both first broadcasts and repeats (in FIM).
\(^b\)Includes only repeats of domestic programmes.
\(^c\)Refers to average cost per hour of a new, in-house production (in FIM). The figures are calculated from YLE's budget for 1996.

Sources: YLE annual report 1996; YLE's budget for 1996.

This means that a minimum of FIM 150 million has been spent annually on the construction and maintenance of YLE’s transmission network, which on the other hand serves as its most important monopoly resource.

10.3 MTV, Inclined to Grow

Expansion of activities. - MTV Finland was founded as Oy Mainos-TV-Reklam Ab, a limited company, in 1957 by several companies representing advertisers, as well as advertising agencies and film companies. YLE served as a midwife in the birth of the company, as the purpose of MTV was to assist the public broadcaster

\(^{122}\) Calculated from YLE annual reports.
From Companions to Competitors

**TABLE 10.4 MTV’s turnover and compensations to YLE, 1980-1996**

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Turnover (FIM million)*</td>
<td>237</td>
<td>498</td>
<td>536</td>
<td>675</td>
<td>663</td>
<td>706</td>
<td>709</td>
<td>810</td>
<td>950</td>
<td>975</td>
</tr>
<tr>
<td>Turnover of affiliates</td>
<td>-</td>
<td>3</td>
<td>163</td>
<td>210</td>
<td>234</td>
<td>318</td>
<td>170</td>
<td>249</td>
<td>308</td>
<td>330</td>
</tr>
<tr>
<td>Compensations to YLE**</td>
<td>139</td>
<td>272</td>
<td>275</td>
<td>287</td>
<td>267</td>
<td>290</td>
<td>299</td>
<td>343</td>
<td>403</td>
<td>397</td>
</tr>
<tr>
<td>% of turnover*</td>
<td>58.7</td>
<td>54.5</td>
<td>51.4</td>
<td>42.5</td>
<td>40.2</td>
<td>41.1</td>
<td>42.2</td>
<td>42.4</td>
<td>42.4</td>
<td>40.7</td>
</tr>
<tr>
<td>% of advertising sales*</td>
<td>61.0</td>
<td>59.3</td>
<td>...</td>
<td>44.3</td>
<td>41.9</td>
<td>42.9</td>
<td>43.9</td>
<td>43.8</td>
<td>43.7</td>
<td>42.3</td>
</tr>
</tbody>
</table>

**Notes:**
- *As from 1988 turnover of MTV Group, which in 1996 consisted of the following companies: MTV Oy (MTV Finland), Oy Kolmostelevisio Ab, MTV-Palvelukliinteistöt Oy, Tunttanyhtio For Oy and Funny-Films Oy.
- **Includes compensations paid by MTV Oy and Oy Kolmostelevisio Ab. As from 1993 also includes the public-service fee.
- *Calculated as a percentage of MTV/MTV Group’s turnover.
- **Calculated as a percentage of MTV/MTV Group’s advertising sales.

**Sources:** MTV Finland annual reports; see also Sauri (1996).

in programming and, even more importantly, collect advertising money and pay part of it to YLE as a rent. Hence, in spite of its private ownership and commercialism, MTV was far from being a genuinely independent company. It was explicitly subject to collaboration with YLE, who also used the majority of its revenues.

In the mid-1960s compensations to YLE accounted for no less than 70 per cent of MTV’s turnover (Hellman 1988, 1990) but, as Table 10.4 indicates, since the mid-1980s the proportion taken by the channel rent (and the public-service fee) has been set at a more moderate level, partly due to the needs of MTV’s increased programme output, but partly due to its economic problems during the late 1980s. Yet, in 1996 MTV still paid almost FIM 400 million, 41 per cent of its revenues, to YLE.

Although founded as an assistant to YLE, MTV was never content with its role. The company has always been dependent on sales of advertising, but it had also developed other services such as production of commercials, record production, etc. The volume of these extra activities remained insignificant up until 1985, when the
MTV Group was formed to better facilitate diversification of activities. It acquired command of production companies such as Spedevideo Oy, Filmituotanto Spede Pasanen Oy\(^{173}\) and Funny Films Oy. It also created separate affiliates to develop and rent production premises (MTV-Palvelukiinteistöt Oy) and to produce commercials, company videos and sound recordings (For Oy). Since 1990, Oy Kolmostelevisio Ab has also been MTV’s affiliate, after YLE renounced its majority share, and in 1995 MTV became a major shareholder of Suomen Uutisradio Oy, founded to prepare for national commercial radio broadcasts.

**Towards independence.** - MTV’s expansion was based on two related rationales. First, in purely economic terms, extra income was needed, because the annual rent for broadcasting facilities was calculated on the basis of the advertising sales turnover.\(^{174}\) Hence, any income besides advertising sales would contribute directly to MTV’s own welfare. However, at best, these extra activities constituted no more than 5 to 6 per cent of revenues (Hellman 1988: 92-94) and, for example, in 1996 the services accounted only for FIM 37 million, less than 4 per cent, of MTV Group’s FIM 975 million turnover.\(^{175}\) Hence, the major reason for the decreasing compensations lies not in MTV’s diversification but, rather, in a new pricing policy applied in agreement with YLE.

Secondly, from the very beginning MTV has wanted to be something more than just an assistant to YLE. It has aspired to the position of a ‘broadcaster proper’, a strategy designed in the early 1960s by the long-standing managing director Pentti Hanski. As Salokangas has put it:

> The founding of Mainos-TV and the basic agreement which defined the framework of its operations contained within itself a seed of contradiction. For Yleisradio, Mainos-TV was undoubtedly an assisting company. Yet, as a rule all organisations are governed by a striving for growth and independence, and Mainos-TV was no exception. (Salokangas 1996a: 137.)

The company had started by renting even studios and technical staff from YLE but, little by little, it started to invest in expertise, premises and facilities of its own. As Table 10.5 shows, its personnel grew rapidly, particularly during the 1970s, and by 1982 MTV had a bigger staff than it has today. When the company in 1991

\(^{173}\)As of 1990 Spede-Team Oy. In 1995 the company was merged with MTV Oy.

\(^{174}\)See e.g. Basic agreement (1989), loc.cit., para 8.

\(^{175}\)MTV annual report 1996.
From Companions to Competitors

**TABLE 10.5** MTV's staff, programming hours and advertising hours, 1960-1996

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</tr>
</thead>
<tbody>
<tr>
<td>Number of staff*</td>
<td>52</td>
<td>302</td>
<td>567</td>
<td>696</td>
<td>586</td>
<td>621</td>
<td>606</td>
<td>599</td>
<td>648</td>
</tr>
<tr>
<td>Programme hours*</td>
<td>358</td>
<td>636</td>
<td>749</td>
<td>1022</td>
<td>1092</td>
<td>3408</td>
<td>3754</td>
<td>4204</td>
<td>4487</td>
</tr>
<tr>
<td>Share of programming*</td>
<td>29.2</td>
<td>23.5</td>
<td>20.7</td>
<td>19.5</td>
<td>19.0</td>
<td>17.8</td>
<td>16.1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Advertising hours*</td>
<td>53</td>
<td>103</td>
<td>121</td>
<td>125</td>
<td>116</td>
<td>706</td>
<td>936</td>
<td>639</td>
<td>791</td>
</tr>
<tr>
<td>Share of advertising*</td>
<td>4.7</td>
<td>19.3</td>
<td>13.1</td>
<td>12.1</td>
<td>12.1</td>
<td>13.3</td>
<td>15.7</td>
<td>19.1</td>
<td>20.0</td>
</tr>
</tbody>
</table>

*Includes the employees of both the parent company MTV Oy (MTV Finland) and those of the following affiliates: Oy Kalloloteleviisio Ab, MTV-Palvelukeinostot Oy, Tuotantooyhtiö FOR Oy, Spedevisio Oy and Funny Films Oy.

*Annually. Includes MTV's programming on TV1 and TV2 (until 1992) and on TV3/MTV3 (since 1990). Excludes time devoted to advertisements.

*MTV's share of programming on TV1 and TV2.

*Annual. Includes MTV's advertising on TV1 and TV2 and as of 1990 on TV3. As of 1994, the overlapping commercials repeated in different regional markets have been excluded.

*MTV's and, as of 1990, MTV Group's share of the value of advertising in the mass media.

Sources: MTV Finland annual reports; YLE annual reports; Mainonnan määrä Suomessa (1994, 1995, 1996, 1997).

acquired a transmission unit of its own, it was ready for independence. Hence, MTV's history can be seen as a history of its gradual expansion, which finally materialised in the 1993 reform awarding the company a channel and an operating licence of its own.

MTV's early strategy was also to expand its programming hours. Its proportion of Suomen Televisio's output reached, in 1962, a record of 33 per cent (*Joukkoviestintätälasto* 1987: 115). However, as Table 10.5 indicates, MTV's share was soon to account for a fifth of TV1 and TV2's supply. Since the number of broadcasting hours grew only moderately until the late 1980s, MTV was not able to offer new windows for commercials. As a consequence, advertising sales stagnated, and extra revenue was created only by sharp price increases.\(^{176}\) It was this stagnation, together with the introduction of international satellite channels, which brought YLE and MTV closer together and resulted in the founding of

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\(^{176}\)For example, in 1977 the price of advertising grew by 24 per cent (MTV Finland annual report 1977).
TABLE 10.6 Price of commercial spots in 1988 and 1994

<table>
<thead>
<tr>
<th>Channel/target</th>
<th>Maximum price</th>
<th>Minimum price</th>
</tr>
</thead>
<tbody>
<tr>
<td>MTV/MTV3, national</td>
<td>52.650</td>
<td>63.050</td>
</tr>
<tr>
<td>TV3/MTV3, Tampere region</td>
<td>3.080</td>
<td>11.110</td>
</tr>
</tbody>
</table>

Notes:
*The price of one 20 second spot according to the basic rates (in FIM). Both in 1988 and 1994, MTV charged the maximum price for programmes providing more than 1.4 million contacts. In 1988, the minimum price was charged for programmes providing less than 0.4 million and in 1994 less than 0.2 million contacts.*


Kolmostelevisio and the launch of Channel Three in 1986.

By providing more broadcast time and by introducing regional advertising within its national programme schedule, Oy Kolmostelevisio Ab, a joint venture of YLE and MTV, more than doubled opportunities for commercial spots, and multiplied the number of advertisers. However, as Table 10.5 shows, the first outcome of Kolmostelevisio was a serious crisis that hit MTV: it lost advertisers, and its own advertising sales even dropped (see also Hellman 1988; Lassila 1989; Salokangas 1996b). But due to the ownership arrangement and the channel reform, the position of television as an advertising medium in general, and that of MTV Group in particular, was improved. By 1986, MTV’s proportion of the media advertising market in Finland had dropped to 12 per cent, but by the mid-1990s its stake had recovered to 20 per cent.

On the other hand, competition also halted price increases, a tendency to which the recession of the early 1990s also contributed. As illustrated by Table 10.6, the rates of nationally broadcast commercials in particular have stagnated. The maximum fixed rates grew only by some 20 per cent in six years, a rise which in the 1970s took place almost annually. Furthermore, in 1994 the maximum charge concerned only a few special programmes such as the Miss Finland contest, whereas spot prices for regular entertainment and fiction series had dropped, even in nominal terms. For example, one 20-second spot for the popular dating game programme Napakymppi cost in spring 1988 FIM 52,650, whereas in spring 1994 the charge was FIM 42,090. Here, rivalry between the media clearly benefited
From Companions to Competitors

advertisers and put an end to exorbitant spot prices.

MTV, too, is constrained by similar pressures on programming costs as YLE. Traditionally, MTV imported a larger proportion of its programmes than YLE, which tended to decrease average costs per hour, but as competition intensified towards the 1990s, domestic programming increased in importance. On the other hand, a comparison made in the late 1980s indicated that the average cost per hour of domestic productions was the same as at YLE. The share of in-house productions has always been lower at MTV than at YLE. In the 1990s, MTV has shown a stable 20 percent share of independent productions.

Struggles for ownership. - MTV was traditionally owned by established companies of industry and commerce, representing advertisers, and film companies and advertising agencies, representing producers of advertisements. The structure of ownership had remained stable from the late 1950s onwards. However, the company’s significance in the media field grew immediately after its channel reallocation agreement with YLE was made public. The company’s future as an independent broadcaster aroused business speculation and an increasing interest in its stock.

The faction that was most annoyed by the increased competition in regional advertising were the newspaper companies. In 1990 MTV targeted a share issue at newspapers, increasing their stake in the company to 17 per cent, with the intention of soothing the atmosphere. Obviously this did not satisfy the publishers, who started to prepare a further cornering of the company. In summer 1992 YLE suddenly purchased a major block, some 12 per cent, of MTV’s shares in order to prevent newspaper companies from acquiring them. Whether this was done in mutual understanding with MTV or not is unclear. The publishers counter-attacked by starting to collect small blocks of MTV’s stock, so that by the end of the year their share had risen to 39 per cent. (Sauri 1993: 35-36.)

Although several publishers participated in it, the attack was financed almost entirely by Sanoma Corporation, who had obviously set its sights on the post-1993 television advertising market and was seeking compensation for having lost the struggle over Channel Three. MTV reacted by targeting another issue, this time at its traditional owners, the biggest advertisers in commerce and industry. This final protective move balanced the situation so far. As a result, both Sanoma Corporation (and subsequently its sister firm Helsinki Media Company) and YLE were left with

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177See Viestintäkulttuuritoimikunnan I osamietintö, op.cit., p. 77.

178MTV Finland annual report 1996.
their 10 percent stakes in MTV. (Salokangas 1996a: 429-430; Sauri 1993: 35-36.)

In 1996, activities surrounding MTV Finland resumed. First, the Luxembourg-based media firm Scandinavian Broadcasting System (SBS) acquired some 3 percent of its shares, thus speculating on the prospects of the Finnish market. MTV was still perhaps the most popular national commercial TV channel in Europe with its 45 percent viewing share. Later, the Finnish publishing company Aamulehti Group, having already cooperated with MTV in other projects, rapidly increased its stake to 20 per cent. The major seller was now Helsinki Media Company, which by then had been awarded the operating licence for the new Channel Four and had lost its interest in MTV. Another seller was YLE, who sold its stake to Yhtyneet Kuva- lehdet, a major magazine publisher, whose stake thus increased to 17 per cent.

This time, the competition for MTV was not won by the traditional owners but by the Aamulehti Group. In April 1997 MTV and Aamulehti made public that the two companies would merge, thus forming the giant Alma Media Oyj. After the merger, Finland’s media industry became dominated by three major factions. First, there is the group centered around Sanoma Corporation and its sister firm Helsinki Media Company, which together control Channel Four/Nelonen, three national dailies, dozens of magazines, cable TV networks, etc. Secondly, there is the new Alma Media Oyj, which controls, for instance, Channel Three/MTV3, a national commercial radio channel, local radio stations, two national newspapers and several regional or local dailies. The third party is the state owned YLE, controlling two TV channels and five radio channels. (See e.g. Jyrkiäinen 1997.)

By 1997, MTV Finland had definitely freed itself from the chains of its traditional companion YLE, except for the obligation to pay financial compensation.

10.4 Kolmosteleviisio, the Reformer

*Independence movement and its loss.* - Oy Kolmosteleviisio Ab, founded in 1985 as a joint venture by YLE, MTV Finland and Nokia, was a corporate strategic tool of YLE and MTV for programming Channel Three and introducing new practices to programme production and scheduling as well as to advertising sales. The economic calculations affirmed that the extended advertising time created by the new channel should cover both the costs of programming and constructing the network. However, Kolmosteleviisio’s commercial start was not easy. The owners were

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forced to support its share capital and, in 1987, MTV was compelled to give up selling its advertising, which was staggering. Marketing results improved rapidly after marketing was left to Kolmostelevisio itself. (See e.g. Salokangas 1996a: 403-405.)

What Salokangas said about MTV’s inevitable ‘striving for growth and independence’ (op.cit.: 137) concerns Kolmostelevisio, too. It has been said that its managing director, Heikki Lehmusto, ‘tried to pull it apart from MTV’. Finally, the only way to stop the continuous ‘border skirmishes’ between the companies, as YLE’s director general Sakari Kiuru (1992: 187) put it, and to safeguard the established duopoly structure was to favour MTV’s interests and sacrifice Kolmostelevisio. This was carried out by the 1989 agreement which, in addition to channel reallocation, laid the basis for the new ownership structure of Kolmostelevisio. As a result, YLE gave up its majority share and transferred it to MTV. Nokia, then, had lost interest, because the pay-TV scheme never materialised, and sold its shares to MTV, too. (See e.g. Jyrkiäinen and Hujanen 1992; Salokangas 1996a: 406-409.)

After Kolmostelevisio became MTV’s subsidiary, it was subjected to strategic planning and programme coordination with its parent company. Between 1990 and 1992, Kolmostelevisio was responsible for programming and regional advertising on Channel Three. Even after the 1993 channel allocation the company was found useful, but according to a new division of labour, imported programmes, in-house productions and national advertising sales were MTV’s responsibility, whereas Kolmostelevisio’s duty was to commission domestic programmes from independent producers, to purchase sports programming and to sell regional advertising. In 1997 Kolmostelevisio was renamed MTV Media Oy, and assigned the responsibility for all sales operations of the MTV Group.

Business success. - Kolmostelevisio’s turnover, presented in Table 10.7, shows a steady growth which was not much disturbed even by the years of recession in the early 1990s. The only critical moments fell in the first two years of its operation. Difficulties came to a head in 1988, when the company was forced to extend its accounting period in order to balance its result. The fact that Kolmostelevisio’s revenues decreased also in connection with the channel reform is due to the new division of labour between Kolmostelevisio and MTV.

The number of commercials sent by Kolmostelevisio also shows unhindered growth, which due to overlapping regional windows outdid the growth of MTV’s

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180 Tauno Äijälä, interview.
TABLE 10.7 Kolmostelevisio’s staff, programming hours and advertising hours, 1987-1996

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<tbody>
<tr>
<td>Turnover&lt;sup&gt;a&lt;/sup&gt;</td>
<td>..</td>
<td>86</td>
<td>127</td>
<td>151</td>
<td>177</td>
<td>259</td>
<td>121</td>
<td>194</td>
<td>244</td>
<td>253</td>
</tr>
<tr>
<td>Compensation&lt;sup&gt;b&lt;/sup&gt;</td>
<td>2</td>
<td>9</td>
<td>17</td>
<td>27</td>
<td>36</td>
<td>85</td>
<td>20</td>
<td>80</td>
<td>109</td>
<td>103</td>
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<tr>
<td>% of turnover</td>
<td>..</td>
<td>10.5</td>
<td>13.4</td>
<td>17.9</td>
<td>20.3</td>
<td>32.8</td>
<td>16.5</td>
<td>41.2</td>
<td>44.7</td>
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<tr>
<td>Programme hours</td>
<td>850</td>
<td>1842</td>
<td>1950</td>
<td>1955</td>
<td>1839</td>
<td>..</td>
<td>576&lt;sup&gt;c&lt;/sup&gt;</td>
<td>742&lt;sup&gt;c&lt;/sup&gt;</td>
<td>2464&lt;sup&gt;c&lt;/sup&gt;</td>
<td>2567&lt;sup&gt;c&lt;/sup&gt;</td>
</tr>
<tr>
<td>Advertising hours&lt;sup&gt;d&lt;/sup&gt;</td>
<td>39</td>
<td>232</td>
<td>439</td>
<td>543</td>
<td>777</td>
<td>2258</td>
<td>..</td>
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<tr>
<td>Number of staff</td>
<td>30</td>
<td>46</td>
<td>46</td>
<td>56</td>
<td>..</td>
<td>49</td>
<td>..</td>
<td>60</td>
<td>65</td>
<td>69</td>
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Notes:
<sup>a</sup>In FIM millions.
<sup>b</sup>Channel rent paid to YLE (in FIM millions).
<sup>c</sup>Programming supplied by Kolmostelevisio Oy for MTV3. As of 1995 Kolmostelevisio was responsible for all programme purchases of the MTV Group.
<sup>d</sup>As of 1993 the MTV Group has not separated the advertising hours sold by Kolmostelevisio Oy.


national advertising sales. In terms of money, regional commercials account for a fifth of MTV Group’s advertising sales. Their share grew rapidly through the 1990s until, for the first time, in 1996 regional sales showed a zero growth (Mainonnan määrä Suomessa 1996: 20-21).

Kolmostelevisio’s small number of staff is explained by the company’s philosophy of commissioning its domestic programmes. Thus, it was not constrained by production infrastructure and related personnel expenses. In spite of this, it was able to supply definitely more programming than MTV up until 1993, thus performing extremely effectively. In 1987 it was estimated that the average cost of Kolmostelevisio’s domestic programmes was only one fifth of the costs at YLE and MTV.\(^{181}\) The channel reform temporarily decreased the extent of programming provided by Kolmostelevisio, but as a consequence of a revision in the division of

\(^{181}\) Viestintäkulttuuritoimikunnan I mietintö, op.cit., p. 77.
From Companions to Competitors

labour within MTV Group, Kolmostelevisio, in 1996, supplied 46 per cent of MTV3’s programme output.

Since 1993 Kolmostelevisio has not been obliged to pay channel rent, but it did not escape the public-service fee, as it is considered a programmer of a broadcasting channel. Perhaps due to the fact that the company provides the cheaper part of MTV3’s programme output, i.e. foreign and domestic purchases, MTV Group has internally obliged Kolmostelevisio Oy to pay higher compensation to YLE than its sales would suggest. In 1996 no less than 41 per cent of the company’s turnover was paid as a public-service fee to YLE, whereas MTV Oy paid only 26 per cent of its advertising sales.\(^\text{182}\)

The birth of the independent sector. - Kolmostelevisio’s major impact on Finland’s broadcasting industry was that, with its philosophy based on commissioning of programmes, it contributed decisively to the establishment of the independent producer sector. For example, in autumn 1988 it cooperated with 26 different companies supplying 208 hours of domestic programmes (Lassila 1989: 114-117).

Efforts to cut costs, supported by the ‘independent producer quota’ of the EU Television Directive, increased externalisation of productions at YLE and MTV, too. In 1996, the share of independently produced programmes was 21 percent at MTV Group and 12 percent at YLE. While MTV’s programme purchases were almost exclusively in series format - quiz and game shows, talk shows, etc. - the majority of YLE’s outside productions was composed of feature films, short films, documentaries, etc. (Kohvakka and Huttunen 1997: 22-23). PTV’s domestic output was also exclusively produced by the independents, as will be that of Ruutunelonen too.

The Statistics Finland business register reveals that the sector has a low entrance threshold. While some 20 to 40 firms specialising in film and video production have been founded annually in the 1990s about as many have been closed down, too. On the other hand, there are also established businesses in the field, for of the 378 film and video production firms operating in 1994 220 had been founded in the 1970s.\(^\text{183}\) (Op.cit.: 1997: 38-40.) By the mid-1990s the Finnish independent sector had grown into a FIM 300-400 million business, estimated to employ some 400 people (Vilhunen 1996: 15-16).

\(^\text{182}\) Calculated from MTV Finland annual report 1996.

\(^\text{183}\) These companies were earlier specialised, for example, in producing commercials.
10.5 PTV and Ruutunelonen - the Challengers

The failure of cable. - The intention of Suomen Paikallis-TV Kanavat Oy (PTV), launched in 1990 by major cable operators, was to challenge YLE and MTV. As of 1994, when Helsinki Media Company acquired the majority of PTV by buying Aamulehti Group’s shares, PTV became a bridgehead of Sanoma Corporation and its sister Helsinki Media Company to the television broadcasting business.

By connecting major cities within a semi-national cable-TV network, PTV wished to provide a youthful and urban medium for both national and regional advertising, thus challenging Kolmostelevisio in particular. This was supported by scheduling US fiction, hobby and personal-interest programmes and sports, as well as local news. Scheduling responsibilities was divided between PTV and Eurocable Oy, an affiliate of Sanoma Group. While PTV’s managing director, Mr Hans Edin was responsible for domestic programme acquisition, Ms Sirkka Tarkiainen, programming director of Eurocable, purchased the foreign programmes and even placed them into the PTV schedules.\(^{184}\)

According to its concept, programming responsibility was left to PTV and Eurocable, whereas local cable TV operators would provide free local distribution for the channel and take care of local advertising sales. Hence, in practice, PTV represented a chaining of the locally based cable-TV industry. However, its narrow range of programming, together with a geographically restricted coverage, produced a market share that was too small for commercial success. It was not until 1995 that the company reported a zero result, but by then its owners had already decided to apply for terrestrial distribution.

PTV’s turnover, composed of advertising sales, is presented in Table 10.8. It shows a steady but too slow growth to facilitate investments in competitive programming. This is described by Ms Sirkka Tarkiainen of Eurocable as follows:

Well, we were part of the Sanoma Group. What ever you did, the accounts had to balance - or, rather, you had to be able to yield a small profit. This meant that we were forced to be very careful with our expenses. [...] I was not allowed to use any more money than PTV expected it could make from advertising sales.\(^{185}\)

\(^{184}\)Sirkka Tarkiainen, interview. - Eurocable Oy was founded by Sanoma Group in 1987 to supply imported programme packages to local cable-TV operators, until PTV became its principal customer in 1990. Eurocable also programmed Viihdekanava, a domestic pay-TV service, until it was closed in 1994, and represented FilmNet, another pay-TV service, in Finland. (See Sanoma Group annual reports 1990, 1991, 1992, 1993, 1994.)

\(^{185}\)Sirkka Tarkiainen, interview.
From Companions to Competitors

**TABLE 10.8** PTV’s growth, 1990-1996

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<tr>
<td>Turnover (FIM million)</td>
<td>13</td>
<td>15</td>
<td>16</td>
<td>22</td>
<td>26</td>
<td>35</td>
<td>41</td>
</tr>
<tr>
<td>Programme hours</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2600</td>
<td></td>
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<tr>
<td>Advertising hours</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of staff</td>
<td>15</td>
<td>15</td>
<td>20</td>
<td>20</td>
<td>21</td>
<td>21</td>
<td>23</td>
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Sources: Nupponen (1997); Joukkoviestimet (1998); Helsinki Media Company annual reports.

For example, PTV was not able to compete for TV premieres of major feature films, but had to settle for library films and second screenings. The effect of shoestring budgets was even more drastic for domestic purchases, as was expressed by Mr Tapio Kallioja, the managing director of Helsinki Media Company, the new owner of PTV since 1994:

> In order to produce domestic programming in particular, PTV [...] needs better advertising sales than today’s. However, increasing viewing figures and the corresponding proceeds from advertising sales in the existing cable networks will not be sufficient for this.\(^{186}\)

PTV’s original intent to take a 6 percent share of television advertising market was never attained.\(^{187}\) In general, cable TV failed in establishing itself as a serious advertising medium. Advertising sales represented in 1996 no more than 9 per cent of the turnover of the cable TV industry, including more than a hundred operators, and only 1 per cent of advertising in the mass media. The principal income sources were annual basic subscription fees and pay-TV subscriptions (Nupponen 1997).

*The revenge of Ruutunelonen?* - Helsinki Media Company’s interest in launching a terrestrial TV channel was thus based on the gloomy prospects of cable distribution. Ruutunelonen Oy, founded in 1995 to compete for the terrestrial

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\(^{186}\) Helsinki Media Company annual report 1995, p. 4. - Unfortunately, the company never made public the number of advertising hours it managed to sell.

licence for Channel Four, was intended to extend PTV's activities, by offering a wider distribution to both programmes and commercials. Obviously, with Ruutunelonon, the media empire of Sanoma Corporation was seeking to revenge, thoughts of which it has been nursing since defeat in the struggles for Channel Three and the ownership of MTV.

Due to its ownership structure, Ruutunelonon is able to combine both knowledge of programming, represented by PTV, and professionalism in programme making, represented by the established, independent production companies, such as VipVision Oy, as its minor share holders. It also consolidated its expertise by hiring its principal management from the recruits of MTV Finland. Ruutunelonon has claimed that it is attempting to attain a 25 percent market share of television advertising and a 15 percent viewing share within a few years. Its turnover goal for 1997 was reported as FIM 100-150 million. In any case, it will take a few years until the company reaches a positive result.

10.6 Competitiveness of the Business Market

*Unregulated rivalry.* - Within a decade Finland's television broadcasting industry moved from protected duopoly to competition within the framework of a dual order. To what extent has the competitiveness of the business market increased then?

As shown above, without the existence of TES-TV/Tesvisio, the extraordinary relationship between YLE and MTV would never have been established. The short period of TES-TV introduced genuine competition into Finland's broadcasting order. Rivalry between YLE/MTV's Suomen Televisio and TES-TV was fierce, unregulated and uneven, since it was not public opinion but money that sealed the fate of television in Finland. By rapidly expanding both its network and programming, YLE guaranteed a greater audience and provided a better environment for the advertising sales of MTV:

It was in YLE's interest to help MTV. And it was in MTV's interest to control the advertising market without rivals. (Zilliacias 1968: 18.)

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188 Managing director Juha-Pekka Louhelainen was formerly director of marketing at Kolmostelevisio and programme director Jorma Sairanen head of programming at MTV3.

189 See e.g. Riitta Korhonen, 'Erkko verkko sotkee mainosmarkkinat' [The Erkko network stirs up the advertising market], *Talousläämat*, 35/1996, pp. 40-41.
By 1963 it became clear that Tesvisio’s advertising income could no longer meet the construction costs of its planned network, since the company was ‘left with the remainder of advertising sales, i.e. the share that MTV was unable to exploit’ (Lukkarinen and Nurminen 1988: 130). Although the directors of Tesvisio negotiated on cooperation with both YLE and MTV several times, it was, finally, the owners of the company who, without the operating management’s knowledge, decided to salvage their capital and sell Tesvisio to YLE.190

Although the purchase price agreed upon in December 1964, FIM 6.5 million, was a substantial sum for YLE in those days, it later turned out to be a low price for regaining monopoly. The era of unregulated competition was over, and was replaced by an uneasy duopoly with MTV.

*The uneasy duopoly.* - As YLE was released from its rival, Tesvisio, its corporate strategic interests were now focused on its assistant, MTV. The collaboration benefitted both companies. Thanks to MTV, YLE had access to advertising income - and thanks to YLE, MTV had access to broadcast airtime. At the same time, the companies did not compete for the same source of funding but only for the audience. While YLE had the monopoly on licence fees, MTV had the monopoly on television advertising time on national TV channels. (Hellman 1988; Hellman and Sauri 1994.)

In spite of the mutual advantages, there were many at YLE who wanted to get rid of MTV. In 1965 YLE’s new liberal management, led by director general Eino S. Repo, hired a group of consultants and social scientists to analyse the goals and tasks of Finnish broadcasting and to outline a new, politically and culturally active, role for the company. To this end, a ‘long-range planning team’, including Mr Pertainmentus and Mr Kaarle Nordenstreng, both of whom subsequently became professors, formulated the principles of an ‘informational programme policy’ aimed at ‘the intellectual activation of the audience’ (see e.g. Litunen and Nordenstreng 1974: 25).191 As commercial broadcasting, according to this team, was based on the sale of messages to audiences and of audiences to advertisers, it was in conflict

190Interestingly, a middleman in the sales operation was Mr Pentti Heikkilä, the managing director of Amer Corporation. Amer was traditionally a major sponsor of, and advertiser on, TES-TV/Tesvisio, but director Heikkilä had a double role, as he was also a member of the MTV Board. (See Lukkarinen and Nurminen 1988: 143-151.)

191These newly defined functions and goals of broadcasting were defined in a booklet by Repo et al. (1967). For the development of this ‘Reporadio’, as it was called, see Hemánus (1972), Hujanen (1995) and Slade and Barchak (1989).
with the informational purpose of YLE’s programming.

Although this hostility never materialised in a denial of MTV, the uneasiness of the cooperation was obvious. Through force of economic circumstances, advertising was tolerated, but YLE was critical of MTV’s inability to fulfil its function as a source of funding for broadcasting. MTV’s role, then, was to provide evidence that its restricted broadcasting hours and heavy rent excessively constrained its operations.

For example, in their economic analysis Ahmavaara et al. (1968: 27-28) indicated that MTV’s payments to YLE grew more slowly than its sales, while an expanding share of its revenues was being spent on programme production. Consistent with the corporate strategic emphasis in YLE’s approach, the team claimed that the economic relationship between the companies ‘had become unfavourable to YLE’ (op.cit.: 46). Another example is provided by a memorandum prepared by MTV’s board in 1984, in which the company complained that ‘during the last five years MTV’s payments to YLE grew by 92 per cent, although the growth of the consumer price index was only 46.5 per cent’.192

These arguments were not contradictory, however. While YLE’s purpose was to take advantage of the growth of MTV’s sales, MTV wished to adjust the compensation to the general price development. To some extent, both approaches can be justified. The point is that YLE wished to derive full benefit from MTV’s growing sales, whereas MTV wanted to reserve a greater share of its income for programme production.

According to Sisättö (1981: 70-71), another bone of contention was programme coordination, as YLE put pressure on MTV to transfer its programme slots to late evenings and weekends. For example, the memorandum cited above also listed MTV’s goals in scheduling:

MTV considers it unfair if its programming hours are made worse. Half of the company’s programmes already start after 9.30 pm. Share of prime-time broadcasting hours has dropped by 75 minutes per week - which means a loss of FIM tens of millions annually. […] Only 19 per cent of MTV’s slots are scheduled in prime time.193

In the struggle for MTV’s share of programming, two contradicting rationales met again. However, this time the rejecting party was represented by YLE’s programme


193 Loc.cit., p. 5.
From Companions to Competitors

makers and schedulers, who wished to place their own offerings in the mid-evening hours, followed by MTV's slots in the late evening. The other party, YLE's management, was a more pragmatist one, understanding the mutual advantages of better placement policy - after all, it was in the interests of both companies to provide a schedule that served sales of advertising, too.

The comfortable duopoly. - Towards the mid-1980s, new winds began to blow in broadcasting: satellites, cable, video. It appears that YLE and MTV increasingly started to refer to their mutual interests, which bound them even more firmly into their complex and intimate cooperation. The then director general of YLE, Mr Kiuru, has observed that a warming up of relations started in 1983-84 (Kiuru 1992: 176). Perhaps one reason for the change in the atmosphere was MTV's newly appointed managing director, Mr Eero Pilkama, who was new to the broadcasting business and was thus not entrenched behind established views. In his first review of operations he declared:

MTV and YLE are now facing common challenges. [...] In order to guarantee our national competitiveness the companies need to create a common view of the direction of development and of the actions it requires.194

Soramäki has presented a more sceptical but strategically oriented interpretation of this change:

Soon after MTV was granted its newscast in 1982, it lost its edge over development of television activities to YLE and was forced to orientate towards a closer cooperation with it. Instead of emphasising intensive competition, a strategic alliance [between the companies] came to the fore. (Soramäki 1990a: 23.)

Whether it was YLE or MTV that felt more threatened by foreign satellite channels is not important. Although YLE’s operating licence defined MTV as its ‘complement’, much more was at stake in their partnership than just ‘assistance’. Their ‘strategic alliance’, as Soramäki puts it, was once vital for them in the struggle against Tesvisio. Now, towards the mid-1980s, this aspect grew in importance again.

YLE’s and MTV’s relationship has been characterised as ‘symbiotic’ (Hellman 1988 and 1990; Hellman and Sauri 1994). In biology, symbiosis refers to a mutually beneficial cohabitation of two dissimilar organisms. This description

194MTV Finland annual review 1984, p. 3.
coincides well with the cohabitation of YLE and MTV. The two companies were symbiotically dependent on each other both technically, politically and financially. The unholy, or ‘undogmatic’ (Noam 1991: 215), marriage of the state-owned YLE and the privately owned MTV was blessed at a high political level. Without MTV, YLE would have lacked one fifth of its income and an established part of programming; without YLE, MTV would have been left without the right to broadcast and sell advertising time.

Although each party in this symbiosis did try to maximise its own advantage, it was done without damaging the carefully balanced status quo. This status quo included at least three elements: (1) a division of labour in terms of programme types, (2) coordination of programming and (3) avoidance of price competition in programme purchases (Soramäki 1990a: 23). This was well illustrated by MTV’s annual report of 1989, highlighting the pursuit of common interests:

Mutual cooperation between Finland’s television broadcasters has been successful. It has helped to avoid price competition [in programme acquisitions]. Yet the prices went up by an average of 15 per cent in 1989. The collaboration between MTV and Kolmotelevisio in programme purchases, and in common rules of the game with YLE, will guarantee that the Finns will be offered the best of programmes in the future too.\textsuperscript{195}

Another example is provided by coordination in scheduling. As stated above, YLE tried to serve MTV with programming hours which were feasible for advertising. Similarly, Kolmotelevisio was obliged to turn off its offerings normally by 9 pm so that they would not undermine MTV’s programmes on TV1 or TV2.

Indeed, the relationship between the companies served in many ways as a ‘comfortable duopoly’,\textsuperscript{196} with no direct rivalry between the parties, except for the audience. Hence the convenience of duopoly: YLE was provided with access to advertising income without having to dirty its hands in selling advertising time, whereas MTV could operate as a privileged salesman without needing to invest in building a television network of its own. By allowing both YLE and MTV to enjoy the best of both worlds - i.e. the privilege of public monopoly and the privilege of advertising revenues - this ‘strategic alliance’ simultaneously safeguarded the interests of both companies (cf. Noam 1991).

\textsuperscript{195}MTV Finland annual report 1989, p. 8.

\textsuperscript{196}This is a characterisation used by the British Peacock committee about the relationship of the BBC and ITV.
From Companions to Competitors

During these years of close cooperation, the Finnish duopoly became highly self-sufficient, which effectively protected it from external competition and perhaps retarded an emergence of new production structures (Heiskanen 1985). An example of this was the competition for Channel Three, in which the YLE/MTV coalition, with the help of the political market, managed to block the entry of new competitors. In fact, Kolmmostelevisio Oy was successful in all of its main goals: it stopped the invasion of satellite television, it kept newspaper interests out of the television business while at the same time creating a regional advertising market and generating enough money for expanding the network nationwide (see Hellman 1996c: 101-102). Indeed, Channel Three was intended to protect the corporate strategic interests of YLE and MTV. ‘Of course, this smacks of protectionism’, admitted one of the main architects of Kolmmostelevisio, Mr Arne Wessberg, then director of TV1, in an interview.197 Or put even more clearly:

I don’t care how many rivals we have. All that matters is that our funding base is guaranteed. One has to be selfish here.198

As already suggested, even the divorce - or separation - of 1993 was justified by similar, mutual corporate strategic benefits. In a changing media environment, the convenience of the duopoly became threatened by the too close collaboration between YLE and MTV. The mixed schedules on TV1 and TV2 prevented both companies from fully developing their programming, as well as severely restricted the sales of advertising. Furthermore, balancing between Kolmmostelevisio and MTV turned out to be difficult, as the companies appeared to undermine each other’s opportunities. While Kolmmostelevisio, with YLE being its major owner, threatened MTV’s sales, this ‘extended duopoly’ endangered the smooth symbiosis between YLE and MTV Finland. Here the channel reallocation, together with the new ownership structure of Kolmmostelevisio, served as a pragmatic solution. After all, it was easier for both companies to separate in order to raise their company profiles and to simplify the allocation of programme slots. At YLE the rationale was that a commercial, but regulated, MTV network, even with an operating licence of its own, would no longer violate YLE’s interests, as long as MTV was obliged to pay a compensation and YLE owned the stations, the transmitters and the links, which served as its most precious monopoly resource.


Thus, paradoxically, the strategic alliance between YLE and MTV culminated in its denial. A perception of common interests between the two companies has never been expressed more explicitly than in the 1989 agreement, which put an end to the close interdependence of the companies.

Oligopoly and coordinated competition. – Finland’s pre-reform broadcasting order cannot be characterised as genuinely competitive. The business market was dominated by one strong coalition, which monopolised both programming and advertising. The public broadcasting sector was highly protected and the private sector strictly regulated (Meier and Trappel 1992: 138-140). These two sectors were also intimately connected with each other or, as Noam (1991: 214) put it, ‘Finland’s rival communications institutions have learned to cooperate almost too well’. The ‘comfortable duopoly’ was decidedly not a ‘free’ market. As to commercialism of the market, among Western European countries Finland represented a medium degree of commercialisation, as advertising had been accepted as an essential component of the system, but mainly for financial reasons (McQuail 1986).

However, the Finnish broadcasting order cannot be characterised as completely non-competitive, either. It involved some internal rivalry, or ‘coordinated competition’ (Sisättö 1980), for audience but not necessarily for programmes and talent. It also had offered two, and since 1987 three, TV channels and, accordingly, a considerable choice of alternative programme options to the viewer. This suggests that Finland’s television was not such a monolith as, for instance, television in Denmark or Norway, where national public broadcasting companies monopolised the sector, providing only one national TV service (see e.g. Søndergaard 1996; Bastiansen and Syvertsen 1996).

In terms of economic theory, the business market of Finland’s television broadcasting serves as an example of an oligopoly. In other words, there existed ‘only a few sellers in a market but some competition […] for their products’ (Picard 1989: 32). In this case the oligopoly was not created by the forces of the business market alone but blessed by a decision of the political market. Being the result of a particular ‘policy of structure’, as analysed in Chapter 9, the oligopoly structure promoted a regulated division of labour between the companies, as a result of which their products were highly differentiated (see Hellman 1988; Hellman and Sauri 1994; Soramäki 1990a). The Finnish case illustrates well the advantages of a mixed but regulated broadcasting order, as described by Barwise and Ehrenberg (1988: 113-114):

It seems that [a] mixed approach can provide at least a partial solution to the narrowing
of program range. The main potential benefit seems to occur when different channels
do not have to compete directly for the same source of funds. This can reduce ratings-
War type of competition and the adverse effects on the range of programs shown. It
also enables channels to practice complementary programming in order to give viewers
a wider choice at a particular time. [...] [Mixed systems] usually lead to less stodgy
programming than a system relying wholly on licence fees or taxes.

Although there existed some genuine competition, too, as Kolmostelevisio was
inclined towards a greater independence than its major owners wished,¹⁹⁹ and as
PTV provided a small but self-sufficient challenger, proper competition could not
be launched until the 1993 channel reform.

Towards a competitive market? - The channel reform did not alter the oligopoly
pattern of Finland’s broadcasting order, as the position of the two dominant actors
was not changed. In fact, it could be argued that the improved opportunities of
MTV Group to develop its activities left even less spare room for PTV. On the
other hand, the reform cancelled old divisions of labour, and introduced price
competition as well as rivalry for talent and programmes. It also put an end to
traditional rules concerning programme coordination, as well as intensified the
struggle over the audience figures. Consequently, the reform relieved the mutual
dependencies and self-sustainability of the oligopoly group. While increasing
competition and earing down barriers to entry, the 1993 reform must be seen as
liberalisation of the broadcasting market (cf. Murdock 1990; Negrine and

In terms of organisation, MTV and Kolmostelevisio were easily adjusted to
operate in an increasingly commercial environment. They had learned to use market
research methods and audience measurement as central tools in scheduling. Now
this knowledge was needed to reconcile the most feasible parts of the two
companies into one commercial TV channel. In 1990 they combined their
programme purchase and schedule planning operations. As the then director of
Kolmostelevisio explains:

As MTV became our principal owner, we agreed upon a joint acquisition of imported
programmes. The import budgets were combined in order to create a competitive entity

¹⁹⁹ This was reflected in price competition in advertising sales as well as in programme
acquisition. ‘The wild period was between 1987 and 1989, when Kolmostelevisio rivalled
with MTV. [...] There were competitive biddings at international programme fairs [...].
Sometimes they were fierce struggles, but sometimes we could agree that if you take this
one, I’ll take that one.’ (Jorma Sairanen, interview.)
when compared with YLE. Our buyers were transferred to the MTV organisation, yet with mutual agreement on what we needed. And when it became clear that MTV would be transferred to Channel Three, we together started to compile the schedule which was to be the basis of the commercial TV channel of 1993.\textsuperscript{200}

At YLE preparations for competition were more difficult to accomplish, due to the highly independent position of TV1 and TV2. It was not until the organisational reform of April 1994 that the company’s television operations were united under one director. The objective of the new organisation was ‘to emphasise decision making on programmes and programming’.\textsuperscript{201} On the one hand, it introduced a more centralised management, enabling a better coordination of channel profiles and programme scheduling. On the other, channels still enjoy flexibility and autonomy as they receive their funding now in lump sums and decide independently how this money will be spent.

My impression is that, for the first time [in YLE’s history] the organisation model developed by the Administrative Council was based on challenges from external competition. Earlier the organisation reflected the analysis of the needs of parliamentary administration.\textsuperscript{202}

Also, the importance of the programme schedule increased drastically. Three channels served their offerings to the audience, competing directly for its choices. At MTV the schedule had been the central management tool since the late 1980s. In practice this meant that, instead of compiling products into a programming schedule, it was the schedule which determined which programmes were produced. Hence, each programme was given a defined purpose in the schedule.

I’d say that MTV became very marketing-oriented when Kolmostelevisio was turned into its subsidiary. They started to talk about programmes as products, and not as programmes, as in the 1980s.\textsuperscript{203}

Under the new organisation the schedule is the basis for funding. Channel heads assign the funds to producers, and the producers assign them to programme

\textsuperscript{200}Heikki Lehmusto, interview.

\textsuperscript{201}YLE annual report 1994, p. 30.

\textsuperscript{202}Arne Wessberg, interview.

\textsuperscript{203}Juha-Pekka Louhelainen, interview.
projects. This thinking started to dominate at YLE too. TV2 had already experimented with allocating resources on the basis of the scheduled programme plans at the beginning of the decade, whereas at TV1 the new philosophy was not introduced until 1994. YLE’s managing director describes this change as a shift ‘from production-oriented culture to schedule-oriented culture’.204 According to Lowe and Alm (1997: 185), ‘YLE has introduced a contemporary industrial design into a previously, decidedly unbusiness-like company’.

In the new competitive market, it is the schedules that compete with each other. The post-reform situation is described by MTV’s director of programming, Mr Tauno Äijälä, as follows:

According to the old [basic] agreement [...], YLE had the prime right to major national and international events. This doesn’t hold good anymore. We are ready to go anywhere we can.205

At YLE, MTV’s expansion is felt like this:

MTV’s schedule indicates that they are on the attack. They are strongly counterprogramming our main newscast. [...] They have Formula One championships. They have domestic ice hockey - which was a result of open competition. This year they also broadcast domestic football. [...] Every now and then there are competitive biddings for some programmes, which in itself is unnecessary, because all that happens is that money flows abroad.206

A systematic analysis of the consequences of this programme competition will be presented in Parts III and IV of the study.

The importance of ratings. - The importance of viewing ratings increased in Finland since YLE and MTV, together with the Association of Advertising Agencies, in 1987 introduced a common people-meter system. While the lists of top programmes are published weekly by, for example, the major TV guide, Katsos, as well as by the leading national dailies Helsingin Sanomat and Ilta-Sanomat,207 ratings are

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204Arne Wessberg, interview.
205Tauno Äijälä, interview.
206Arne Wessberg, interview.
207Katsos has published top-ten charts of each channel since 1987, whereas Helsingin Sanomat started publishing these listings in January 1993.
### TABLE 10.9 Daily average viewing shares by company and channel, 1985-1996 (%)

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<tbody>
<tr>
<td>YLE</td>
<td>64.9</td>
<td>60.8</td>
<td>59.2</td>
<td>56.3</td>
<td>55.0</td>
<td>50.6</td>
<td>46.8</td>
<td>45.7</td>
<td>46.8</td>
<td>48.0</td>
</tr>
<tr>
<td>MTV MTV Group</td>
<td>35.1</td>
<td>29.4</td>
<td>27.6</td>
<td>36.8</td>
<td>39.5</td>
<td>43.9</td>
<td>47.6</td>
<td>46.4</td>
<td>46.1</td>
<td>44.7</td>
</tr>
<tr>
<td>Kolmostelevisio</td>
<td>3.9</td>
<td>8.2</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>PTV</td>
<td>5.9</td>
<td>5.1</td>
<td>3.3</td>
<td>4.5</td>
<td>4.5</td>
<td>4.8</td>
<td>4.3</td>
<td>4.3</td>
<td>4.9</td>
<td>4.7</td>
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<td>TV1</td>
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<td>53.9</td>
<td>54.1</td>
<td>50.0</td>
<td>46.2</td>
<td>41.0</td>
<td>25.0</td>
<td>25.3</td>
<td>25.9</td>
<td>26.7</td>
</tr>
<tr>
<td>TV2</td>
<td>35.1</td>
<td>30.4</td>
<td>28.6</td>
<td>33.2</td>
<td>32.0</td>
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<td>21.3</td>
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<tr>
<td>TV3 MTV3</td>
<td>3.9</td>
<td>8.2</td>
<td>12.6</td>
<td>16.3</td>
<td>24.0</td>
<td>47.6</td>
<td>47.6</td>
<td>46.1</td>
<td>44.7</td>
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<tr>
<td>TV4 SVT</td>
<td>1.2</td>
<td>1.8</td>
<td>1.8</td>
<td>0.8</td>
<td>2.1</td>
<td>1.4</td>
<td>1.1</td>
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<tr>
<td>Local Cable</td>
<td>.</td>
<td>.</td>
<td></td>
<td>0.9</td>
<td>0.9</td>
<td>0.8</td>
<td>1.4</td>
<td>2.1</td>
<td>2.7</td>
<td></td>
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<tr>
<td>Satellite</td>
<td>.</td>
<td>.</td>
<td></td>
<td>2.1</td>
<td>2.7</td>
<td>2.6</td>
<td>4.0</td>
<td>4.3</td>
<td>3.5</td>
<td>3.5</td>
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**Notes:**
- Excluding the use of the VCR. The figures for 1985 derive from a diary-based survey on sampled weeks. As of 1987 the figures are based on a continuous metered monitoring and are averages for the whole year.
- As of 1990 includes also Kolmostelevisio’s programming.
- As of 1990 is included in MTV Group’s figures.

**Sources:** Joukkoviestimet (1998); Kalkkinen (1986, 1988); Kasari (1989, 1990); Sarkkinen (1992a, 1992b); Sauri (1996). See also MTV Finland and YLE annual reports.

Extensively used as an argument for and against individual programmes. This ‘ratings discourse’ (Ang 1991) has brought the broadcasters’ performance under a continuous public jurisdiction based on viewing figures. For the companies themselves, people-meters have provided a new measure of performance.

Indeed, the audience shares indisputably indicate the domination of the two market leaders in Finland’s television market. As Table 10.9 shows, the commercial MTV Group and the public-service YLE accounted together for 93 per cent of TV viewing in 1996, while the shares of PTV as well as satellite channels remained...
marginal. The channel reform helped MTV to outstrip YLE but, in fact, a growing balance between the companies had already started to emerge earlier. The popular myth that MTV’s victory would have been an overnight sensation is not supported by data drawn from people-meter figures. A detailed analysis of viewing shares has revealed that, even during the autumn of 1992, MTV Group’s share reached the 50 percent level, of which 31 per cent was provided by TV3 and 18 per cent by MTV’s programmes on TV1 and TV2, while YLE’s share had dropped to 45 per cent.\textsuperscript{208}

On the eve of the reform, MTV was, thus, well aware of its bright outlook for success. Still, the result was better than MTV expected. According to Mr Jorma Sairanen, then head of programming, ‘[t]he company would have been satisfied with maintaining the 35-40 percent share we had before the launch’.\textsuperscript{209} At YLE, then, the loss of the leading position was felt as a major defeat, although on the basis of realistic analysis, the 45 percent share of spring 1993 was no different from the stake reached in autumn 1992. After all, the company did not lag very far behind the 50 percent audience goal it had set. Lately, YLE has reconsolidated its position, so that since 1995 its overall share has again been higher than that of MTV’s.

If we analyse the shifts in the distribution of viewing between channels, the 1993 reform most drastically affected TV1 and TV3/MTV3. Whereas the share of TV1 dropped from 41 per cent in 1992 to 25 per cent in 1993, the stake TV3 accounted for grew from 24 per cent to 48 per cent. Also TV2’s share changed considerably as it decreased from 30 to 22 per cent. Since then the figures have balanced a bit, with TV1 accounting in 1996 for 27 per cent and MTV3 dropping to 45 per cent. MTV3 still performs as the most popular single channel in the country and, as the company says, ‘at the top level in the whole of Europe’\textsuperscript{210}.

The figures presented above apply to the whole population, although based on a sample consisting of 475 households or a total of some 1,200 people. Of these households only a portion - in 1996 some 40 per cent - has access to cable or satellite channels. Does the satellite/cable audience show a different pattern of channel choice? Distribution of average daily viewing for cabled households, presented in Table 10.10, indicates that the domination of YLE and MTV Group

\textsuperscript{208} The analysis is from Martti Soramäki, ‘Television kanavaudistus 1993’ [The 1993 channel reform], Memorandum to the YLE Administrative Council, August 16, 1993.

\textsuperscript{209} Jorma Sairanen, interview.

\textsuperscript{210} MTV Finland annual report 1996, p. 4.
TABLE 10.10 Daily average viewing shares by channel in cabled households, 1990-1996 (%)*

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<tr>
<td>TV1</td>
<td>42.4</td>
<td>38.8</td>
<td>38.1</td>
<td>21.5</td>
<td>24.0</td>
<td>23.7</td>
<td>24.1</td>
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<tr>
<td>TV2</td>
<td>28.3</td>
<td>29.1</td>
<td>27.1</td>
<td>18.8</td>
<td>18.5</td>
<td>18.8</td>
<td>19.5</td>
</tr>
<tr>
<td>TV3/MTV3</td>
<td>13.1</td>
<td>15.7</td>
<td>18.6</td>
<td>43.8</td>
<td>40.4</td>
<td>41.8</td>
<td>40.7</td>
</tr>
<tr>
<td>TV4/SVT</td>
<td>2.0</td>
<td>3.0</td>
<td>2.5</td>
<td>1.4</td>
<td>2.1</td>
<td>1.4</td>
<td>1.6</td>
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<tr>
<td>PTV/local cable</td>
<td>2.0</td>
<td>1.5</td>
<td>1.5</td>
<td>3.5</td>
<td>4.1</td>
<td>6.2</td>
<td>7.1</td>
</tr>
<tr>
<td>Satellite</td>
<td>11.1</td>
<td>10.4</td>
<td>10.2</td>
<td>10.4</td>
<td>10.3</td>
<td>8.2</td>
<td>6.9</td>
</tr>
<tr>
<td>Total (minutes)</td>
<td>99</td>
<td>134</td>
<td>118</td>
<td>144</td>
<td>146</td>
<td>140</td>
<td>156</td>
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</tbody>
</table>

Notes:
*Excluding the use of the VCR. The figures are based on a continuous metered monitoring and are averages for the whole year.
*The figure is for spring season 1991.


was not threatened among the cable audience either. In 1996 the great majority, or 85 per cent, of viewing time was still spent on the three national channels, with no sign of a decreasing tendency during the 1990s. The share of PTV grew slowly at the expense of satellite services, reaching 7 per cent in 1996.

Unfair competition? - The analysis of the business market suggests that, during the 1990s, Finland’s broadcasting industry matured and became a proper business characterised by direct competition between the very few major players and a genuine dual order involving both public and private interests. This tendency was strengthened by the launching of Channel Four, which encouraged several candidates to apply for the licence. Being offered the terrestrial network, Rautunelonen has every chance of increasing its market share and performing as a third strong player in the business market of television, thus expanding the oligopoly structure of Finland’s broadcasting industry. Further entrants cannot be expected until the digitalisation of the distribution network removes the technical barriers to liberalisation.

Illustrating the difficulties of liberalising the sector and creating equal
opportunities for all players, Ruutunelonen’s licence was perceived in a negative light by MTV Finland, who felt that the requirements imposed on the new entrant were lighter than those imposed on MTV. In particular, the company felt it unfair that, whereas it pays YLE the public-service fee, which represents some 30 per cent of its turnover, Ruutunelonen was only subjected to this obligation gradually. As a result, the fee paid by Ruutunelonen in 1997-1999 will be much lower than that paid by MTV. When granting the licence, the Ministry of Transport and Communications had justified this relaxation by the huge investment and launching costs of a new channel.

In order to have the fairness of the arrangement assessed, MTV appealed to the Office of Free Competition and later even to the Supreme Administrative Court. In its statement, the Office of Free Competition criticised the public-service fee, because it ‘treats firms operating in electronic mass communications unequally’ and could thus be regarded as a ‘restraint of trade’. The authority did not directly take a stand on whether the conditions of competition between MTV and Ruutunelonen were fair or not, but considered the privilege granted to YLE unfair. The ministry defended its policy by saying that the gradual-payment model contributes best to creating competition on equal ground:

If [Ruutunelonen] were obliged to make full payments from the very start, it wouldn’t be able to produce any programmes. MTV’s position is so strong that the entrant is entitled to support in its initial stage.

As observed above, there seems to be a widely shared consensus in the political market about maintaining the present compensation arrangement as one of the financial foundations of YLE. In other words, the dominant thinking is that, while the public broadcasting company has specific public service duties, defined by law, it is not competing with the commercial broadcasters, which are less strictly regulated. Hence, it is also legitimate to let it enjoy privileges such as the licence fee and the public-service fee.

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211 See e.g. Ilkka Jauhiainen, ‘Julkisen palvelun maksun leikkaus tekisi ison loven Ylen kukkaroon’ [Cutting the public service fee would make a big hole in YLE’s budget], Helsingin Sanomat, November 22, 1996, p. A5.

212 See Julkisen palvelun maksu ja sen kilpailua rajoittavat vaikutukset, loc.cit., p. 2.

Interestingly, the debate reflected two opposing concepts of 'public service broadcasting'. While the argument of the Office of Free Trade is that commercial broadcasters too 'provide programming that can be regarded as public service', referring to the high proportion of news and current affairs programmes on MTV3, YLE's reply is that '[p]ublic service broadcasting is a totality of programming, not individual programmes'. Most obviously, this provides a conceptual contradiction which will be thrashed out many times both in the political market and in the business market of broadcasting.

10.7 Summary

1 The business market of Finland's broadcasting industry is structured as an oligopoly dominated by YLE and MTV Group. The entry of Ruutunelonen, successor to PTV, extends the oligopoly, without changing its basic pattern however.

2 The increasing significance of television broadcasting as an industry is illustrated by several changes in the ownership of MTV Finland and Kolmostelevisio, as well as in the competition for the licence for the fourth TV network.

3 YLE's status, survival and success are based on three privileges, or monopoly resources - (1) the licence fee monopoly, (2) the public-service fee monopoly, and (3) the monopoly on Finland's broadcasting network.

4 The corporate strategic move to launch Channel Three consolidated the duopoly of YLE and MTV Finland in the business market and strengthened MTV's monopoly on television advertising sales.

5 In corporate strategic terms, the 1993 channel reform realised MTV's long-standing inclination towards independence and growth. Gradual liberalisation has relieved MTV's financial obligations towards YLE and allowed it to become a major player in the media industry, culminating in the recent merger with Aamulehti Group.

6 Kolmostelevisio's prime economic impact was that, by opening up a regional window for advertising and introducing the use of outside producers, it revolutionised both the financial and production patterns of broadcasting.

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214Julkisen palvelun maksu ja sen kilpailua rajoittavat vaikutukset, loc.cit., p. 2.

From Companions to Competitors

PTV’s major failure was that it never managed to acquire a sufficient status, either as an advertising medium or as a popular TV channel.

All broadcasters are increasingly constrained by growing programme costs and expanding broadcast time. Whereas extended programming provides the commercial companies with extra advertising time, for the public-service YLE increased output causes extra costs.

The development of YLE’s and MTV’s relationship is the foundation of the development of Finland’s broadcasting marketplace. The relationship has proceeded from an uneasy duopoly to convenient symbiosis and, finally, relative independence. Since 1993, the companies have competed on an equal basis.
11 The Professional Market: Two Programming Traditions

11.1 A Common Culture or Diverging Values?

The professional market of television broadcasting refers to production cultures and production values as well as the programming traditions characteristic of the industry. To what extent does there exist a common professional culture in the Finnish broadcasting industry? And to what extent do companies show diverging values and traditions?

There are several factors that have promoted a common culture of programme production and programming in Finland’s television. First of all, YLE and MTV share a common history, which kept them together for 35 years. They were part of the integrated, though mixed, system. From the very beginning they even shared the technical facilities. Furthermore, Tesvisio was a fruitful substrate for much of the professional expertise that was then transferred to either YLE or MTV (see e.g. Hujanen 1993b: 8; Lukkarinen and Nurminen 1988: 153.)

Secondly, due to the commercialism of its early history, television in Finland became defined as entertainment both by YLE and MTV. Although Kivikuru (1988) probably exaggerates, and ignores British influences, while claiming that television was introduced in Finland in its ‘American form’, it is true that television put, from the very outset, a strong emphasis on game shows and variety entertainment. During the early years of the new medium, the Finns were familiar with TV advertisements and American programme formats (see Lehto 1985). This commercialism, utilised both in order to outstrip Tesvisio and to promote the expansion of Suomen Televisio, was an elemental part of the shared perception of television as a medium.

Thirdly, a generation factor plays a role, too. A stunningly large proportion of the staff in both companies was recruited between 1965 and 1975, the period of fastest growth for both companies. The recruits represented the baby boom generation, which thanks to the expansion of tertiary education had experienced a social rise from the lower strata to the middle class. This promoted a denial of the ‘traditionalism’ and ‘commercialism’ of the first-generation TV professionals and resulted in the emergence of a modernist, ‘theoretical populism’ which, for instance, in YLE’s television journalism found expression in the so-called informative programme policy. MTV was not left unaffected by these ‘radical’

However, several reasons also justify our talking about diverging professional values between YLE and MTV. First of all, the fact that the companies represented two different methods of funding must have left its marks on their value basis, too. Commercial funding presupposes pleasing and holding a large audience, whereas public funding tends to relieve a broadcaster from audience maximisation and allows emphasis to be placed on other, content-based qualities. And although commercial broadcasting, too, is dependent on creative ideas of programme makers, public funding may enable a better compliance with requirements of craft and artistry. Hence, one can well expect that, whereas YLE’s artistry is based on values defined by professionals themselves, that of MTV’s is more dependent on the assumed expectations of the audience. (See e.g. Albers 1996; Nossiter 1991: 115-119; cf. Steinbock 1986.)

The second major source of diverging values is the diverging traditions of programming between the public and private broadcasting sectors. If there existed a division of labour in programming, as suggested by Hellman and Sauri (1988, 1989 and 1994), it resulted in a differentiated programme output and, most obviously, different production values too. As far as YLE focused on factual programmes, particularly news and current affairs, education and features and documentaries, together with serious drama, it must have promoted, on the one hand, journalistic values of significance, authoritativeness, accuracy of facts, etc. and, on the other, artistic values of originality, taste, integrity, etc. As far as MTV, then, was dependent on series and light entertainment, it was guided by the prime need to please the audience - which tends to promote values of familiarity, popularity and accessibility.

This chapter cannot provide a systematic analysis of the changes in the professional market of broadcasting. Instead, I will concentrate on two issues. First, on the basis of earlier research and statistical sources, I will analyse the differences in the programming traditions of Finland’s broadcasters, which perhaps best illustrates the diverging values of YLE and MTV. Secondly, I will discuss briefly how competition affects the professional market, particularly the values of programming. Unfortunately, the role of the independent production companies cannot be discussed here. In spite of a considerable body of research on them (see e.g. Kohvakka and Hutunen 1997; Lassila 1989; Vilhunen 1996), their impact on the professional values of broadcasting has not been investigated.
11.2 Traditions of Programming

That’s entertainment. - Due to the rivalry between TES-TV and YLE/MTV, efforts to attract viewers dictated programming policy in the early years. ‘Light programmes were the main weapon in this serious competition’, as Hemánus (1972: 23) described the situation. ‘American films were rented in bulk, Suomen Televisio [YLE] broadcast Ben Casey while Tesvisio had Dr Kildare.’ According to Hemánus (ibid.), ‘the open commercialism of Tesvisio and MTV largely defined the general line of programming, while YLE was content to adopt it’. Characteristic of this was that, while TES-TV hired Lenita Airisto, Miss Finland 1954, to announce its programmes, YLE hit back by hiring Teija Sapanen, Miss Finland 1953.

One could claim that competitive programming policy was unnecessary, as there was no common audience, except for Helsinki, Tampere and Turku. TV viewing at that time was not selective. As Helstti (1988: 93), who has analysed the first TV experiences of the Finns, has observed, ‘in the early days of television, people used to watch every programme [...]. All programmes appeared to be interesting; the most important thing was the picture itself.’ However, programming deeply affected the public image of the broadcasting companies. Entertainment seemed to be the best recipe for promoting the sales of TV sets and thereby expanding the audience.

As a result, all companies broadcast several live variety shows from the studio. Tesvisio introduced the first Finnish quiz show Tupla tai kuitti [Double or quit], in 1958, and Levyraati [Jukebox jury], a music programme, in 1960. Tesvisio established a TV cooking programme and a TV auction programme, but it also started broadcasting church services to Finns, as well as broadcasting Tchaikovsky’s ballet Swan Lake from the Finnish National Opera as its first live outside broadcast. The most popular of its foreign series was a Western, Wagon Train.

YLE started its regular broadcasts in January 1958 with a New Year speech by the President of Finland, Urho Kekkonen. In 1961, YLE hired a group of staff actors and directors, thereby establishing its Television Theatre (Televisioteatteri), which typically produced classics of world or domestic literature. While aiming at popularity, it had several game shows like Palapeli [The puzzle game], or Ota tai jätä [Take it or leave it], and introduced the athletics match between Finland and Sweden in 1958 as its first live outside broadcast.

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216 Both programmes survived for decades and were subsequently produced by MTV. Tupla tai kuitti was finally cancelled in 1979, while Levyraati was still scheduled in 1998.

From Companions to Competitors

If we compare the programme structures of YLE and Tesvisio in the early 1960s, a distinct difference can be discerned. Whereas general entertainment (25-35%), drama series (20-25%) and theatrical films (15%) dominated Tesvisio’s supply, YLE was already concentrating on features and documentaries (15-20%), current affairs (15-20%) and newscasts (10%), in addition to theatrical films and TV drama series (20-25%).

Division of labour. - After Tesvisio was merged with YLE, it was MTV’s turn to become its rival. While the basic agreement defined the emphases of MTV’s programme output, the permanent coordination committee and the television programme council also contributed to the outlining of a division of labour between the companies. While aiming at tackling unnecessary competition, these measures managed to create a general division of duties as well as a seasonal (and even daily) coordination of topics and schedules, thus resulting not only in a contrast of simultaneous offerings but also in a contrast of company profiles. (Hellman 1988; cf. Hemánus 1968.)

Towards the 1990s, the coordination committee and the television programme council lost much of their earlier significance. The stipulations of the basic agreement were also relaxed, thus opening up new programme domains for MTV. However, the general division of labour between YLE and MTV, outlined in the late 1960s, became a ruling principle of programming policy within the Finnish duopoly for a quarter of a century. In terms of programme output, presented in Table 11.1, it meant that YLE and MTV supplied different patterns of programming and that these patterns survived from the 1970s to the 1990s. While information categories, according to the company statistics, accounted for 45 to 50 per cent of YLE’s offerings, their share of MTV’s output was 20 to 30 per cent. Similarly, whereas the share of fiction and entertainment had a steady 35-40 percent share of YLE’s programme hours, their proportion of MTV’s offerings reached the 70-80 percent level, until the channel reform appeared to bring it down to 50-55 per cent.

The data presented in Table 11.1 derives from information provided by

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218 The figures are collected from several sources, the most important of which are Lukkarinen and Nurminmaa (1988) and the Official Statistics of Finland (several yearbooks).

219 The role of the television programme council will be more thoroughly discussed in Chapter 15.

220 For example, the launch of Channel Three undermined coordination, since it was given a freer hand to operate. Also, coordination of weekly schedules was cancelled and replaced by a seasonal procedure. (Mauri Soikkanen, interview.)
TABLE 11.1 Breakdown of television programming in different programme types by company, 1970-1996 (%)*

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| MTV Total  | 100  | 100  | 100       | 100  | 100       | 100       | 100  | 100  | 100  | 100  |

Notes:
*Includes YLE's programming on TV1 and TV2. The figures for MTV include programming on TV1 and TV2 (until 1992) and only as of 1993 on TV3. The data for 1985 are based on a sample, whereas otherwise the figures represent the programming of whole operational year.
+For 1995 and 1996, YLE's music programmes were included in TV drama.
‘For 1996 and 1996, MTV's current affairs are included in factual programmes.
*For 1995 and 1996, MTV's TV dramas, feature films and series and serials are all included in series/serials.

Sources: Cultural Statistics (1984); Finnish Mass Media (1990, 1994); Joukkoviestimet (1998); Joukkoviestintätilasto (1995); YLE and MTV Finland annual reports.

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**FIGURE 11.1 Programming domains of YLE and MTV**

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<th>Common domain</th>
<th>MTV’s domain</th>
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<td>• TV drama</td>
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broadcasters themselves or surveys on programme structure conducted by YLE’s research department. Due to shifts and inconsistencies in categorisations, the figures are not necessarily comparable, neither across the companies nor over time. However, they represent indicative information about the programming traditions of YLE and MTV. In terms of the 12 main programme categories used, it is factual programmes that seem to have performed as the most important single category for YLE, accounting for an average of 22 per cent of its output, whereas on MTV series and serials have dominated with their average share of 35 per cent.

Despite the general constancy of the patterns, the data also point tentatively to certain tendencies in YLE’s and MTV’s programming. As for YLE, it appears that the shares of news and children’s programmes have decreased slightly, whereas the shares of feature films and series and serials appear to be increasing. In MTV’s output, then, newscasts, information, TV drama, as well as series and serials, seem to play a declining role, whereas current affairs and factual programmes and sports seem to account for an increasing stake.

If these patterns of programming are analysed within the framework of programming policy traditions (see e.g. Ang 1991; Hellman and Sauri 1994; Williams 1974), which will be more closely discussed below in Chapter 13, YLE appears to have relied on a public-service formula in its scheduling, with a broad programme range and an emphasis on factual programmes, whereas MTV, typical of commercial television, supplied a narrower choice with a high share of popular entertainment categories. This general pattern of programming traditions can be illustrated as ‘programming domains’ of YLE and MTV as shown in Figure 11.1.
The Multiple Market of Television

The analysis suggests that although the two companies traditionally had clearly two separate domains of programming (except for feature films, which were favoured by both YLE and MTV), they appear to be increasingly using the same programme categories. Included in this common domain more and more are news and current affairs programmes, information, sports and even children's programmes. Series and serials still definitely represent MTV's domain, whereas single TV dramas and educational programmes belong to YLE's domain alone.

These separate domains seem to be valid for peak viewing hours, too. Based on an analysis of prime-time programme structures, it has been suggested that, during 1970-1992, the programming profiles of YLE and MTV reflected the established distinction between public service and commercial television:

During the research period, the companies concentrated on those programme categories that correspond best to their expertise and tradition. This division of labour, or dual structure, seems to be in accordance with the traditional distinction between public service television (Type A) and commercial television (Type B). [...] YLE seemed to concentrate on information and, in general, a wide programme range including costly productions in TV theatre, opera, etc. [...] As regards MTV, it has operated along lines typical of commercial television. The share of entertainment is permanently between 70 and 80 per cent. (Hellman and Sauri 1994: 63-64.)

On the other hand, Hellman and Sauri have suggested that, since the end of the 1980s, prime-time schedules of both companies have tended to change as a result of mutual as well as external competition. YLE displayed a greater tendency than before towards providing entertainment in its programme schedules, thus trying to please the assumed popular appetites of the audience, whereas MTV, with its recent emphasis on newscasts and current affairs programmes, obviously tried to gain legitimacy before the launching of the MTV3 network. (Hellman and Sauri 1995.) It seems that a similar blurring of the traditional division of labour is taking place in the overall programming, too.

Table 11.2, then, provides the breakdown of programming according to origin. Again, the figures derive from information provided either by the companies themselves or from surveys on programming patterns conducted by YLE's researchers. The data shows that while the share of domestic programmes was traditionally higher for YLE (50-60%) than MTV, the latter has increased its domestic offerings, which by the mid-1990s accounted for almost 60 per cent of its output. On the other hand, the United States appears to be the only significant foreign source of programmes for the company, since the share of European products has dropped dramatically. In YLE's supply, Western European and North
From Companions to Competitors

**TABLE 11.2 Breakdown of television programming by country of origin, 1970-1996 (%)**

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Notes:
*Includes YLE's programming on TV1 and TV2. The figures for MTV include programming on TV1 and TV2 (until 1992) and only as of 1993 also on TV3. The figures represent the programming of whole operational year.
*Also includes programmes with international picture signal, but edited for the Finnish audience, such as international sports events.
*Also includes New Zealand and Oseania.
*Includes, for example, cross-regional co-productions, as well as programmes whose origin is not specified.

Sources: Cultural Statistics (1984); Finnish Mass Media (1990, 1994); Joukkoviestimet (1998); Joukkoviestintätilasto (1995); Karttunen (1997); YLE and MTV Finland annual reports.
American productions perform equally, while the latter have dramatically increased their stake since the channel reform. Programmes produced in the Nordic countries, too, have an established place in YLE’s schedules. In general, there seems to be a division of labour in imported programmes, too. Whereas the Nordic countries and Europe belong to YLE’s domain, MTV is concentrating its purchases on the United States. (See also Lehto 1985; Pihanurmi 1995.)

As regards Kolmostelevisio and PTV, there is, unfortunately, no systematic statistical data on their programme output. Occasional cross-sections or other analyses of their programming have revealed that they have concentrated heavily on imported series and serials, as well as feature films, entertainment and sports (see e.g. Hellman 1988: 128-132; Hellman and Sauri 1996a, 1996b and 1997; Sarkkinen 1991b and 1992c). US productions seem to have accounted for a major part of their supply.

Programmes competing. - Despite the companies having focused on their particular ‘domains’ of programming, a tentative, qualitative analysis of their seasonal programme schedules reveals that there always existed some competition within practically every programme category. The following section, intended to illustrate company profiles, is based on picking out significant programme titles representing the various programme categories.

Although information categories were dominated by YLE, MTV introduced its Kymmenen uutiset [News at ten] in 1981 to compete with YLE’s main newscast Uutiset ja sää [News and weather forecast]. Similarly, since 1984 the company also had provided Sunnmuntairaportti [Sunday report], a current affairs programme which gradually outstripped the ratings of YLE’s two classics, A-studio (as of 1970) on TV1 and Ajankohtainen kakkonen [Current affairs 2] (as of 1969) on TV2. Hence, in news and current affairs both companies provided programmes which can be considered equivalents.

In factual programmes, YLE’s principal domain was in features and documentaries, both domestic and imported, whereas MTV’s strength was in human-interest type programmes such as Tänään kotona [At home today], Tykoitiläkäri [TV doctor], both dating back to the 1960s, or the current Karpolla on asialla [Karpo has something to say] (as of 1985). More recently, the spectrum of hobbies and interests covered has extended to fashion, sex, etc. On the other hand,

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221 The seasonal schedules from 1970 to 1993 were kindly provided by Mr Mauri Solkkonen, chairman of the programme coordination committee for 1983-1992. The data included in the schedules were supplemented by using YLE and MTV Finland annual reports and the programme listings of Katsö magazine.
MTV has also offered ambitious documentary series, even produced them itself, while YLE, particularly TV2, has scheduled several instructional programmes ranging from traffic, consumer and cooking instructions to a recent, weekly crime-watch programme *Polisisi-tv* [Police TV] (as of 1990).

One of the fields left open for rivalry included, first and foremost, entertainment. Whereas the Eurovision song contest was traditionally the top programme for YLE, MTV’s popular hits were *Syksyn sävel*, an annual domestic song contest, and the Miss Finland contest, all reaching at their best, in the late 1970s, more than 3 million viewers. MTV also introduced a charity request concert series *Toivotaan, toivotaan* [Let’s make a wish] which continued for years (1974-88). Popular quiz and game shows, often based on imported programme formulas, then, were definitely within MTV’s domain. Examples of its successes are *Kymppitoni* [Ten grand] (as of 1985), *Napakymppi* [Dating game] (as of 1986), or *Onnenpyyöri* [Wheel of fortune] (as of 1993), but with its *Tuttu juttu* [It’s all familiar], a family quiz show broadcast since 1992, YLE’s TV2 stands comparison with MTV.

In comedy sketch shows, YLE performed somewhat better than in other sectors of entertainment. The short-lived, but popular titles of TV1, such as *Ällitälli* (1974-75), *Hukkaputki* (1982-83), or *Velipuolikuu* (1983-84), as well as TV2’s *Kummeli* (1993), competed successfully with similar type shows of MTV, such as *Spede show*, a classic which, with interruptions, survived from the 1960s to the 1980s, *Parempi myöhään* (1980), or *Älywapaa palokunta* (1984). As for talk shows, a pioneer of the genre was developed in the late 1960s by YLE’s TV1: *Jatkoaika* [Extra time] (1967-69), combining current debates, celebrities and variety entertainment. The formula was largely neglected, until it became increasingly popular again towards the end of the 1980s. By the mid-1990s, all channels seemed to schedule regular talk shows during their late evening hours.

As suggested above on the basis of the breakdown of programme categories, domestic drama was particularly in YLE’s domain, thanks to its TV theatre department, Televisioteatteri, with its long traditions in TV plays and drama productions. Since the 1960s, TV1 had provided a weekly slot for these productions, known since 1993 as *Kotikatsomo* [Home auditorium], whereas MTV had already cancelled its regular TV-play slot, known as *Aitiopaikka* [Box seat] or *Teatterituokio* [Moment of theatre], in 1979. Since the 1970s, TV2 and MTV had concentrated on only a few major productions annually. On the other hand, both YLE and MTV have since the 1980s participated in feature film co-productions,  

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222 Unfortunately, the titles of these comedy sketch shows are untranslatable.
which has guaranteed them recent domestic films every season. However, MTV in particular has had the habit of splitting these films into mini series. During the early 1990s, both YLE and MTV closed their TV-theatre departments and transferred drama productions under either a combined entertainment/fiction department, as in MTV, or drama departments, as in YLE’s TV1 and TV2. This change favoured serialised drama productions at the expense of single dramas. On the other hand, YLE owns a vast library of classic domestic films, which have been broadcast regularly, although decreasingly as prime-time attractions (see Heiskanen 1991).

As for domestic series and serials then, TV1 has always been a minor player compared to TV2 and MTV. MTV’s all-time hits include family serials such as Me Tammelat [The Tammela family] in the sixties, Naapurilähiö [The neighbouring suburb] in the seventies, and Ruusun aika [The time of the rose] in the early nineties. YLE’s TV2 has provided a similar string of successes from Heikki ja Kaija [Heikki and Kaija] and Rintamäkeläiset [The Rintamäki saga] to Metsolat [The Metsola saga], whereas it was not until 1995 that YLE’s TV1 introduced its weekly serial Kotikatu [Home street]. MTV and TV2 in particular have favoured shorter situation comedy series, too. Overall, the supply of domestic drama has not met the obvious demand. Since the 1980s, only 5 to 15 per cent of the series and serials on YLE and MTV have been of domestic origin (JoukkioVESTINTÄTILasto 1995: 71).

In foreign serials the division of labour was clearer: it was MTV that introduced the American soap operas like Peyton Place (1969-1974), Dallas (1981-91), Dynasty (1984-92) or The Bold and the Beautiful (as of 1992) as well as blockbuster mini series like Roots (1977-78) and Holocaust (1978-79), whereas YLE’s TV1 is remembered for British dramas such as The Forsyte Saga (1968), A Family at War (1971-72), Brideshead Revisited (1977), The Singing Detective (1988), or Pride and Prejudice (1996). Whereas MTV broadcast US police and action series from Canon and Columbo of the 1970s and Miami Vice of the 1980s to NYPD Blue of the 1990s, YLE’s TV1 specialised in British police series and TV2 in the German ones. Both companies have provided appreciated ‘cult’ series, such as Twin Peaks (1991), The Simpsons (as of 1991) and X-Files (as of 1994) on MTV, or Berlin Alexanderplatz (1981), Dekalog (1991) or Cracker (1995-96) on YLE, again following the geographical division of labour. Similarly, whereas MTV imported its situation comedy series, such as All in the Family (1972-84) or Bill Cosby Show (1986-92) from the United States, YLE supplied British comedies too, such as Absolutely Fabulous (1995-96).

Imported feature films seem to obey the traditional domains, too. Whereas MTV’s principal offering has been the international, mostly US blockbuster films, it has been YLE’s duty to introduce film classics, art house cinema and films from
Europe, Asia and other continents. Finally, as for children’s programmes, YLE and MTV again show a distinctly different profile, with MTV concentrating on imported animations such as *Ducktales* or *Spiderman*, and YLE producing children’s magazines of its own, such as the classic *Pikku kakkonen* [Tiny two] (as of 1977), or participating in international co-productions such as *The Moomins* (as of 1990).

As stated above, sports was traditionally in YLE’s domain, with major international and national sports events being broadcast either on TV1 or TV2. It was not until the launch of TV3 that this monopoly was broken. While YLE concentrated on ‘mainstream’ events which were in high repute among the Finns, such as cross-country skiing, ski jumping, ice hockey and athletics, Kolmostelevisio and MTV introduced new kinds of sports to the audience, from racing and basketball to golf and snooker (pool). Whereas YLE was proud of its tradition of broadcasting Premiere League football from England, NHL icehockey or NBA basketball served as its commercial equivalents.

On the basis of programme schedules, Kolmostelevisio, operating on TV3, seemed to operate mainly within MTV’s domain. It provided several foreign, mostly US, series and serials such as *L.A. Law* (as of 1987), *St Elsewhere* (as of 1988), *Falcon Crest* (as of 1988), *Murder She Wrote* (as of 1989), or *Thirty-something* (as of 1989), as well as blockbuster films. On the other hand, Kolmostelevisio also re-established quiz shows with its *Kolmosvisa* [Quiz 3] (1987-94) and introduced a political comedy series *Hyvät herrat* [Gentlemen!] (1990-95). It is also noteworthy that MTV3’s daily soap opera *The Bold and the Beautiful* was first started on TV3 in 1992. The channel did not have newscasts until MTV introduced its *Seitsemän uutiset* [News at seven] and *Huomenta Suomi* [Good morning Finland], a breakfast television programme, both in 1990.

PTV’s weekly schedules show a similar interest in US series and feature films as the schedules of Kolmostelevisio. Its regular shows have included series like *Baywatch*, *Cagney and Lacey*, *Knots Landing* and *Muppet Show*, and since 1993 a daily soap opera, *Paradise Beach*. It also provided regularly scheduled sports programmes, quiz shows and talk shows, as well as hobby programmes whose thematic scope extended from skiing, cooking and travelling to pets and fashion. PTV’s programmes for children were exclusively imported cartoons such as *Batman* and *Mutant Ninja Turtles*. PTV’s speciality was that it provided only local news and hardly any features or documentaries.

Although tentative, the qualitative analysis of programme schedules shows that, although the companies had offerings in practically every programme category, YLE and the commercial companies appear to have been considerably loyal to their traditional domains. By depending so heavily on American soaps, dramas, comedies
and movies, together with domestically produced game shows and situation comedy shows, MTV appeared to safeguard its position as the main supplier of television entertainment to Finns. Later, Kolmostelevisio and PTV came to complement MTV’s offerings, hence attending to the same function. YLE, then, appears to have remained the principal supplier of news, information and major sports events. It also provided drama, fiction and entertainment but, as it seems, displaying a different profile from the commercial companies.

On the other hand, the analysis also suggests that the traditionally separate roles of the companies may have converged and that the division of labour, which once was so clear, become blurred. MTV has started to compete for major sports events, whereas YLE has bought rights for American theatrical films as well as series and serials that traditionally were of ‘MTV-type’. An early example of this tendency was *Hill Street Blues* (1983-1988), the US police series, which was purchased by YLE’s TV2 instead of MTV (see Steinbock 1989).

### 11.3 Professional Values in Transition

*From programme orientation to schedule orientation.* - What characterised the production culture at YLE and MTV for decades was professional values emphasising both technical and content qualities. In factual output, journalistic criteria of newsworthiness and contextualisation dominated, whereas in fictional programming, as well as in documentaries, artistic values of creativity and uniqueness ruled. Individual programmes, most often without any constraints of fixed length, serialised title, etc., represented the principal product of the broadcasting companies. Consequently, the mixed schedules of YLE and MTV on the two channels were composed of separate programmes produced by in-house production teams or purchased by programme buyers, and compiled afterwards under the control of the programme coordination committee. The only major ‘technical’ constraint that restricted creativity was provided by MTV’s fixed broadcasting hours, which together with fixed slots for newscasts structured the schedules.

This professional culture valued programmes as ‘works’, or ‘works of art’, whose writers and directors were seen as ‘authors’, or auteurs. Each author wished to receive recognition for his programme and place it into the best possible slot. In particular, performance in competitions was often used both by individual programme makers and broadcasting organisations as a measure of quality, as can easily be discerned, for example, by reviewing YLE’s and MTV’s annual reports,
listing carefully every successful appearance in professional awards competitions, either domestic or international.

However, what seems to have changed towards the era of increasing competition, is the role of the schedule. For MTV, which for decades was restricted to the fixed slots sandwiched between YLE’s programmes, ‘schedule orientation’ was natural. For example, if it had a one-hour slot from 6.30 pm to 7.30 pm and then another from 9.30 pm onwards on a certain day, the first slot was typically filled with something suitable for the whole family, whereas the other allowed greater freedoms of approach. As a result, an entertainment show perhaps, an instructional programme or a family drama series was scheduled for the early evening slot, whereas the late evening was filled with a crime series or possibly a feature film. If the programme to be scheduled was an in-house production, programme makers easily learned to adapt to the requirements of their slot.

The example suggests that the mixed sharing of channels taught the professional market of the Finnish television the rudiments of scheduling, fitting and targeting. This is true for YLE, too, as it was much easier for programme coordinators to compile a schedule if the pieces to be placed could be used as standardised components or modules. Hence, the complicated organisation of television promoted, to some extent, both standardisation and serialisation of programmes.

This schedule orientation was expressed, first, as an aim to create ‘a clearer schedule’ with ‘more regular slots in prime time’, as YLE’s budget put it. Secondly, it meant that targeting increased in importance and programme makers could no longer escape it. ‘When planning, producing and broadcasting both individual programmes and programme entities’, as YLE put it, ‘their target audience and its service must be realised.’ Also, it meant that schedules should better serve the time-use of the audience, which tended to emphasise the significance of the peak viewing hours, while leaving ‘marginal’ programme hours to special audiences:

The mid-evening offerings will consist of programmes provided for large audiences or programmes which on the basis of programming policy goals are considered so significant that a large audience-reach is desired.225

223See e.g. YLE’s budget for 1987/88, p. 20.

224Loc.cit., p. 6.

225Loc.cit., p. 31.
The Multiple Market of Television

The first stage in the increasing importance of the schedule was, thus, justified by the needs of the audience. The rationale was that, as the choice of channels is increasing, it is the schedule which should serve as a signpost that helps the viewer to find the programmes he is interested in. In YLE’s intentions this was expressed as follows:

Increasing the clarity of the evening’s programme output - in an abundance of offerings - aims at enabling the viewers to better find their own programmes and guaranteeing that programmes intended for large audiences will be broadcast during the hours in which they have the best opportunities to watch television.226

This new approach had already tended to change the role of the programme-maker so as to subject him to the needs of the audience and the scheduler. However, it was not until the mid-1990s that the schedule was explicitly accepted at YLE as the principal guide for activities:

The programme schedule shall serve as the most important tool of management in the [television] sector. It shall guide and coordinate operations of the units of programme production and transmission. Audience goals as well as costs of programmes shall be included in the schedule, and these will be compared to the realised figures.227

This represented the second stage of schedule orientation, as a result of which schedules were no longer compiled to fit the programme production but, vice versa, programmes were produced to fit the schedule. It is this change, to which YLE’s managing director referred (in Chapter 10) when talking about a shift ‘from production-oriented culture to schedule-oriented culture’.228

This new rationale, more readily accepted at MTV than YLE, has had a fundamental impact on the professional market. The programme-maker is no longer promoting his own inspirations and intentions only but is, more clearly than before, representing the goals of his employer, the broadcasting company. This shift has not necessarily outdated the traditional professional values of craft and artistry but, rather, complemented these by establishing the goals of organisational efficiency and targeting, which earlier were of secondary importance, particularly within the public broadcasting sector. As a result, the schedule of each broadcaster is not so

226 Ibid.
227 YLE’s budget for 1995, p. 47.
228 Arne Wessberg, interview.
much a sum total of its programme making talents but represents the schedulers’ perception of these skills.

Whether this undermines the professional expertise of the artistic and production levels is not important here. What is important is that the schedule orientation has definitely tilted the balance of power within the professional market to favour the schedulers and company management.

*Emergence of ratings discourse.* - Interestingly, the increasing significance of ratings has been received with mixed feelings by the professional market. On the one hand, viewing figures provide a simple and unambiguous measure of performance for programme makers and schedulers. On the other, these often wish to emphasise that programmes are not made for ratings but that audience size is a by-product of good programmes. This is illustrated in a statement by Ms Astrid Gartz, director of programming of TV1:

Viewer ratings cannot be the only yardsticks for programming; alongside them must be set other values. The Saturday evening entertainment slot is assessed in different fashion from Thursday’s cultural magazine, which is expected to find its own perspective on current issues and is assessed as to how well it can bring culture comprehensively to the fore.229

Although YLE has conducted audience surveys since the early 1960s, and introduced the continuous, meter-based, measurement system in 1987, ratings still seem to be a tabu within the company. It is indicative that the YLE annual report does not publish any charts of the most popular programmes broadcast during the past year. In contrast, MTV’s annual report has proudly presented these figures since the 1970s.

Perhaps dominant thinking within YLE is that emphasis on ratings might be in conflict with its public service role. The funding arrangement based on licence fee does not necessitate direct dependency on viewing figures either. On the other hand, since 1993 both of YLE’s channels, as well as individual programmes, have been set fixed goals of audience share, as will be discussed below.230 At MTV, the personnel has accepted the ratings discourse more readily. This is understandable, because advertising sales and the well-being of the whole professional community depends on the measured success of the company’s programmes.


230See YLE’s budget for 1993.
11.4 Summary

1 In spite of their common history, YLE and MTV seem to have promoted diverging professional values and production cultures. This is due to their different basis of funding and diverging traditions of programming.

2 In programming, YLE and MTV obeyed a division of labour according to which, above all, informative programmes were in YLE’s domain, whereas entertaining programme categories accounted for the great majority of MTV’s offerings. Traditionally, YLE seems to have provided a wider range of programmes than commercial broadcasters.

3 Both companies showed a high proportion of domestic output. Whereas YLE tended to purchase its imports from Europe, MTV concentrated on US products.

4 Towards the 1990s, the traditional domains of the public and the commercial broadcasting sectors seemed to be blurring. Nevertheless, examples show that the companies still show diverging programme profiles.

5 The professional market is profoundly affected by a shift from a production-oriented to a schedule-oriented culture. As a tendency, the schedules are no longer made to fit the programme production but, quite the opposite, programmes are made to fit the schedule.

6 This shift has diminished the artistic independence of the programme-makers and increased the power of the schedulers and company management. It has also increased the significance of audience ratings as a measure of performance and success within the professional market.
12 The Popular Market: Audience Preferences in Transition

12.1 From Mass Audience to Diverging Tastes?

In theoretical discourse, one of the most influential arguments of the last two decades has been the claim that mass audiences are disappearing and that TV viewing is becoming an increasingly individual activity, segmented not only by age, sex and social status, but also by taste and various personal preferences, life-cycle, viewing context, genre, etc. While cultural studies in particular highlighted the emergence of ‘taste publics’, a related theme introduced by reception studies revealed that the audience is active and selective and that media content is polysemic, or open to interpretation.\(^{231}\)

Without going more deeply into this debate, it is safe to suggest that this turn in audience perception coincided with the major structural and technological change of broadcasting. As Ang (1991: 68-69) has illustrated it, the ‘viewers are no longer stuck with the fixed schedules of network programming; they can now rent a film from the local video store, or record a programme on their VCR and view it at a later, more suitable hour, or watch one of the independent stations [...] or the more specialized cable channels’. Thus, the multiplication of the range of viewing activities, resulting in audience fragmentation, is a logical outcome of the expansion which has taken place in the technological market.

On the other hand, audience fragmentation and audience activity can hardly be blamed on a shift in technology alone. At the same time as commercial channel abundance replaced state-controlled scarcity, Western societies went through ‘the much-talked-about cultural ferment and disorder, often labelled post-modernism’ (Featherstone 1991: 20), or experienced a qualitative leap in the modernisation process, whereby the scope and pace of change radically increased (Giddens 1990). It has resulted in a differentiation and pluralisation of a formerly unitary social and political culture and its hierarchial institutions. Instead of one or two alternatives a plethora options are ‘out there’, available in the marketplace, waiting for consumers to choose.

What kind of an impact do these fundamental changes in the patterns of the

\(^{231}\)For representatives of the ‘new audience research’, see e.g. Ang (1985), Morley (1986, 1992) and Silverstone (1994). Cf. the criticism presented by e.g. Curran (1990).
popular market of television have on the television industry? Ien Ang (1996: 10) has described this shift as follows:

In short, scarcity has been replaced by abundance, state control by commercial initiative. These are signs of irrevocable postmodernization of television, which has corroborated a radically altered landscape for television audiences. In industry and advertising circles there is talk of diversification, fragmentation and demassification of the audience. They have become acutely aware that audiences are not gullible consumers who passively absorb anything they’re served, but must be continuously ‘targeted’ and fought for, grabbed, seduced. This shift in institutional awareness [...] signifies the emergence of the spectre of the ‘active audience’ at the very heart of corporate concerns.

Hence, from the industry point of view, the 1980s introduced a ‘new audience’, which eroded old certainties and replaced them with unpredictability. At the same time, the new, active audience also issued a challenge to be won: it offered to be ‘grabbed, seduced’, as Ang puts it.

In this chapter I am not approaching the ‘active audience’ as a theoretical concept, although it might well deserve to be discussed. Neither will I discuss the ‘postmodernisation’ of television. Instead, I will regard ‘active audience’ as an empirical phenomenon. I will discuss to what extent television audience in Finland can be described in terms of segments, made up of flexible tastes and preferences, instead of traditional, fixed demographics - or to what extent it is still reasonable to talk about mass audiences and a common culture of TV viewing. On the basis of existing research and statistics, I wish to point to the gradual change of television viewing habits in Finland and discuss what kind of an impact audience segmentation might have on programming patterns. However, I will start by discussing why television is continuously winning popularity and what kinds of programmes the viewers do in reality choose. By doing so I hope to be able to tentatively point to certain changes, as well as constancies, in preference patterns.

12.2 The Popular Medium

Increasing viewing. - ‘Television is a domestic medium’, Roger Silverstone (1994: 24) says. It is a major centre of domestic life, whether watched alone, with other family members or with friends. It is mostly watched at home and discussed at
From Companions to Competitors

home.\textsuperscript{232} It accounts for a major share of the leisure time available, and even in
terms of domestic interior, the TV set has taken up a central position in the best
corner of the living room. Hence, television is also a popular medium. (See also
Morley 1986.)

It has been stated above that popularity of television is increasing, at least as
regards the time spent on viewing. Within a decade the daily average viewing time
in Finland has grown by almost 50 per cent, totalling in 1996 an average of 2 hours
and 39 minutes (Joukkoviestimet 1998). Partly this is due to advances in technology
which have served to make television a more attractive medium. Ownership of
automation sets increased from 93 per cent in 1981 to 97 per cent in 1991
(Liikkanen 1994a: 54); now almost every other household has more than one TV
set, and two thirds possess a remote control device (Wessman 1996: 106).
Increasing choice of programmes and channels, as well as the flexibility provided
by the VCR, have contributed to the rising popularity of television.

According to leisure surveys by Statistics Finland, the 1980s saw a major
breakthrough of television in the everyday life of the Finns. Liikkanen (1994a: 56)
describes its overwhelming success as follows:

Television viewing is by now very much an everyday activity. Over 90 per cent of the
respondents said that their family watches television every day; in families with
children under 15, the figure approximates 100 per cent. The television is kept
switched on all evening more and more often, although the majority still switch it off
in-between the programmes they are watching.

While in 1981 less than 60 per cent of the population watched television on a daily
basis, the figure in 1991 was over 70 per cent. An increase occurred in every age
group, while the most dramatic growth was found in the age group 20-24 years,
where the proportion of daily viewers almost doubled from 37 per cent to 65 per
cent. In addition, differences between age groups, men and women, as well as
between social groups, in the frequency of viewing have levelled out. (Op.cit.: 56-58.)

Since similar results are also provided by TV-meter based studies (see e.g.
Pihanurmi 1996), the evidence suggests unambiguously that there exists in Finland
a responsive popular market for television.

Who’s watching? - Before going more deeply into the preference patterns of the
audience, I will briefly discuss the differences and changes in TV viewing habits by

\textsuperscript{232}In Finland, 95 per cent of television viewing takes place at home (Nurmi 1997: 63).
The Multiple Market of Television

**TABLE 12.1** Daily average television viewing time by sex, age and occupation, 1976-1994

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<tr>
<td>Men</td>
<td>107</td>
<td>100</td>
<td>113</td>
<td>136</td>
<td>+27%</td>
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<tr>
<td>Women</td>
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<td>116</td>
<td>139</td>
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<td>56</td>
<td>56</td>
<td>54</td>
<td>..</td>
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<tr>
<td>25-34 years</td>
<td>109</td>
<td>95</td>
<td>98</td>
<td>120</td>
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<tr>
<td>35-44 years</td>
<td>109</td>
<td>94</td>
<td>100</td>
<td>134</td>
<td>+23%</td>
<td>+43%</td>
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<tr>
<td>45-64 years</td>
<td>121</td>
<td>125</td>
<td>135</td>
<td>153</td>
<td>+26%</td>
<td>+22%</td>
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<tr>
<td>65+ years</td>
<td>104</td>
<td>166</td>
<td>193</td>
<td>215</td>
<td>+107%</td>
<td>+30%</td>
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<td><strong>Occupation:</strong></td>
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<tr>
<td>Farmer</td>
<td>99</td>
<td>108</td>
<td>133</td>
<td>150</td>
<td>+52%</td>
<td>+39%</td>
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<tr>
<td>Industrial blue-collar</td>
<td>111</td>
<td>116</td>
<td>137</td>
<td>170</td>
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<td>+47%</td>
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<td>Lower white-collar</td>
<td>109</td>
<td>105</td>
<td>122</td>
<td>145</td>
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<td>+38%</td>
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<tr>
<td>Upper white-collar</td>
<td>98</td>
<td>106</td>
<td>127</td>
<td>146</td>
<td>+49%</td>
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<td>Student</td>
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<td>100</td>
<td>114</td>
<td>138</td>
<td>+30%</td>
<td>+38%</td>
</tr>
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</table>

**Notes:**
In minutes. Use of the VCR excluded.

**Sources:** Kalkkinen (1986; 1988); Sarkkinen (1992c); Joukkoviestintätilasto (1995).

age, sex and occupation, the common aggregate variables. Table 12.1, presenting the time spent on viewing on an average day, is based on continuous audience measurement - except for 1976 when diary surveys were still used, thus making the figure incommensurable with the rest of the data. It shows that between 1987 and 1994 both women and men increased the time they spent watching television, but the growth was slightly greater for women.\(^{233}\) Of age groups, the increase was most dramatic among those of 35-44 years and, of occupational groups, among

\(^{233}\)Sarkkinen (1994) has found that for men a great part of the increase has been due to video, satellite and cable channels, which for women have played only a secondary role.
industrial blue-collar workers. Although differences have been levelled out, the middle-aged group of 45-64 years still watch television some 20 minutes more than those of 35-44 years, while elderly people over 65 perform clearly as the most frequent viewers.

These results partly contradict with the results of the leisure surveys cited above, also indicating diverging, not only converging, viewing habits. First, industrial blue-collar workers have established their position as the most heavy-viewing occupational group even more clearly than before, whereas students, displaying the weakest interest in TV viewing, stand out from the rest more profoundly than before. As regards age groups, the youngest viewers have increased their viewing less than the others - or even decreased it. (See also Pihanurmi 1996.) On the other hand, the figures support earlier results, according to which age is a more discriminating factor than sex or occupational group (see e.g. Kasari 1985; cf. Kalkkinen 1986).

However, the overall changes in the constitution of the popular market do not seem to be striking, except for the major increase in viewing time during the last decade. The aggregate data suggest that programming has not necessarily met the demand of age groups under 15, while, in contrast, the fact that the age group of 35-44 years spent 43 per cent more time on viewing in 1994 than in 1987 may be an indication of their demand being served better than before.

12.3 Programme Preference Patterns

The most popular programmes. - It is widely accepted that programme supply in many ways determines television viewing. If a great majority of offerings is concentrated on, let's say, serial drama, game shows and talk shows, they most obviously take up the majority of time spent on viewing, too. Similarly, if principal portions of the prime time is devoted to newscasts, current affairs, features and documentaries, they most obviously dominate viewing too. On the basis of the analysis of programming traditions in Finnish television, presented in Chapter 11, programme offerings appeared to be broadly distributed across the categories, with distinctive differences of profile between broadcasters, however. Television viewing can also be expected to show a similar distribution across the categories.

On the other hand, audience research has indicated that some programme categories are, in relative terms, more popular than others. For example, on the basis of a large body of evidence, Barwise and Ehrenberg (1988: 54) claim that the audience size for 'demanding' programmes tends to be lower than for 'relaxing'
programmes. This invites discussion on patterns of popularity in television. Is there any regularity based on genre in the success or failure of programmes? What kinds of patterns of discrepancy between supply and demand of programme categories can be discerned in Finland?

One way of approaching the popularity of television is to examine what the favourite programmes are (see e.g. Heiskanen 1986; Jääsaari 1996; Kasari 1988). Table 12.2 presents the lists of top ten programmes in 1977, 1987 and 1997. Although the audience size figures for 1977 are not comparable to 1987 and 1997, the chart itself, most obviously, reflects the ranking order of the programmes.

The charts indicate that, first, top programmes are almost exclusively domestic in origin. Some of the listed broadcasts are based on an international signal (sports events), but they are always of special interest to the Finns. Second, certain ‘ritualistic’, annual events seem to be important for binding people to television. These include, in particular, the Miss Finland contests and the Independence Day reception at the President’s palace. The Eurovision song contest and the domestic Syksyn sävel contest have also performed well, not to mention major international sports events such as the World Championships of Nordic skiing and icehockey. Thirdly, domestic entertainment shows, such as Tänä iltaa... in 1977, Hymyhuulet and Levyraati in 1987, Naurun paikka and Tutu juttu in 1997 and Napakymppi both in 1987 and 1997 - stand out as major attractions for the audience. Fourthly, since the 1980s news programmes and current affairs magazines such as Sunnuntairaportti have also shown good ratings.

The aspect of ‘ritualism’ can be extended from annual events to weekly and even daily TV rituals, as Jääsaari (1996: 165-167) suggests. Regular shows such as Napakymppi and Tutu juttu represent a weekly ritual to some 1.2-1.3 million Finns. TV news, then, has always been a major daily TV event, which was accentuated by the decades-old custom of broadcasting YLE’s 8.30 pm Uutiset ja sää on TV1 and TV2 simultaneously. This ‘supercharge’ of news was not cancelled until 1990. According to Jääsaari (op. cit.: 167-168), another central feature of top programmes is an element of contest, which can be found in popular sports programmes, game shows, as well as in beauty and song contests. Competitions of great general interest tend to be watched independently of broadcast hour.

The charts can also be approached by analysing which programme categories are not represented in the top group. First, features and documentaries are not among the most popular programmes. Interestingly, however, Karpolla on asiaa, a human-interest show with social concern, performs well, perhaps due to its sensational aspects. Second, domestic drama serials are not at the top of the charts, although
### TABLE 12.2 Top ten programmes in 1977, 1987 and 1997

<table>
<thead>
<tr>
<th>1977 Programme</th>
<th>Explanation</th>
<th>Channel</th>
<th>Audience</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Eurovisiujen Suomen karsinta</td>
<td>Domestic qualifying competition for the Eurovision song contest</td>
<td>TVI/YLE</td>
<td>3.036</td>
</tr>
<tr>
<td>2. Syksyn såvel</td>
<td>Domestic song contest</td>
<td>TVI/MTV</td>
<td>2.883</td>
</tr>
<tr>
<td>3. Miss Suomi 1977</td>
<td>Domestic beauty contest</td>
<td>TVI/MTV</td>
<td>2.832</td>
</tr>
<tr>
<td>4. Eurovisiut</td>
<td>Eurovision song contest</td>
<td>TVI/YLE</td>
<td>2.492</td>
</tr>
<tr>
<td>5. Pastorin Jussilainen</td>
<td>Domestic feature film (1955)</td>
<td>TVI/YLE</td>
<td>2.280</td>
</tr>
<tr>
<td>6. Tänä iltana Eino Grön</td>
<td>Domestic entertainment programme, starring a popular singer</td>
<td>TVI/MTV</td>
<td>2.271</td>
</tr>
<tr>
<td>8. Tänä iltana Danny</td>
<td>Domestic entertainment programme, starring a popular singer</td>
<td>TVI/MTV</td>
<td>2.164</td>
</tr>
<tr>
<td>9. Kapteeni Nemo</td>
<td>Italian adventure series</td>
<td>TVI/MTV</td>
<td>2.156</td>
</tr>
<tr>
<td>10. Tänä iltana Tamara Lund</td>
<td>Domestic entertainment programme, starring a popular singer</td>
<td>TVI/MTV</td>
<td>2.135</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>1987 Programme</th>
<th>Explanation</th>
<th>Channel</th>
<th>Audience</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Napakymppi</td>
<td>Regular, domestic dating game show</td>
<td>TVI/MTV</td>
<td>2.067</td>
</tr>
<tr>
<td>2. Uutiset ja sää</td>
<td>YLE's main news programme</td>
<td>TVI/YLE</td>
<td>2.060</td>
</tr>
<tr>
<td>3. Urheiluruutu</td>
<td>Regular sports news programme</td>
<td>TVI/YLE</td>
<td>2.030</td>
</tr>
<tr>
<td>4. Itseänsyyspäivän vastaanotto</td>
<td>Independence Day reception at the President’s Palace</td>
<td>TVI/YLE</td>
<td>2.016</td>
</tr>
<tr>
<td>5. Kyminen uutiset</td>
<td>MTV's main news programme</td>
<td>TVI/MTV</td>
<td>1.867</td>
</tr>
<tr>
<td>6. Salaisen agentin äiti</td>
<td>Domestic entertainment/comedy programme</td>
<td>TVI/YLE</td>
<td>1.836</td>
</tr>
<tr>
<td>7. Hymyhuulet</td>
<td>Domestic comedy sketch show</td>
<td>TVI/MTV</td>
<td>1.710</td>
</tr>
<tr>
<td>8. Benny Hill show</td>
<td>British comedy sketch show</td>
<td>TVI/MTV</td>
<td>1.682</td>
</tr>
<tr>
<td>9. Kestääkö Kantti</td>
<td>Domestic comedy sketch show</td>
<td>TVI/MTV</td>
<td>1.667</td>
</tr>
<tr>
<td>10. Levyraati</td>
<td>Domestic record jury show</td>
<td>TVI/MTV</td>
<td>1.664</td>
</tr>
</tbody>
</table>

(continued)
### TABLE 12.2 (Continued)

<table>
<thead>
<tr>
<th>Programme</th>
<th>Explanation</th>
<th>Channel</th>
<th>Audience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Miss Suomi 1997</td>
<td>Domestic beauty contest</td>
<td>MTV3</td>
<td>1.628</td>
</tr>
<tr>
<td>Itsenäisyysjuhlat</td>
<td>Independence Day reception at the President's Palace</td>
<td>TVI/YLE</td>
<td>1.613</td>
</tr>
<tr>
<td>Ty-uutiset ja sää</td>
<td>YLE's main news programme</td>
<td>TVI/YLE</td>
<td>1.563</td>
</tr>
<tr>
<td>Karpolla on asiaa</td>
<td>Personal-interest show with social concern and sensational approach</td>
<td>MTV3</td>
<td>1.417</td>
</tr>
<tr>
<td>Napakymppi</td>
<td>Domestic dating game show</td>
<td>MT3</td>
<td>1.411</td>
</tr>
<tr>
<td>Naunun paikka</td>
<td>Domestic entertainment show with home video shots</td>
<td>TV2/YLE</td>
<td>1.392</td>
</tr>
<tr>
<td>MM- jaakiekkoa</td>
<td>Ice hockey from World Championships</td>
<td>TV2/YLE</td>
<td>1.376</td>
</tr>
<tr>
<td>Tuttu juttu -show</td>
<td>Domestic family quiz show</td>
<td>TV2/YLE</td>
<td>1.369</td>
</tr>
<tr>
<td>Sununtairaportti</td>
<td>Regular current affairs programme</td>
<td>MTV3</td>
<td>1.355</td>
</tr>
<tr>
<td>MM-hiihdot Trondheimissa</td>
<td>Cross-country skiing from World Championships</td>
<td>TV2/YLE</td>
<td>1.352</td>
</tr>
</tbody>
</table>

**Notes:**

*In thousands. Audience figures for regularly scheduled programmes or series represent the top figure of the year.

**Sources:** For 1977 and 1987, MTV Finland annual reports. The figures for 1997 are compiled from weekly top ten charts published by Helsingin Sanomat.
they are known to be extremely popular. This suggests that a top-ten chart is too ‘short’ to represent all of the most popular programme categories. Thirdly, imported serials are also missing, although there are also exceptions to the rule that foreign serials gain moderate audiences only - most notably The Bold and the Beautiful, a soap opera on MTV3, which is watched daily by 1.1-1.2 million viewers.

Fourthly, domestic movies, which still acquired top audiences in the late 1970s, have disappeared from the charts. This may reflect a cultural change, as a result of which classical Finnish feature films, representing traditional agrarian values, are transferred from prime-time to more marginal slots where they can no longer attract major audiences (Heiskanen 1991). More recent domestic films, representing modern, or even postmodern, values, have replaced them but have found it difficult to speak to large audiences. Finally, although playing a central role in schedules, imported films are not among the very top popular programmes. However, while feature films in 1996 had on average no more than 300,000 viewers on YLE and 460,000 viewers on MTV, the most popular of them, Beethoven (on MTV3), reached 1.2 million viewers (Kari and Uusitalo 1997: 52).

Hence, the analysis of top-ten programmes shows a constant pattern of popularity. Televised, regular events, whether annual rituals, weekly game shows or daily newscasts, constitute the very peak of the most popular programmes, while domestic drama serials and imported blockbuster films also stand out well. The most popular programmes do not by any means represent the most ‘demanding’ content of television offerings but, rather, the more ‘entertaining’, ‘relaxing’ or more easily approachable end of the programme type continuum.

The charts clearly show that the ratings of top ten programmes have been declining. While in 1977 the most popular programme was viewed by 3 million Finns, in 1997 the chart winner attracted no more than 1.6 million viewers. Despite differences in measuring, this suggests that today few individual programmes reach the ‘whole’ audience. As Kasari (1988: 48-50) suggests, increased offerings have

---

For example, in 1996-97 serials such as Blondi tuli taloon and Ihmeidentekijät, both on MTV3, acquired at their best 1.2-1.3 million viewers, whereas TV1’s Kotikatu (as of 1995) is viewed weekly by some 900,000 viewers. TV2’s recent success, Metsolat (1993-1995), was followed by 1.5-1.7 million viewers. Other domestic series or serials which have reached the top ten group in the 1990s are Puhtaat valkeat lakanaat, a drama serial on MTV3, Hynttyst yhteen and Hyväät herät, both comedy series on MTV3. (Jääsaari 1996: 174-176.)

For example, between 1985 and 1995 the number of feature films broadcast on national TV channels increased from 283 to 817 (Karttunen 1996: 10-11, 70).
TABLE 12.3 Demand/supply ratio of programme categories, 1976-1996

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>News</td>
<td>1.42</td>
<td>1.42</td>
<td>1.56</td>
<td>1.36</td>
<td>1.97</td>
<td>1.55</td>
</tr>
<tr>
<td>Current affairs</td>
<td>0.78</td>
<td>1.17</td>
<td>1.29</td>
<td>0.84</td>
<td></td>
<td>1.02</td>
</tr>
<tr>
<td>Factual</td>
<td>0.61</td>
<td>0.53</td>
<td>0.67</td>
<td>0.59</td>
<td></td>
<td>0.60</td>
</tr>
<tr>
<td>Educational</td>
<td></td>
<td>0.33</td>
<td>0.25</td>
<td>0.20</td>
<td>0.19</td>
<td>0.24</td>
</tr>
<tr>
<td>TV theatre</td>
<td>1.44</td>
<td>0.80</td>
<td>0.83</td>
<td>0.57</td>
<td>0.37</td>
<td>0.80</td>
</tr>
<tr>
<td>Feature films</td>
<td>2.00</td>
<td>1.00</td>
<td>1.25</td>
<td>1.05</td>
<td></td>
<td>1.33</td>
</tr>
<tr>
<td>Series &amp; serials</td>
<td>1.42</td>
<td>1.52</td>
<td>1.40</td>
<td>1.31</td>
<td></td>
<td>1.41</td>
</tr>
<tr>
<td>Entertainment</td>
<td>1.50</td>
<td>1.67</td>
<td>1.83</td>
<td>1.68</td>
<td></td>
<td>1.67</td>
</tr>
<tr>
<td>Music</td>
<td>0.75</td>
<td>0.75</td>
<td>0.50</td>
<td>0.63</td>
<td></td>
<td>0.66</td>
</tr>
<tr>
<td>Sports</td>
<td>0.83</td>
<td>1.00</td>
<td>1.14</td>
<td>1.09</td>
<td>1.33</td>
<td>1.08</td>
</tr>
<tr>
<td>Children's</td>
<td>0.11</td>
<td>0.30</td>
<td>0.36</td>
<td>0.42</td>
<td>0.35</td>
<td>0.31</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>0.50</td>
<td>0.50</td>
<td>0.80</td>
<td></td>
<td>0.60</td>
</tr>
</tbody>
</table>

Note:

*The calculations cover the combined offerings of YLE and MTV.
*The figures are for the operational year 1989-90.


effectively fragmented the audience and increased selective viewing.

Finally, today popularity seems to be distributed more evenly across channels than before. JäÄsaari (1996: 165) has observed that by the early 1990s, the top ten listed programmes tended to be broadcast either by YLE or MTV on TV1, but since the 1993 channel allocation all three channels have been represented. This suggests that the channel reform made a major impact on the viewing habits in Finland.

Supply v. demand. - The popularity of programmes can also be analysed as a discrepancy between supply and demand. Programme categories which command a greater share of audience overall viewing time than they do of the total programme supply can be considered more popular than categories which are broadcast more often than they are watched. The most simple measure of presenting this difference is to use a demand/supply ratio (see e.g. Kalkkinen 1986), as is done in Table 12.3. The ratio is calculated by dividing the viewing share of a programme category by its output share. If the ratio is above 1.00, it indicates that the category is viewed more frequently than broadcast. If the index shows a figure less than 1.00, the category accounts for a greater part of offering than of viewing.

The analysis indicates that news programmes, feature films, drama series,
entertainment programmes and sports are among the more popular programmes, whereas factual and educational programmes, TV theatre, music and children’s programmes are watched less frequently than they are broadcast. Current affairs programmes seem to have lost some of their popularity, which may be due to breakfast television broadcasts, taking a major share of MTV3’s supply but attracting only a minor audience. Feature films have also lost ground, possibly as a result of their oversupply and growingly unpopular programme hours.

News seem to perform continuously as one of the top categories in the viewing habits of the Finns. Sinkko (1981: 110), who analysed viewing habits of the 1960s and 1970s, remarked that YLE’s main newscast performed as the single most popular programme category for almost two decades, with its average audience varying between 1.2 and 1.5 million viewers. Similarly, Haapasalo et al. (1977: 39-40), analysing the supply and demand of TV programmes between 1965 and 1975, found that more than 40 per cent of adult Finns watched the programme Uutiset ja sää. The genre has retained its popularity in spite of the introduction of several new news programmes, extending from the early morning till the late night, which has decreased their average viewership and distributed news viewing more evenly across the day (see e.g. Nurmi 1991, 1992b).

Another unrivalled top category is entertainment programmes, including genres such as quiz and game shows, variety shows, comedy sketch shows and popular talk shows. This may be explained by their favourable placement in the schedules. Most obviously, entertainment programmes are not broadcast in marginal slots but mainly during peak viewing hours, which tends to increase their demand/supply ratio.

The leisure survey of Statistics Finland also found that serials, news, feature films and entertainment were the four most favourite programme types in 1991. When the respondents were asked to name their favourite shows, no less than six series or serials were included in the top ten: Dallas, Jake and the Fatman, Dynasty, Twin Peaks, Ruusun aika [Time of the rose], a domestic family drama serial, and Hynttyyt yhteens [Flat mates], a domestic situation comedy series. The rest of the favourites included the dating game show Napakymppi and Kymppitonni, a quiz show, but YLE’s current affairs magazine A-studio also reached the top ten. (Liikkanen 1994b: 70.) However, it must be observed that these results are drawn from interviews and do not represent real viewing behaviour.

Interestingly, the most popular programme categories, as drawn from TV-meter data, belong either to the established ‘MTV domain’ or the new ‘common domain’ of programming - but definitely not to the traditional ‘YLE domain’, as these domains were distinguished above in Chapter 11. Entertainment, series and serials, feature films, news and sports, representing the more popular part of the supply,
are all heavily used by MTV. Some of the categories are also characteristic of YLE’s output, particularly news and sports. As regards the less popular part of programming (factual and educational programmes, TV theatre and music, as well as children’s programmes), they have traditionally been YLE’s monopoly, perhaps part of what has been understood as a ‘public service provision’.

This distinction between YLE and MTV, reflecting differing responses to the demands of the popular market, is quite natural. The commercial broadcaster, supported by advertising, is forced to depend on the popular genres, whereas the public broadcaster, supported by the licence fee, has better opportunities to meet the demand for minority programme types.

12.4 Signs of Diverging Habits

Audience segmentation. - Drawing extensively from empirical audience research, Barwise and Ehrenberg (1988: 26) have claimed that ‘the way in which people allocate their time across [programme] categories varies surprisingly little between different subgroups of the population’. According to them, on average, all tend to spend much the same proportions of their viewing time on the various types of programmes available, except for sports programmes, which tend to be less popular among women than men. In Barwise and Ehrenberg’s analysis, instead of segmentation based on a few programme categories, people tend to choose variety. (Op.cit.: 25-37.)

Although evidence for Finland, reviewed above, also supports increasing equality in watching television in general, there is also proof of a growing segmentation of the audience. These two tendencies, similarity and segmentation, are not necessarily contradictory, because the increased frequency of viewing across sexes, age groups and social groups may be directed at different kinds of programmes. By clustering several demographic variables with viewing preferences, drawn from interviews made in 1983, Kasari (1985: 171-180) found five groups of viewers in Finland.236

1 Light viewers (12%)
   - lower than average viewing of all programmes, especially low

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236 The analysis was based on a secondary analysis of data compiled by Oy Suomen Gallup for its Kansallinen Mediatutkimus [National media survey] in 1983. In this survey, 2,467 people were interviewed about their programme preferences. (Kasari 1985: 167.)
From Companions to Competitors

for domestic feature films and drama series
- higher than average age; high share of non-working persons;
- higher than average share of farmers and persons in a managerial position

II  Non-selective viewers (14%)
- average viewing of most programmes; above average viewing of domestic family entertainment and current affairs, as well as foreign films and series
- higher than average age; high share of non-working persons

III  Viewers of domestic programmes (20%)
- above average viewing of domestic programmes
- higher than average age; high share of non-working persons

IV  Medium viewers (30%)
- average viewing of most programmes; below average viewing of feature films and series
- working population; medium age; higher than average education

V  Viewers of foreign programmes (25%)
- above average viewing of foreign programmes
- higher than average share of young persons

The main distinction in preferences was between domestic and foreign programmes. Differences in the patterns of selection also applied to news/current affairs v. entertainment. In terms of demographics, it was age that was the most discriminating feature. Older people were split between the first three clusters (I-III), whereas younger and middle-aged people were grouped together in cluster (IV) and the youngest persons formed their own cluster (V). (Op.cit.: 197.)

Following the pioneering work of Kasari, Nurmi (e.g. 1995) found in 1993 major differences both in the amount of viewing and preference patterns between the audience segments. This study also applied cluster analysis, which now, however, was based on real viewing behaviour, and produced five TV audience segments (op.cit: 46-54).\textsuperscript{237}

\textsuperscript{237}Cf. Nurmi (1997: 79) which provides a slightly revised description of the 1993 segments. - In fact, Nurmi conducted three separate audience segmentations: in 1991, 1992 and 1993. Each analysis was based on a peolemeter sample of over 1,000 people representing the population 10 years or over. The samples consisted a four-week TV-meter data of March 1991, 1992 and 1993 (Nurmi 1995: 44). Instead of five clusters, audience segmentations of 1991 and 1992 produced six clusters, one of which, however, was merged
I

News and current affairs viewers (28%)
- 3 hours per day
- news and current affairs, quality films, YLE's programmes, particularly TV1
- higher education, 45+ years

II

Domestic entertainment fans (18%)
- 3 hours per day
- domestic entertainment, domestic shows on TV2 and MTV3
- lower education, 45+ years, women

III

Heavy consumers (6%)
- 5 hours per day
- foreign entertainment, 'anything goes'
- 55+ years, women

IV

Family audience (19%)
- 3+ hours per day
- foreign fiction, programmes intended for younger viewers, family programmes, MTV3
- 45- years, families with children

V

Infrequent viewers (29%)
- 1.5 hours per day
- video, satellite programmes, foreign entertainment, late night shows
- 25- years, no children

Nurmi's segmentation exhibits several similarities to the one provided by Kasari a decade earlier. First, age is a major discriminator. The older viewer groups are slotted into the first three segments (I-III), whereas the middle-aged and young audiences formed segments of their own (IV and V). Secondly, both studies found a group of domestic entertainment fans as well as a segment for foreign entertainment. Thirdly, both analyses found a group of rather non-selective, heavy viewers as well as a group of light or infrequent viewers.

However, a comparison between the two analyses reveals that these groupings do not always coincide. First, whereas the light viewers, according to Kasari's study, were elderly people, the infrequent viewers in Nurmi's study represented the youngest generation. Also, the proportion of infrequent viewers in the 1993 study is very high (29%). Secondly, the small group of heavy viewers was clearly missing in other segments in the 1993 analysis (see Nurmi 1992a).
in the 1983 study - perhaps due to the limited choice of channels and programmes available. Thirdly, it seems that in 1983 the elderly people used television much more moderately than they did in 1993. Fourthly, the later study found a separate group of news and current affairs viewers, whereas the profile of the family audience became clearly entertainment-oriented and dominated by viewing choices made by children. Generally, it seems that the distinction between entertainment-oriented and information-oriented viewers has become more clear-cut, which suggests a change in the popular market of television (see also Nurmi 1997; Panula 1993).

**Difference by gender.** - Segment analysis also points to differences in programme preferences between sexes. In the 1993 study, the group of heavy consumers (segment III) was mainly composed of women, aged 55 or over. Their favourite programmes included *The Bold and the Beautiful*, the daily soap opera, as well as *Seitsemän ukset* [News at seven], both on MTV3, and TV2’s domestic drama serial *Metsolat* [The Metsola saga]. In general, foreign drama series accounted for approximately 30 percent of viewing time in this group. The group of domestic entertainment fans (segment II), was also dominated by women, interested in domestic drama series and domestic game and quiz shows. This group particularly tried to avoid foreign feature films and serials, as well as sports.

Interestingly, Nurmi’s analysis could not distinguish any clear-cut segment for male viewers, but earlier studies have revealed that men tend to favour sports, action-oriented programmes and news, while women prefer serials and soap operas, comedy-based programmes, games and nature documentaries (see e.g. Alasuutari 1992). Gray (1992: 160-161) has characterised ‘female genres’ as soft, fictional, romantic, domestic and emotional in contrast to ‘male genres’, described as hard, factual, heroic, public and physical. These distinctions in preferences reflect stereotyped targeting policies of broadcasters and programme-makers but, undoubtedly, they also coincide with the present division of labour between the sexes, supported by gender ideology, which positions women in the private sphere whereas the public sphere is a domain for men.

On the other hand, it has been suggested that in a country such as Finland with strong traditions of equality in work and at home gendered divisions in programme preferences are not necessarily so strong (see Hellman 1996a). Indeed, both Liikkanen (1994b) and Sarkkinen (1994) have observed that, while men watch soap operas, women may also be found watching sports or action series. If likings don’t distinguish between gendered preferences, what about dislikings? In Liikkanen’s study the respondents were also asked to mention programmes they did not like to
watch. On the basis of rejected programmes, she found that ‘[p]oints of culmination for the rejection of the taste of the opposite sex are sports and soap operas’ (Liikkanen 1994b: 79). Interestingly, similar results had already been found by Sinkko (1981), analysing the viewing behaviour of the 1960s and the 1970s.

Both Nurmi’s (1995) and Liikkanen’s (1994b) analyses lend strong support to the thesis that audience profiles for different programmes are not the same but that the television audience is composed of segments with different viewing patterns and is determined by a combination of factors, including life-cycle and life-style, as well as gender and generation. Nevertheless, Nurmi admits that ‘members of each segment occasionally watch all kinds of programmes’ (Nurmi 1995: 54). Perhaps this can be seen as a concession, admitting that although its significance cannot be denied, segmentation is not necessarily so dramatic (cf. Barwise and Ehrenberg 1988: 30).

**Segmentation and channel reform.** - If successful, the development of the technological market changes the popular market. There is evidence from Finland that the introduction of cable television in particular invited a new, heavy-viewing audience group and increased entertainment-based viewing orientation among certain audience subgroups (Tukiainen 1988; Panula 1993), thus promoting audience segmentation. Similarly, also Tiihonen (1989), analysing cable TV audience in Helsinki, found that, to a certain extent, there exist trends of both channel loyalty and programme type loyalty. ‘Feature films, children’s programmes, sports, musical entertainment and drama series are among categories whose extended supply has also increased “focusing” on them’, he says (op.cit.: 28). According to him, age in particular seems to explain channel and programme preferences. (See also Tiihonen 1991, 1992.)

In Nurmi’s analysis, too, there are not only marked differences in programme viewing by genre but also by channel. According to her, informative programmes are central in watching TV1, whereas on TV2 foreign fiction as well as documentaries and other factual information take up most of its viewing time. Finally, on MTV3 domestic entertainment is favoured. (Nurmi 1995, 1997.) In conclusion,

[It seems that more general-interest programmes are selected from different channels, and that each segment forms its own programme repertoire according to its preferences (Nurmi 1995: 54).

But what about the impact of the 1993 channel reform on audience segmentation? As it ‘purified’ the three nationwide channels, it also enabled the
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broadcasters to re-profile their offerings to the public and, consequently, to promote viewer segmentation. Indeed, according to Nurmi (1995: 56-57; 1997: 44-83), the channel reform caused a major change in the viewing behaviour of the Finns. On the basis of her results, it seems that while the entire television environment changed, people could no longer get the same programme repertoire they had become used to. This forced the audience to develop new patterns of programme choice. As the newly allocated programme repertoire better enabled the viewers to make clear choices between informative and entertaining content, this resulted in an increasing differentiation of viewing:

Earlier, when there were two mixed national channels, it was clearly easier for the audience to watch, for instance, both MTV's more entertaining programmes and YLE's news and current affairs. Now, after the channel reform, people have to choose between the three national channels, which now offer alternatives. (Nurmi 1995: 56.)

This suggests that the 1993 channel reform may have increased the importance of channel as a distinguishing factor between preference patterns. Based on Nurmi's results, there seems to be a dormant tendency among the audience to divide into those favouring public broadcasting and those favouring commercial programming. In other words, the popular market may have responded to new channel profiles by clustering into segments on the basis of channel preferences.

In the late 1980s, Tiitonen (1989: 27) concluded that ‘even in the new television environment people do watch different TV channels and different kinds of programmes without showing any strong concentration on any of the channels or programme types’. In other words, programme preference patterns were not differentiated by channel (see also Hellman 1989 and 1993). In contrast, in the post-channel reform television environment of the 1990s, segmentation of the popular market seems to issue a real challenge to the broadcasting industry. Increased channel choice and expanded output favour carefully targeted programmes. Also, complete channels may turn towards distinct segments, an example of which is provided by the new Channel Four, targeted at an urban, youthful audience, particularly women. An obvious implication of this development for programme output and scheduling is a continuously expanding volume and variety of offerings.

Towards 24-hour television? - In the early years of television, both programme supply and viewing were concentrated heavily in the few hours of the mid-evening. These peak viewing hours came to be known as the prime time, which extended from approximately 7 pm to 10 pm. Prime time became a structuring factor for both TV viewing by the audience and programme scheduling by the TV companies. YLE

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and MTV seemed to compile their programme mix for peak viewing hours, emphasising general-appeal programme categories, which created a ‘family-centered’ slot that appealed to a rather unspecified group of ‘average Finns’. Consequently, the audience also learned to expect a certain programme mix as a natural part of the TV evening. (Hellman and Sauri 1994: 62-63; see also Heiskanen 1985; Hellman and Sauri 1988.)

However, in the 1990s the temporal patterns of television viewing also seem to be changing. On the basis of time-budget analyses by Statistics Finland, viewing on weekdays in 1979 was completely concentrated in prime time - simply because hardly any programmes were available at other times. The viewing peak appeared suddenly at around 7 o’clock and dissappeared as rapidly after 10 o’clock (see Niemi et al. 1981: 109-111). In a consecutive time-budget study from 1987, the peak was less sharp and considerably broader, starting at around 5 pm and extending till midnight (see Niemi et al. 1991: 85-88). The Intermedia Survey by Suomen Gallup Oy for 1996, then, shows that television is viewed at any time of the day. Yet there exists two peaks: a minor one during breakfast television and a broader and higher one between 3 pm and midnight (Intermediatatutkimus 1996: 98).

The temporal extension of viewing is partly explained by cable and satellite channels, many of which provide a 24-hour service, or the VCR, which is mostly used for time-shift purposes. However, as was seen in Chapter 10, the Finnish broadcasters have also expanded their offerings by introducing new programme slots in the morning and in the afternoon, as well as after midnight. As MTV’s managing director proclaimed in 1995, ‘[t]he goal is to allow 24-hour programming on MTV3’. By 1997, MTV supplied some 20 hours a day, whereas both YLE’s channels lag behind considerably. TV1 introduced breakfast television in 1997, as well as forenoon services, whereas TV2 developed its late-night services.

By dividing the day into distinctly different time segments, the broadcasters wish, on the one hand, to increase the overall viewing and, on the other, to provide differentiated services to different kinds of audience groups. Forenoon serials, lunchtime news programmes, as well as the human-interest shows and comedy and animation series of the afternoon, are all carefully targeted programme options that have made a profound impact on Finnish television viewing patterns, earlier strictly concentrated on the evenings.

Nurmi’s segmentation analyses have shown that there is a particular audience segment for the late night shows and films, the youthful and hard-to-reach group of

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‘infrequent viewers’ (segment V). It can be assumed that much of the daytime offerings, then, is consumed by the ‘heavy consumers’ (segment III), composed of women aged 55 or over. ‘Nighttime shows have surprisingly big audiences. The young people in particular watch television unbelievably late’, a programme buyer of MTV3 said recently in an interview.239 The temporal expansion of offerings tends to create new differentiation between viewer segments, as well as invite new demand for programmes, which may have a far-reaching impact on scheduling practices of the broadcasters.

On the basis of changes in the popular market of television, it seems safe to suggest that, while television viewing in general has increased in Finland, it has also become more differentiated by various factors which do not obey the established divisions of class or occupation but, rather, differences of programme preferences. From an industry point of view, this increasing segmentation of viewing means unpredictability and a growing need to ‘seduce’ the audience by targeting each programme, and perhaps even each channel, to a particular audience segment. On the other hand, since most programme types are still watched by most people, a variety of general interest offerings also seems feasible. If, then, segmentation increasingly follows the dividing line between public and commercial broadcasting, both sectors may concentrate their resources on developing programmes most typical of their own domain.

12.5 Summary

1 The popular market has responded to the expanding choice of programmes and channels by spending more time in front of the television. Within a decade, the average daily viewing time has increased by almost 50 per cent.
2 Television viewing has increased in all age and occupational groups, most profoundly among people aged 35-44 years and among industrial blue-collar workers. The popular market is strongly influenced by people aged 65 and over, who perform as the most frequent viewers.
3 During the 1990s, the most popular programmes have been distributed more evenly across the three national channels.
4 The most popular programmes represent either annual, weekly or daily rituals, whether a national beauty contest, a weekly game show or a daily

news programme. Sports, drama serials and foreign feature films are also among the most favourite programme types.

The most popular programme categories belong mostly to the traditional 'MTV domain', except for news and sports. In contrast, the least viewed programme types - educational, children's and factual programmes - definitely represent the established 'YLE domain'.

According to programme preference patterns, the Finnish TV audience shows signs of increasing segmentation. Age, occupation and sex explain these segmentations only partly. Segmentation encourages the broadcasters to target their programmes more carefully than before.

The 1993 channel reform seems to have introduced a further segmentation of the audience, dividing viewers into, roughly speaking, those favouring public broadcasting and those favouring commercial broadcasting.
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The analysis of the technological market of television suggested that the new video media never managed to shake the domination of broadcast television, but served rather as functional complements than supplements to it (cf. Noh and Grant 1997). Although the political market has strictly controlled the expansion of channel capacity and the granting of new operating licences, its influence was found to have been on the decline at the expense of the business market. It was observed that this has created a new form of pragmatism in media policy, characterised by ‘cultural nationalism’ promoting liberalisation of the sector and business-like management practices. In the professional market of television, the changing broadcasting environment appeared to have encouraged new professional production values based on targeting, scheduling and ratings. This was supported by changes in the popular market of television, with television viewing increasing and fragmenting.

What are the implications of these developments for programming policy? How did the broadcasters adapt to these changes in the markets? Part III discusses programming policy, understood here as a broadcaster’s explicit principles and aims of programming. Programming policy may be expressed in terms of a set of general programming principles, or in terms of concrete guidelines for programming priorities. In this study, programming policy is regarded as a central means of adapting to the multiple market requirements. It is in its programming policy that a broadcaster expresses its general strategy as a provider of programmes and services to the viewers, as well as devises its tactics of feasible programme output and scheduling.

In Chapter 13, programming policies will be discussed as a function of the broadcasting organisation. The characteristics of the public service conception and private commercial conception of programming policy will be compared and differences, as well as convergencies, will be discussed. This chapter provides a rather general, thematic analysis of the programming policy discourse, with examples being mainly plucked from earlier research, British policy statements, a resolution by the Council of Europe, etc. Chapter 14 discusses how to analyse programming policies and who are the most important players in programming policy. Finally, Chapter 15 investigates the programming policies of the Finnish broadcasters. What are their main principles of programming? How do they define their emphases of programme output and programme range in their programming policy statements?
13 Programming Policy: Conflicting Discourses

13.1 Two Paradigms of Programming

There exists a well-established distinction between two ways of understanding the television audience and a tradition of identifying these two approaches with two paradigmatic alternatives of broadcasting organisation (see e.g. Ang 1991; Garnham 1983; McQuail 1987; Murdock 1992). The first, public service broadcasting, approaches its audience as a public to be served with social responsibility. Here the audience is constructed as citizens who are to be informed, uplifted, and educated. The second approach, commercial broadcasting, assumes a view of the audience as a market. Here the viewers comprise a group of consumers whose attention is to be won.

It has also been suggested that these two conceptions of the audience fit with two distinctly different traditions of justifying programming policies (see e.g. Ang 1991). If the audience is regarded as citizens (audience-as-public), programming tends to be justified within a discourse of ‘what the audience needs’. When translating the abstract principles of public-service philosophy into concrete guidelines of programming, this discourse ‘puts a distinctive emphasis on programmatic comprehensiveness (i.e. varied range of informative, educational, high cultural and entertainment programmes) so as to offer the [...] citizen a responsible, meaningful TV diet’ (op.cit.: 38). If the audience is considered as consumers (audience-as-market), programme policies are justified within a discourse of ‘what the audience wants’. This discourse promotes ‘a regular and predictable flow of entertainment programmes, so as to secure the prolonged attention of the [...] consumer’ (ibid.).

In this chapter I will analyse how programming policies of these two traditions have been argued for, thus pointing to both differences and convergencies within the policy discourses.
13.2 Legitimation by Audience-as-Citizens

If the ideal-typical audience of public-service broadcasting does not constitute a market but a public consisting of citizens, how do public broadcasters, or those in favour of the public-service type of television, articulate their programming policy in order to justify their existence? In the following analysis, examples are picked mainly from recent broadcasting policy studies, British policy statements and a resolution by the Council of Europe. Thematically, at least four patterns of argumentation can be detected in these documents. These arguments are: (1) audience needs diversity, (2) audience needs quality, (3) audience needs information and education, and (4) audience needs cultural integration.

Audience needs diversity. - Diversity, pluralism and range have been an established part of public-service legacy from the very beginning. It was John Reith, the first Director General of the BBC, who, according to Scannell (1990), decided that a wide range of mixed programming - a triad of information, education and entertainment - would best serve the promotion of national and social unity. Yet his understanding of diversity was biased by educational purposes and an elitist definition of enlightenment. As Curran and Seaton (1991: 178-179) have pointed out, the service was not planned to provide appropriate listening for different interests; rather, Reith was determined that the audience should encounter the whole range of the company’s offerings. Thus, the BBC’s programme policy and, it is suggested here, the programming principles of most European public broadcasters, aimed originally at cultural homogeneity and was based on a paternalistic ‘better knowledge’ of ‘what the people need’.

Although the public broadcasters had already come a long way towards popularising their programme outputs, the fundamental turn towards pluralism did not occur until much later. In Britain the differing interests of an increasingly diverse society were recognized by the Annan Report (1977) and materialised, for example, in Channel Four’s minority approach, whereas in the Scandinavian countries paternalist statements based on a homogenous concept of culture predominated until the mid-1980s, when they were gradually replaced with a commitment to cultural diversity (see e.g. Søndergaard 1994 and 1996; Syvertsen 1992b and 1997).

Indeed, the modern-day definition of a balanced diet of programming is multidimensional, referring to diverse programming at several levels: in the multiplicity of audience types served; in terms of programme types supplied; and in respect of responsiveness to society (see e.g. Blumler 1992b, 1992c). Reflecting the
new orthodoxy of audience-oriented pluralism the resolution by the Council of Europe, which in 1994 provided the first officially set mandate at the European level for public-service broadcasters states, for example, that these institutions have an obligation to develop ‘pluralistic, innovatory and varied programming’ and ‘programme schedules and services of interest to a wide public while being attentive to the needs of minority groups’.\textsuperscript{1} Similarly, in Britain the Broadcasting Research Unit, which submitted its exposition of public-service principles to the Peacock Committee in 1985, named the goal that ‘broadcast programmes should cater for all interests and tastes’ as the second of eight central principles, and supplemented it by claiming that ‘especially disadvantaged minorities should receive particular provision’ (BRU 1985: 3-7).

These examples suggest that the principle of diversity is aimed to cover both the general audience and special interest segments. Perhaps the most detailed expression of this thinking is included in the BBC’s recent ‘statement of promises’ which, in addition to supplying ‘the widest range’ of programmes that ‘inform, educate and entertain’, also promises to ‘work harder to reflect the wide interests and varied cultures of the whole of the United Kingdom’ and to ‘provide programmes of particular interest to ethnic minority audiences’, too.\textsuperscript{2}

Interestingly, the BBC argues for a division of labour between its two channels. Whereas BBC1 promises to offer ‘a wide range of programmes’ of ‘a broad appeal for all ages and lifestyles’, BBC2 is presented as ‘a clear alternative to BBC1’, catering for ‘special interests’.\textsuperscript{3} In this way, by programming two channels so as to complement each other, a public broadcaster can use a ‘dual strategy’ (Sendergaard 1994: 217) that balances between the general audience and minority interests.

However, today diversity is not merely a noble effort to reflect better the various information, education and entertainment needs of the public, but the approach is justified also on the selfish grounds of maintaining the channel reach and popularity. Because it is no longer possible to capture all viewers all the time, it has become vital to provide at least something for everyone every once in a while. Diversity of programming is the principal method of attaining this goal.

\textsuperscript{1}The Media in a Democratic Society: Political Declaration, Resolutions and Statement, Council of Europe, MCM (94)20, p. 9.

\textsuperscript{2}Our Commitment to You: BBC statement of promises to viewers and listeners, BBC, 1996, p. 3.

\textsuperscript{3}Loc. cit., pp. 4-5.
In the new competitive environment, diversity, 'the most prominent substantive principle in programming policy', as Ang (1991: 116) characterises it, has an ambivalent purpose. While it, on the one hand, fits perfectly with the performance goal of public broadcasters to balance between the various aspects of the needs the public is considered to have, on the other hand it also serves as a strategy to meet the audience demand. Thus, diversity can be used as an argument in the political and popular market alike, while in the business market it may provide a feasible differentiation strategy.

*Audience needs quality.* - This pattern of argumentation expects an analytical procedure in informative programming, coherent news criteria, impartiality and responsibility of reporting, etc. In drama 'quality' refers to an innovative and artistic approach and in entertainment, for instance, to portraying the best of popular performances. As an illustration, the recent Agreement defining the duties and responsibilities of the BBC names 'high general standards in all respects' as one of the two governing principles of the company - 'a wide range of subject matter' being the other.\(^4\)

Apart from technical standards, the principle of quality can be divided into at least two elements. First, it refers to 'good programming' in general and, second, to 'innovative' approach. This was clearly expressed for example in the analysis of the Broadcasting Research Unit, which expects a public service to 'encourage competition in good programming rather than competition for numbers' and 'liberate rather than restrict the programme makers' (BRU 1985: 15 and 19). The Council of Europe also expects public-service broadcasting institutions to develop 'innovatory' programming which 'meets high ethical and quality standards' and 'not to sacrifice the pursuit of quality to market forces'.\(^5\) Similar to the BRU guidelines, quality is here presented as an opposite to the quantity-oriented philosophy of commercial services.

Although quality as a guiding principle is not necessarily included in the official mandates of European public-service broadcasting institutions, it serves as a 'one of the spearheads of modern-day public service institutions', as Ang (1991: 167) puts it, promoted by many public broadcasters as their distinctive feature distinguishing them from their commercial rivals (see e.g. Søndergaard 1994; Syvertsen 1997). Indeed, the importance of quality appears to have increased as competition has

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\(^4\) Agreement between Her Majesty's Secretary of State for National Heritage and the British Broadcasting Corporation, Cm 3152, March 13, 1996, p. 4.

\(^5\) The Media in a Democratic Society, loc.cit., p. 9.
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become fiercer up. For example, the BBC argues for its uniqueness in the following way:

The more broadcasters you have to choose from, the more you might expect the BBC - the broadcaster you pay for through the licence fee - to provide something different. We should also have high standards, and a dedication to integrity in all we do. 6

Accordingly, the company promises to ‘provide a service which is acknowledged as a world leader’ and ‘to experiment and take creative risks’ (ibid.: 3).

On the other hand, one must remember that it is the quality as defined by programme-makers and broadcasters that has dominated the discourse (Mulgan 1990). Quality could also be approached from other perspectives, such as individual viewers’ personal interests, programme appreciation, consumer demand, etc. (see also e.g. Ishikawa 1996), or even more radically, as a ‘contingent criterion of judgement to be made by actual audiences in actual situations’, as Ang (1991: 167) puts it.

Audience needs information and education. - The specific mandate of information and education of public broadcasting stems directly from the audience-as-public approach. As the public is regarded as a group of citizens, it needs to be informed and educated in order to secure an enlightened public discussion on public affairs. Public service broadcasting is ‘obliged to address its audience as rational citizens and to provide them with the information upon which alone rational debate can be based’, as BRU (1985: 8) puts it. A conviction that only information can help people to understand political and social processes is well expressed also by the BBC, which justifies its news and information services by claiming that they ‘help people understand national and international events’. 7 Hence, it is an idea of democracy, best maintained within an informed public sphere, that justifies informative programming.

In the discourse of ‘what the audience needs’, information and education are presented with respect to the political function of public broadcasting, which is intended to provide an arena for debate, characterised by plurality, balance and access. For example, the Council of Europe’s resolution requires public-service broadcasters to provide ‘a forum for public discussion in which as broad a spectrum as possible of views and opinion can be expressed’. In addition, they are obliged ‘to

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6 Our Commitment to You, op.cit., p. 2.
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broadcast impartial and independent news, information and comment'.

However, information is not only emphasised as a resource of the political realm. Due to increased competition, informative programming policy also provides a differentiation strategy for public broadcasters. When commercial channels turn more and more towards international entertainment formulas, information has, paradoxically, become a niche that can be marketed to selective viewers. This is illustrated, for example, by the BBC, which promises to 'provide more factual programming during peak time on television than other broadcasters'. In addition, newscasts, current affairs, features and documentaries tend to be ranked high in the 'moral hierarchy' of expressed viewing preferences, as Alasuutari (1992) has pointed out in his study of Finnish television viewers. Although ranking orders do not necessarily reflect actual viewing habits, the existence of moral hierarchies reflects the success of the educational public-service philosophy.

Hence, 'informing the national debate' is a flexible argument in the legitimization of programme policies, as information and education can be justified in the political, business and popular markets alike. Public broadcasters' emphasis on information - and the popular appreciation of informative genres - provides a practical counter-argument to the entertainment-oriented supply of commercial channels.

Audience needs cultural integration. - National and cultural integration was one of the early justifications of public broadcasting institutions. In the first place, this was expressed in the goal of providing a universal and comprehensive service, available to the whole nation. However, integrating purposes can also be traced in the cultural vocation that characterised European public broadcasters from their early days. In other words, broadcasting organisations were taken to be part of the sector of society which is responsible for generating and disseminating its linguistic, spiritual and aesthetic wealth (Blumler 1992b: 10-11).

In the vision of BRU (1985), this function ranks as the fourth principle of public service broadcasting. 'Broadcasters should recognise their special relationship to the sense of national identity and community', it claims (op.cit.: 7). Here, programming duties are connected directly to the idea of the audience as citizens, addressed in a common public sphere. This integrating function of programming

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8 The Media in a Democratic Society, loc.cit., p. 9.

9 Our Commitment to You, op.cit., p. 3.

may also be justified as a counter-measure to disintegrating tendencies within societies, as is done by the Council of Europe when it ranks the duty of providing ‘a reference point for all members of the public and a factor of social cohesion and integration of all individuals, groups and communities’ as a principal mission of public-service broadcasters.  

Integration can hence be promoted, first, by means of a pluralist and sober reflection of the society in the media and, second, by providing integrating experiences and social interaction through programming. In particular, Paddy Scannell has strongly emphasised the last-mentioned dimension, broadcasting’s role in the spatial and temporal arrangements of the modern world. He suggests that ‘equal access for all to a wide and varied range of common informational, entertainment and cultural services, carried on channels that can be received throughout the country, should be thought of as an important citizenship right in mass democratic societies’ (Scannell 1989: 164). According to him, public broadcasting was a crucial means whereby common knowledge and pleasures were maintained ‘as a social good for the whole population’, thus contributing to a ‘universe of discourse’ (op.cit.: 143) and creating a public sphere that went beyond the restricted public topics involved in news and current affairs. This integrating function was served also by documentaries, entertainment, sports and other major broadcast events such as royal coronations, the Olympic Games, Eurovision song contests, etc. Broadcasting’s social influence extended from its ‘calendrical role’ on an annual and weekly basis to the management of people’s domestic day-to-day routines.

From an integration perspective, what the audience ‘needs’ is broadcasts which create a feeling of togetherness and contribute to social cohesion. No wonder that public-service broadcasters have tended to monopolise major national events in order to be able to provide a ‘national common arena’ (Syvertsen 1997: 184). But integration purposes also justify public broadcasters’ special duties to domestic programming, particularly emphasised during the last few years. These institutions have strongly promoted their roles as cornerstones of their respective national cultures, which has been manifested in the majority proportion of domestic programmes in their schedules (see e.g. DeBens et al. 1992; Sepstrup 1990; Varis 1984). Particularly in small nations original productions are burdened by market size and shortage of resources, which, however, has justified rather than frustrated public broadcasters’ special responsibilities for domestic fare.

Emphasis on domestic programming with ‘a significant proportion of original

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productions’, as the Council of Europe requires,\textsuperscript{12} serves also as a differentiation strategy. Indeed, one of the core arguments of modern-day public broadcasters is that they are better equipped than their rivals to counter the downmarket effects of internationally produced, cheap programming,\textsuperscript{13} or that nationally produced TV drama or documentaries, expressing national culture and employing national talent, are best promoted by public broadcasting institutions. In fact, competition has only accentuated this argument and also helped these institutions to justify their arts programmes, broadcast concerts, etc., which do not necessarily perform so well in ratings, and their patronage of the arts.

In conclusion, justification of programme policies based on integrating functions of public broadcasting is used as an argument for ‘cultural nationalism’ (Lowe and Alm 1997) that may take several forms, applicable to the political, popular and business markets alike. Nevertheless, this pattern of argumentation can be extended to promote and protect the domestic broadcasting industry in general, too.

13.3 Legitimation by Audience-as-Consumers

If programming policies, are justified by addressing the audience as consumers, the discourse applied appeals to ‘what-the-audience-wants’ as its main argument. In the following, this reasoning is analysed in terms of two major subdiscourses, complemented with a related economic argument: (1) audience wants choice, (2) audience wants popular programmes, and (3) viability of programming counts. The examples derive from statements pursuing deregulation of broadcasting in favour of a ‘marketplace approach’.

\textit{Audience wants choice.} - ‘Consumer choice’ is the magic word of this discourse, which suggests that consumers should have the widest possible choice of broadcasting services and that diversity of choice can best be guaranteed by the discovery mechanism of trial and error in a competitive market. What does ‘increasing choice’ mean as a programming policy goal?

First, it sometimes refers to providing more simultaneous programme options to the viewer. ‘The fundamental aim of broadcasting policy should be to enlarge both the freedom of choice to the consumer and the opportunities available to programme

\textsuperscript{12}Ibid.

\textsuperscript{13}\textit{Extending Choice,} op.cit., p. 18-25.
From Companions to Competitors

makers to offer alternative wares to the public’, as the British Peacock Report,\(^{14}\) the most authoritative representative of this thinking, put it. This approach sees subscription television, with its unlimited range of offerings, as a realisation of consumer sovereignty, while it ‘liberates the consumer by making him or her the best judge of good broadcasting - it gives them choice’ (Veljanovski 1990: 19).

This justification does not necessarily claim to provide something qualitatively different: it does not add new programme types or formulas. Rather, here ‘choice’ is reduced to quantity of options. As Dowding (1992: 312-314) has provocatively pointed out, the argument for ‘increasing choice’ does not usually refer to increasing the value of the choice set, or does not necessarily provide the viewer with what he/she really wants. Instead, it assumes that adding new alternatives to a choice, first, increases statistically the probability of satisfying their needs. Second, it also may help the viewer to discover his/her preferences through the very act of choice itself. Third, it may appeal to a consumer, as it appears to give him/her a measure of control of the alternatives.

In this way, programme policy which values choice in itself is well justified in the popular market, but it provides a viable strategy for the business market, too, as it helps TV stations to map out consumer preferences and provide programmes that might meet viewer demand.

Another meaning of ‘increasing choice’ refers to providing something ‘different’ compared to the existing offerings. Here, ‘choice’ is a promise of an ‘alternative’, qualitatively speaking. As the number of channels increases and the audience per channel, logically, falls, new commercial services are forced to look for new programming strategies, which has introduced specialisation and thematic scheduling in the broadcasting industry, enabling dozens of new outlets to establish their own audience segments and programme niches. While major TV stations, whether public or private, operate principally as generalists differentiating their products within a framework of a wide range of broad-appeal programming, pay channels, in particular, have introduced a choice by focusing on thematic programming and narrow appeal. Here, the argument of providing a new choice can be justified both with reference to the popular market and the business market.

Currently, the issue of increasing choice is also enthusiastically promoted by the electronics industry in the debate on digital broadcasting, promising to provide the consumers with an unprecedented abundance of programme options. Whether the consumer market can bear the fragmentation, and how much consumers will be

prepared to pay for the improved service, are critical questions with no sure answers, however.

Audience wants popular programmes. - If a broadcaster is determined to ‘give the audience what it wants’, it tends to favour programmes which are watched by the largest possible audience. Indeed, as microeconomic theory of competition suggests, both advertiser-supported and pay television have a bias against programmes which cater for minority-interest tastes (see e.g. Owen and Wildman 1992: 148).

Since commercial broadcasters have tended to justify their programme policy by appealing to audience demand, as expressed by people-meter figures, their arguments are strongly characterised by what Ang (1991: 50) calls a ratings discourse. Audience ratings, expressed as a percentage of all television households in the country, and shares, expressed as a percentage of all households watching television during a particular hour, have become a discursive framework which enables the industry to know more about its audience and which has also been accepted by the viewers themselves as an indication of what is popular and what might be worth-while watching. Even more importantly, ratings provide the advertisers with vital information on audience size and composition and the rival channels with strategic knowledge of successes and failures.

As Ang notices, the ratings discourse ‘charts the ways in which the industry defines the audience as a market’ (op.cit.: 48). In ratings, popularity is reduced efficiently to a matter of numerical superiority - and numerical superiority, then, is equated with audience preference. Ratings appear to provide an unambiguous, though indirect, measure of consumer demand, thus generating programming decisions that can be easily defended (see e.g. Fowler and Brenner 1982: 232-233).

Although research clearly shows that the audience is not an undiscriminating crowd all watching the most popular fare, that most viewers choose a mixed diet of programmes, and that ratings do not necessarily reflect audience appreciation (see e.g. Barwise and Ehrenberg 1988), commercial stations still tend to favour the most popular and the less demanding fare in their programming. This is justified by claiming that the threshold to joining the viewership of an entertainment programme, for example, is lower than, let’s say, that of a historical documentary.

Viability of programming counts. - Parallel to justifying programme policy on the basis of popularity, another explicitly economic argument claims that programming decisions should obey a strict cost-benefit analysis. Here, programme production and scheduling are guided by economic calculation. Even minority programming is possible - but only if it turns out to be viable. By definition, this rationale promotes
low cost programming that appeals to a large viewership. Hence, imported serial drama is favoured instead of domestic original productions, and studio-based talk shows instead of genuine features or documentaries, for example.

However, broadcasters whose driving force is the maximisation of long-term profits seldom use this argument publicly as a justification of their programme policies. Instead, while being well understood by rival broadcasters, this argument is valid in the business market in particular. Interestingly, it is often understood in the political market too, as has been demonstrated by a Norwegian case analysed recently by Syvertsen (1997: 68, cf. 84-85). For example, when regulations on programming appeared to restrict the success of Norway's TV2, the government decided to promote the broadcaster by relaxing its obligations.

13.4 Signs of Discursive Convergence

Above I have distinguished between two discourses and several subdiscourses which are common in programme policy debates. The two discourses appear to broadly follow the paradigmatic distinction between public service and commercial broadcasting. However, while the distinction between the two paradigms is broad, it is also vague and full of compromises. It has already been shown that the traditional arguments based on 'what-the-audience-needs' have partly been twisted to justify offerings based on 'what-the audience-wants'. However, it is not only the public service broadcasting institutions that can be claimed to have watered down their programming principles. Commercial broadcasters too have compromised their traditionally populist programme policies. This has resulted in a convergence between the two policy discourses. Four patterns of argumentation are characteristic of this rapprochement: (1) popularity rules, (2) money buys, (3) variety is popular, and (4) duties are shared.

*Popularity rules.* - Recent research evidence suggests that public broadcasters have imitated their commercial competitors in many respects. In his analysis of the Danish public-service broadcaster, DR, Søndergaard (1994) observes a new responsiveness in its policies towards the audience emerging during the 1980s. What was earlier termed the 'public' becomes 'customers'. Without dramatically changing the composition of offerings, a completely new programming schedule is created, based on targeting, standardisation and regularity. As to the developments in Germany, Belgium, Spain, Italy and Great Britain, Achille and Miège (1994) observe that by placing more and more stress on economic calculation in
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programme production and audience maximisation in scheduling, public broadcasters have promoted their wish to appeal directly to audience demand, thus addressing it as consumers.

This tendency reflects the public-service broadcasting institutions' effort to adapt to competition by explicitly reconciling normative and pragmatic requirements. This means applying a *mixed strategy* (Syvertsen 1992b), according to which they, on the one hand, confront their commercial competitors by representing the informative, cultural and national ideals they consider to be unique and crucial to their identity as public broadcasters while, on the other hand, they take compromising steps towards economic reasoning and popular genres in order to protect their share of viewing. (See also Achille and Miège 1994; Hultén and Brants 1992.)

The outcome of the general acceptance of the ratings discourse is a convergence of argumentation between public and commercial broadcasters. According to Ang (1991: 165-166), who has analysed the discursive turn of public broadcasters,

> [t]he institutions [...] have responded [to competition] by adopting the discourse of the marketplace in their approach to the audience: defining 'television audience' as a collection of consumers rather than citizens, thinking of it in terms of 'what the audience wants' rather than 'what it needs'.

What makes this discursive convergence possible? Although internal contradictions of public service philosophy may be blamed too (see e.g. Ang 1991; Garnham 1983; Søndergaard 1994), I suggest that the principal explanation lies in the new competitive situation itself. It has highlighted the importance of the popular marketplace in television broadcasting and resulted in the audience demand replacing public policy definitions of programme content. In other words, the growth of the business market of television brought power to the popular market thus justifying resource allocation with reference to what the audience wants.

*Money buys.* - At least two reasons contribute to the fact that public broadcasters are more exposed than before to economic constraints. First, stagnating licence-fee revenue and growing production costs compose a fatal syndrome which can be faced only with due financial management. Second, also public criticism of public broadcasters' spending has resulted in demands of efficiency and accountability. Hence, programme policy is increasingly guided by the argument to 'provide value for money', as the BBC puts it.\(^{15}\) By promising to ‘spend money as efficiently as

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\(^{15}\) *Our Commitment to You*, op.cit., p. 27.
possible so that you get the maximum benefit through our programmes’, the British public broadcaster appears to address the audience as a group of informed consumers, a hybrid representing properties of both a consumer and a citizen.

Cost-effectiveness also lies behind the recent tendency to increase the producer’s right to choose between in-house and independent talent. As Achille and Miège (1994: 38) observe, this kind of institutional adaptation ‘favours the convergence of the structures of public and commercial television’. At the same time, industrial policy too tends to favour independent production companies while it aims to consolidate national culture industries. This approach regards public broadcasting institutions as key industrial players, whose programme purchases and co-production projects can encourage the expansion of the independent sector, thus promoting and protecting the general interests of cultural nationalism (Lowe and Alm 1997).

In this way, economic reasoning is used as a justification of public broadcasters’ programme policies, too. In the first place, cost-effectiveness and interests of national economy are used as an argument in the political market and the business market but, as the example of the BBC shows, it also serves as an argument in the popular market.

Variety is popular. - In the new competitive situation, in which legitimacy is acquired with greater effort than before, and the most important arena of legitimation being the popular market, the paternalistic ‘what-the-audience-needs’ ideology has been replaced by an attempt to balance and reconcile the ‘what-the-audience-needs’ and ‘what-the-audience-wants’ approaches. This means that diversity, quality and information, as arguments for programme policies, are no longer monopolised by public broadcasters only, or by the discourse of ‘what-the-audience-needs’.

First, the shift towards a more multifaceted conception of diversity appears to be parallel with the challenge of the new media and private commercial television, and coincides with the introduction of new audience measurement technologies. It also reflects a general cultural change in society as a result of which ‘citizens’ who formerly were served as equals become ‘customers’ demanding tailored services.

Secondly, commercial channels too can claim to provide a wide variety of programmes, not lagging far behind public broadcasters. This holds true particularly for commercial stations which apply a generalist strategy. Here, diversity is turned into an argument for ‘what-the-audience-wants’ and the expansion of consumer choice (cf. Ang 1991: 168). In other words, broadening of programme options can be justified on the basis of the positive utility it produces for those who consume
television (see e.g. Litman 1992).

This suggests that ‘diversity’ conceals differences of meaning from one discourse to another. While the commercial sector tends to regard diversity narrowly as an economic concept referring to a variety or choice of products, public broadcasters emphasise its cultural dimension, referring to a pluralism of offerings. While the first approach regards diversity as a pragmatic goal, typically achieved by means of competition in the marketplace, the second understands it as a principled concept, often acquired by public policy measures (see e.g. Blumler 1992b). However, these two meanings appear to be converging towards the economic concept.

_Duties are shared._ - Another source of discursive convergence is provided by commercial channels which are constrained by various public-service type obligations. Britain’s ITV as well as the Nordic hybrid stations provide an example here. The hybrid status of these companies has also encouraged them to justify their schedules with ‘what-the-audience-needs’ arguments and to use a ‘prestige strategy’ (Hellman and Sauri 1994) which may help the company to enhance its legitimimacy in the eyes of both the public and the policymakers.

_A new mix of consumerism and citizenship?_ - Programme policy discourse provides several examples of convergence whereby either public broadcasters yield to the ‘what-the-audience-wants’ arguments or commercial channels move towards the discourse of ‘what-the-audience-needs’. It is obvious that commercial stations will increasingly face popular requirements of plurality, quality, morality, etc., which will open up new dimensions in their audience orientation, whereas public-service broadcasting institutions will become more responsive to requirements of popular appeal and economic efficiency.

As a result, the traditional public-service justifications are not necessarily eroded but, rather, transposed to carry new meanings so that both public and commercial broadcasters can share them. Also, the justifications of a genuinely commercial programme policy may become shared, because public broadcasters find it difficult to escape economic necessities and temptations of popularity. This should result in a legitimation pattern where programme policies are increasingly justified by a mix of values of citizenship and consumerism.

Hence, the sharp borderline between the public-service and commercial way of arguing for programme policy is, if not disappearing, blurring and decreasing in importance. It appears not to be feasible to treat the audience either as citizens or as consumers. The two roles overlap and intermix, resulting in a ‘consumer-citizenship’ (cf. Hujanen 1993a).
13.5 Summary

There are two distinctly different approaches to programming policy. While the public-service model addresses its audience as a public, or a group of citizens to be served with social responsibility, the commercial model considers its audience a market, or a group of consumers whose attention is to be won.

Ideal-typically, a public broadcaster justifies its programming within a discourse of 'what the audience needs', underlining diversity, quality, information and integration as its principal values.

In contrast, a commercial broadcaster appeals to 'what the audience wants', with choice, popularity and viability representing the core programme policy values of the commercial model.

In spite of their differences, the two programming policy discourses are also converging. As a result of the 'hybridisation' of the broadcasting sector, the sharp borderline between the two paradigmatic models is blurring.

Popularity and variety of offerings increasingly rule in the programming policy of all broadcasters, while the requirements of providing 'value for the money' have also increased in importance. Also, the public service duties have become increasingly shared between publicly and privately owned broadcasters.
14 How to Study Programming Policy?

14.1 Multiple Method Approach

In this study the analysis of programming policy is based on two principal data-collection methods: document analysis and interviewing. The documents analysed include action plans, budgets, annual reviews and internal planning memos of YLE and MTV Finland covering the period from the mid-1980s to 1996. In order to supplement the data, a total of 12 directors or heads of programming of YLE, MTV Finland, Kolmostelevisio and PTV, as well as the then chairman of the YLE Administrative Council, were interviewed. The informants represented the central executives responsible for programming decisions and the general outlines of programming during the 1990s.

It would be fruitless to discuss which of the methods, document analysis or interviewing, is ‘better’ for the study of institutionalised norms and statuses of broadcasting organisations. Obviously, the two methods, both typical of qualitative analysis, complement each other and prove their efficiency best when combined, whereas neither of them alone would necessarily facilitate an adequate inquiry. This multiple method approach resembles what is often called methodological triangulation, which aims at compensating the weaknesses of each single method by the counter-balancing strengths of another (see e.g. Jankowski and Wester 1991). The use of these two methods in data collection is expected to provide a ‘thicker’ description of programming policy values. For example, if certain hidden purposes of a broadcaster’s programming policy cannot be found in official documents, an interview with the head of programming may well reveal them. Here, the interviews provided multiple perspectives on the topic, thus increasing information and broadening a point of view.

The qualitative analysis of statements, whether printed in documents or expressed in interviews, is subject to two critical questions: (1) how can the crucial information be distilled and selected effectively? and (2) how can the observations be interpreted meaningfully? The first problem concerns making observations from any heterogeneous data set, while the second has more to do with contextualising the observations within a theoretical framework.

Making observations was facilitated by deciding to focus exclusively on statements concerning programming principles, scheduling and programming priorities. The open-ended interviews, each taking from 60 to 90 minutes, were structured around a few issues only. The first issue was the decision-making
process, i.e. how and by whom the decisions about programming were made within
the company. A description of the general principles of programming, priorities of
programme production and purchasing, as well as the scheduling strategies adopted
by the company, provided the second issue, while the third concerned how the
interviewees perceived the impact of increasing competition on programming policy.
The interviewees were encouraged to interpret and analyse possible shifts in
programming policies, thus facilitating the gathering of historical perspectives too.
One of the pleasures of interviewing was to discover how analytically aware the
heads of programming, and other informants, were. Similarly, broadcasters’
documents too were read and compared in order to find explicit statements about
the general principles of programming, concrete emphases of programming, changes
in priorities, etc.

Although all interviews were taped and then transcribed, and although dozens of
documents were investigated, the amount of useful data did not exhaust the research
efforts. Quite the opposite, the documents of MTV and PTV, in particular, provided
surprisingly few observations, since, for example, company budgets were kept as
trade secrets, and explicit programming principles were almost non-existent. As a
result, the use of interviews as a complementary source proved necessary indeed.

As for YLE, document analysis already provided almost an excess of material,
thus introducing true problems of selecting and distilling. As a result, I decided to
concentrate mainly on two documentary sources: first, on YLE’s action plans and
budgets, since these contain the most concrete arguments for and statements about
the company’s programming plans, and second, on the company’s programme
regulations, since these best represent its official programming philosophy.
However, the interviews with YLE’s executives also proved valuable, throwing
light on certain unofficial practices on the one hand and providing valuable
interpretations about the changes in the policies on the other.

In order to make interpretations, the observations were classified loosely
according to certain themes, which were partly decided beforehand and partly
grounded in the readings. Thematically, references in the statements, either negative
or positive, to the importance of economic calculation, targeting, audience appeal,
ratings, variety of programming, etc. were recorded, since they were expected to
serve as indicators of programming policies in transition. They also appeared to
represent themes on the basis of which discursive differences and similarities
between the Finnish broadcasters could be described and displayed. The theoretical
framework for the interpretation of the observations was thus drawn from the two
conflicting paradigms of programming, discussed above in Chapter 13.
14.2 Validity and Reliability of Readings

Naturally, the question arises how correctly and systematically the interviews and documents used extensively in this study can be read here. The data provided by the sources was reduced by selecting statements that appeared to provide crucial information. Neither discourse analysis nor other systematic methods were applied. The qualitative content analysis used here utilises textual fragments as examples of views, perceptions and arguments.

The validity of broadcasters' documents depends on whether they are representative and provide crucial information or not. The various internal planning memos, in particular by YLE, provide an interesting source and a generous panorama of debates within the company, but since they do not necessarily express the final word of the company policy, they were used only selectively. In contrast, YLE's programme regulations, as well as its budgets and action plans, were considered to genuinely represent the company's programming philosophy. As for the privately owned broadcasters, the only reliable documentary source which was available was the annual reports. Statements included in these documents were regarded as adequate public expressions and descriptions of the company policies. Naturally, even official company documents must be approached with sound scepticism. I have made a sincere effort to ensure the reliability of information by source criticism and by deriving evidence from parallel sources, too.

What about statements by interviewees concerning programming policy, then? The reliability of informants is crucial for any qualitative study. As Newcomb (1991: 102) emphasises, '[a]fter-the-fact descriptions offered in interviews must be examined very carefully for everything from accuracy of detail to basic truthfulness'. There exists a danger too that the researcher tends to ask for information that will confirm his own assumptions. To avoid falling into these traps, constant cross-checking of the interviewees' statements is needed. Here this has been controlled by interviewing several executives and seeking substantiation from documentary sources, thus applying source criticism, triangulation of the information and other precautionary measures typical of a sound qualitative analysis (see Jankowski and Wester 1991: 61-63; see also Syvertsen 1992b: 54-61).

On the other hand, while this study aims at describing the development of the institutionalised programming policy values of the Finnish broadcasters, the interviews must be approached rather as testimonies than indications of the issues studied. According to Alasuutari (1995: 51),

[w]ithin the testimony viewpoint [...] a source or an extract of a source - for instance
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an interview - is considered as a more or less honest, objective and accurate description of the aspect of reality the researcher is studying. The source is assessed in the same way we conceive of a testimony in court: if we think that the witness is lying, the testimony has no value, unless we think we can see 'through' it to the truth of the matter.

Naturally, the same source may be used both as an indicator and a testimony. As Alasuutari (ibid.) defines it, a piece of information is used as an indicator when it is understood as indirect evidence about the question one is trying to solve. For example, a statement of an interviewee may reflect the personal views of the informant, include clues about the chain of events which changed programming policies, or illustrate the internalised values of the organisation.

If a head of programming of, say, YLE expresses the programming intentions of his company in a certain way, it is, in itself, both an important testimony of YLE's programming policies and an indication of his/her views and perceptions of these policies. However, here the testimony approach is emphasised, since the purpose is to provide a description of the strategic programming principles and priorities. What is important for the validity of a statement is that it is made by a person representative of the company executive staff.
15 The New Imperatives of Programming Policy

15.1 Coping Strategies against Competition

The necessity of coping with the changing market requirements and the increased competition faces both commercial and public broadcasters, and here programming policy is considered to be a principal means of adaptation. Based on Porter's (1980) analysis of competitive strategies, broadcasters were, in Chapter 4, observed to apply two alternative strategies of competition: (1) *differentiation* or (2) *specialisation*. Sometimes they may also focus on (3) *low-cost programming*. For genuinely commercial stations, the choice of competition strategy is dictated primarily by audience demand and industry structure, whereas hybrid and public stations are compelled to negotiate between the interests of the political market on the one hand and the business and popular market on the other.

The comparison of programming philosophies presented in Chapter 13 suggests that both commercial and public broadcasters have tended to rely on differentiation addressed to a general audience, whereas specialisation and cost-leadership have been applied mainly by commercial stations. Another difference between the broadcasters is also that, while the commercial broadcasters have emphasised the importance of popular programme types, the public broadcasters have promoted information and *education*. However, the analysis showed that a convergence between the paradigms is also taking place, suggesting that popularity, viability and variety of programming are of increasing importance to all broadcasters.

According to Hultén and Brants (1992), the public service broadcasting institutions have three possible coping strategies at their disposal: (1) adaptation, (2) purification and (3) compensation. *Adaptation* refers to self-commercialisation, or competing with more or less the same logic as commercial stations, whereas *purification* means focusing on purposes and programmes only public service can do. Finally, *compensation* refers to a middle way between commercialisation and marginalisation.

If these alternatives are compared to the competition strategy options suggested by Porter (1980), and applied, with certain modifications, to commercial broadcasters too, 'adaptation' comes closest to differentiation towards a general audience, aiming at shifting towards the middle ground, and maintaining the status quo between the general interest stations. At the same time, it will obviously result
in a partial convergence between the programming philosophies. ‘Purification’, then, is equal to a shift towards either a genuinely commercial or genuinely public-service model, emphasising the significance of focusing on targeted audiences. Finally, ‘compensation’ applies to both of the above-mentioned strategies of differentiation and focusing.

Although tactical manoeuvres vary from country to country, it is this last-mentioned strategy that can be claimed to be the most popular among the European public broadcasters (Hultén and Brants 1992; cf. Achille and Miège 1994). This strategy of reconciling normative and pragmatic requirements appears to be equivalent to a ‘mixed strategy’ (Syvertsen 1992b), where a PSB on the one hand sticks to the ‘informative’, ‘cultural’ and ‘national’ profile it considers to be crucial to its identity as public broadcaster while, on the other, it takes steps to protect its ratings through an emphasis on certain popular genres. If the public broadcaster has more than one channel at its disposal, it may apply a ‘partial confrontation’ (Achille and Miège 1994: 34), a division of labour where one public channel moves in the direction of increased ‘commercialisation’ of programme content while the other adopts a distinctively differentiated profile vis-à-vis other competitors, i.e. focuses on minorities or high cultural goals, for instance.

Also, the hybrid broadcasters can be expected to apply a mixed strategy, with a required portion of ‘public-service philosophy’, but otherwise leaning towards the established commercial model. In contrast, it may be that, as a result of the ‘hybridisation’ of the industry and convergence between the public and hybrid broadcasters, the genuinely commercial stations are increasingly forced to draw from the values of viability and popularity.

On the other side of the coin, evidence from Western European countries suggests that, while the PSBs have adapted to the multiple market requirements by compromising over their purity, there is another, opposite, tendency too, that of a purification of public service (cf. Blumer 1993). In general, this means reformulating its duties and obligations in a more detailed way than before and financially guaranteeing its existence in the new marketplace.

As far as the two established Finnish broadcasters, YLE and MTV Finland, are concerned, an obvious policy choice is the mixed strategy as described above, i.e. a reconciliation of broad-appeal and narrow-appeal, popular programmes and mandatory programmes, as well as generalism and specialism. It can be expected that, during the research period, signs of convergence should be found in the policy statements of YLE and MTV Finland. The various externally set duties are expected to have promoted public-service type definitions not only in the statements of YLE but also in those of MTV. In contrast, since PTV, on the basis of the market
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analysis, could not challenge its two mighty competitors, it can be expected to have adopted either specialisation or low-cost programming.

Also, since their earlier divisions of labour have become invalid, we can expect that YLE and MTV Finland should have changed their programming policies towards a more ‘competitive’ model. This should take the form of a growing adjustment to economic necessities, as well as an increasing emphasis on audience orientation and targeting. A tendency towards conceptualising the audience as consumers should be discerned too, reflecting the increased predomination of the business market and popular market requirements.

However, in accordance with their degree of commercialism, certain differences between the broadcasters can also be assumed. YLE is expected to show a lower degree of consumer orientation and economic calculation than MTV Finland and, in particular, PTV. YLE’s uniqueness should be expressed in an emphasis on its public-service duties, while also MTV’s policy statements should be ‘balanced’ by the hybrid status of the company, whereas PTV, not constrained by any ‘externally’ set duties, can be expected to show an uninhibited consumer orientation.

15.2 Who Makes Programming Policy?

In this study, programming policy is defined as the active policy of a broadcaster to structure, schedule and develop its programming in order to adapt to multiple-market requirements. It represents the explicit purposes and aims of the broadcaster.¹⁶ Who, then, are the principal programme policy-makers? Which organs and agents within broadcasting companies have the most decisive influence on programming policy?

In a commercial company, programming policy is clearly made by the operational management, particularly by the director of programming, naturally in consensus with the company board. For instance, at MTV Finland the director of programming, Mr Tauno Äijälä, is supported by a group of executives, including heads of programme production, supplies, marketing and audience research. The

¹⁶Cf. Silvo (1988), who analyses YLE’s programming policy as a discursive field structured by ‘advisory’, ‘defensive’ and ‘regulative proper’ statements. While ‘advisory’ statements can be found from media policy documents by parties, media analysts, public debates, etc., statements described as ‘regulative proper’ are represented by legislation, government decisions, etc. It is, then, the ‘defensive’ statements by broadcasters and programme makers over programme policy that correspond best to the concept of programming policy applied in this study.
major role given to the marketing department distinguishes the programming policies of commercial broadcasters from those of public broadcasters.

However, commercial broadcasters too may have ‘higher’ purposes and principles. Some general goals of MTV, for example, were documented into a collection of programming principles, originally written in the late 1950s by its first managing director, Mr Pentti Hanski. In 1993, they were expanded into a set of programme regulations which was submitted to the Council of State.17 Being drawn up by the company management, these regulations express the company’s own will. Until 1993 it was also natural that MTV’s programming policy guidelines had to conform to the rules imposed by the basic agreement with YLE, as well as YLE’s programme regulations. These, however, represented an ‘external’ measure of control, whereas ‘programming policy proper’ can be found in the company management statements.18

As for PTV, external controls were minimised, since it did not have to collaborate with YLE. Here the company board and operational management had the key role in defining the programming policies. Interestingly, PTV never registered any set of written programming principles, and the programming emphases were annually formulated and decided by the board.19

At YLE the concept of programming policy is more complicated. The company structure was traditionally burdened by a ‘domination of the councils’, the Administrative Council and programme councils, one of which was specifically for television, representing parliamentary control of the broadcasting company.20 The Administrative Council was awarded the supreme supervision of programming. However, the council’s purpose was not solely a controlling one. It’s mandate also allowed it to provide general guidelines and express the company’s final will in issues of programming policy. The responsibility of the television programme

17 See MTV Oy:n ohjelmoiminnan säännöstö [MTV Finland’s programme regulations], MTV, September 2, 1993.

18 Since 1963, MTV has also had an advisory programming committee, composed of academic figures, writers, artists, etc. This organ, however, resembles a debating society more than a true agent of programming policy.

19 Hans Edin, oral information; Sirkka Tarkiainen, interview.

20 There existed separate programme councils for radio, television, Swedish language operations, as well as for different regions of the country. Altogether these councils, appointed by the Administrative Council, amounted to 17. (Salokangas 1996a: 347.)
council, formed in 1964, then, was originally to inspect and approve programming plans drawn up for the period up until the next meeting and to assess the programming broadcast since the previous meeting. In spite of several attempts to gain the authority to make binding decisions on the company’s programming activities, the council’s efforts turned out to be futile and its role was to remain that of an advisory one. (Salokangas 1996a: 21, 158-160, 266-268.)

Towards the 1990s the programme council system aroused increasing criticism for having concentrated on criticism of individual programmes and for displaying excessive bureaucracy of trustees. Since the relaxation of party political tensions surrounding YLE, the councils had gradually lost their significance for the political market. Similarly, the control practised by the councils turned out to be a burden for the professional market, too. In February 1992 the Administrative Council decided to discontinue them. The programme councils were replaced by a four-member expert organisation, a programme committee, whose purpose was to decide whether YLE’s programmes comply with programme regulations. (Op.cit.: 346-348.)

The company’s programming guidelines were registered in 1967 in a systematic and comprehensive programme policy covenant, Ohjelmatoiminnan säännöstö (OTS). The first version of these programme regulations was strongly influenced by the ideals of ‘informational programming policy’ of the so-called Reporadio. Five years later the regulations were revised and some statements perhaps diluted, but this second version turned out to be a durable one, holding good until 1992, when the regulations were modernised again. (Op.cit.: 174-178, 348-349.)

The important thing about the programme regulations is that they truly represent

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21In Finnish: ‘television ohjelmaneuvosto’.

22A year later, copying MTV’s model, YLE also set up an advisory programme committee, a debating society of ten representatives of science, culture and commerce.

23See Yleisradion ohjelmatoiminnan säännöstö [YLE’s programme regulations], YLE Administrative Council, November 1, 1967. - YLE’s programming policy guidelines were developed in a series of documents called Yleisradion suunta (see Repo et al. 1967 and Stormbom 1968, 1969).

24See Yleisradion ohjelmatoiminnan säännöstö [YLE’s programme regulations], YLE Administrative Council, July 14, 1972.

25See Ohjelmatoiminnan säännöstö [YLE Programme Regulations], YLE Administrative Council, April 24, 1992.
the company will as far as programming is concerned. Although approved by the Administrative Council, the programme regulations were prepared by the company board, i.e. the operational management. In addition to management, trade organisations and programming personnel also committed themselves to it, which makes the document a proper expression of programming policy goals and intentions of YLE (see Silvo 1988: 202). Although the document is, due to new operating licences and the passing of the YLE act, partly out-of-date, it still serves as a guideline for programme production.

In general, the developments of the last decade transferred the power to define programming policy from representative organs to the operational management of YLE. Emphases of programming were increasingly expressed in annually revised middle-range action plans and company budgets. As Silvo (op.cit.: 231) has put it, ‘the middle-range action plan was intended to provide an annually expressed guideline for programming policy both internally, or within the company, and externally, or towards society’. Since the early 1990s, YLE has adopted a more pragmatic approach, with policies being expressed as concrete measures in annual budgets.

YLE’s decision-making organisation also deserves a few words. Since 1970, decisions on programming have been independently made by directors of TV1 and TV2, but within a general common framework. The director general had, in practice, no influence on programming policy. This twin domination of TV1 and TV2 was supplemented by a relative independence of the Swedish unit (FST) and separate, centralised units for news and educational programmes. Hence, it was not company management but unit management which defined YLE’s policy. This was not changed until 1994, when the company organisation was revised according to a model of divisions and sectors of programming. As a result, the new managing director, operating as director general, was given more powers, and a new director of television was appointed to head both TV1 and TV2 and, thus, to formulate in a coordinated manner the programming policies of YLE’s television activities.

Up until the early 1990s, the clashing programming policy interests of TV1, TV2 and FST were settled by a separate coordination committee, which, however, lacked power and did not have any sanctions at its disposal. Even the present organisation allows the units to operate rather independently and define their own programming policies. Or as managing director Arne Wessberg explains it:

The idea is that Mr Lehmusto [director of television], with his channel directors, must

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26In Finnish: ‘toiminta- ja taloussuunnitelma’.

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reach a mutual agreement and manifest it in a programme schedule. In terms of these
schedules, then, the channel directors must have considerable opportunity to operate
freely and to compete, for instance, for good ideas.

The director of television is assisted by a coordinator responsible for long-range
planning of television activities. In each unit, then, channel directors are supported
by heads of programming.

Developments in the decision-making organisation of YLE, in particular, support
the expectation that the broadcasters have changed their programming policies
towards a more competitive model. The increased authority given to the company
management instead of representative organs is a clear indication of a competition-
oriented business approach.

15.3 From Complementarity to Competition

Public service and competition. - The established description for public
broadcasting in Finland was ‘broadcasting of public utility’, which referred to the
complete system of radio and television services. The concept also served as a
justification for the broadcasting monopoly, since it implied that radio frequencies
were a scarce, public, utility which should only be used under the supervision of the
state, with YLE representing the public interest. The non-competitive industry,
monopolised by YLE with the assistance of MTV Finland, felt no need for imported
slogans such as ‘public service broadcasting’. However, when competition emerged
during the 1980s, YLE adopted this concept. By the mid 1980s ‘public service’ had
won a central place in the vocabulary of YLE’s self-legitimation.

First mentions can be found in the 1984 report of the parliamentary committee
on radio and television and in YLE’s annual reports of the same period. The new
concept, referring to a comprehensive, versatile and independent broadcasting

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27 Arne Wessberg, interview.
28 In Finnish: ‘yleishyödyllinen yleisradiotoiminta’.
29 In Finnish: ‘julkinen palvelu’.
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service, better reflected the changing environment. In television broadcasting YLE’s monopoly was being challenged by cable and satellite channels, and in radio broadcasting by local commercial radio. Instead of being obsessed with re-establishing its monopoly, YLE seemed to accept rivalry as an inescapable fact, or a sign of the times, and chose to highlight the features which distinguished it from the emerging commercial sector. ‘Public service’ provided a comfortable tool for these purposes and a positive-sounding slogan for public debates (cf. Syvertsen 1990).

For example, in his address for the annual report of 1985-86, director general Sakari Kiuru emphasised the role of ‘the public service YLE as a national institution, as a defender and developer of Finnish culture, and as an even-handed dealer conscious of the needs of minorities’. The next year, Mr Kiuru defined the licence fee as the guarantee of public service, since it treats all parts of the country and all sections of the audience equally and fairly, as well as guarantees the independence of the broadcaster both from the state and commercial pressures.

It was the changing prerequisites of broadcasting which can be claimed to be responsible for this explicit reorientation of YLE’s attitude towards competition. The changes in the technological, political, business as well as in the popular market of broadcasting were acknowledged by YLE’s seminal programming policy document of 1986, Yleisradio ja viestinnän muutos. This memorandum diagnosed the implications of these changes for YLE’s role and programming. While expecting that the new video media would concentrate on special audiences, it prescribed that MTV would increasingly concentrate on popular entertainment targeted at the large audience. In particular, it expected MTV ‘to invest considerable resources in acquiring competitive foreign programming’, whereas YLE’s strategy should be to provide diverse, i.e. also educational and informative, in-house produced programming.

Accordingly, the new broadcasting environment did not seem to frustrate the

31 Sakari Kiuru, ‘Yleisradiotoiminta - melontaa vastavirtaan’ [Public broadcasting - swimming against the current], YLE annual report 1985-86, p. 27.

32 Sakari Kiuru, ‘Vaikeuksissa vahvistuu Yleisradion palvelukyky’ [In hard times YLE’s ability to be of service is strengthened], YLE annual report 1986-87, pp. 24-25.

33 Yleisradio ja viestinnän muutos: Yleisradion toimintaympäristön muutokset ja niiden edellyttämä toimenpiteitä [YLE and the change in the media environment], YLE, Suunnitteluja koulutustoiminnan julkaisu, 1986.

traditional division of labour between YLE and MTV but, rather, accentuated it. In particular, it highlighted the need to clarify YLE’s role as a public service broadcaster, encouraging it to offer programmes that ‘stand out among competing offerings’. Following the guidelines of the operating licence, the document made a distinction between two strategic lines of programming: programmes provided for the large audience and programmes targeted at audience segments. While the first strategy required YLE to maintain the quality of its factual, news and current affairs programming, as well as to develop the quality and attractiveness of domestic popular programming, the second was to serve equally various minority and sub-audiences by ‘taking better and more precise notice of target audiences defined by regional or life-style factors’.

This definition was adopted by director general Kiuru, too, who particularised what he meant by public service:

The function of public service broadcasting is to serve its public with diverse programmes of high quality. The target of the programmes should be the broad audience of viewers and listeners, but it is of no less value to provide programmes for audience segments, minorities and special groups. Public service [broadcasting] must be responsible for entertainment and artistic programming, besides journalism. Accordingly, public broadcasters have a national duty of communication and culture and of operating as building sites of international intercourse.

In other words, public service broadcasting was to serve the public with a wide range of programmes of high quality, targeted both at broad audiences and special groups, thus adopting ‘compensation’ as its coping strategy, i.e. negotiation between the traditional public-service values and the emerging values of audience orientation. This equals with the mixed strategy, described by Syvertsen (1992b), or the dual strategy, promoted by Britain’s BBC (see Chapter 13).

Interestingly, YLE’s policy documents of the late 1980s did not consider MTV as a competitor, but saw the company as an ally in the struggle of the national media industry against transnational players. Competition was something external to the national broadcasting structure. The competitive threat was presented by the new video media, whereas MTV represented the commercial end on the continuum

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35Ibid.


of the national public-service broadcasting system. MTV’s gradually growing independence was accepted - as long as it remained within the integrated, national arrangement, and as long as YLE owned the technical facilities of the broadcasting network.\textsuperscript{38}

This ideology of public service broadcasting as the prime mover in a dual broadcasting order was cemented in the 1989 agreement on channel reform and in the 1993 legislation, as was analysed in Chapter 9. In fact, YLE was forced to make only one major concession to the political and business market requirements: it gave up its monopoly over the operating licence. Since YLE was promised that the new legislation would guarantee its privileged position, the company could easily agree to the liberalisation of licensing policy.

The concept of ‘public service’ represented the continuity and uniqueness of YLE’s duties, which supports the expectation that, in its programming policy, the company wished to show a distinct difference to other broadcasters.

\textit{Channel reallocation and open rivalry.} - On the basis of the mutually agreed division of labour, MTV Finland was obliged to supplement YLE’s offerings and to operate within the limits of YLE’s operating licence, the basic agreement, YLE’s programme regulations and other decisions and recommendations of the YLE Administrative Council.\textsuperscript{39} Although this companionship helped MTV to focus its resources, it also invited it to test and enlarge the bounds of its freedom.

However, by the mid-1980s, MTV had recognised that confrontation with YLE did not help its case. If it was to develop an independently defined programming policy, it would have to cooperate and proceed step by step. ‘MTV and YLE are facing a common challenge’, wrote the newly appointed managing director, Mr Eero Pilkama in 1985. ‘In order to maintain our competitive position nationally, a common conception of the course of development and its implications for actions is needed between MTV and YLE’.\textsuperscript{40} Instead of aggressively underlining the opposing interests of the two companies, MTV accepted YLE as an ally with which

\textsuperscript{38}See e.g. Sakari Kiuru, ‘Uusin toimintatavoin ja organisaatioin kohti 1990-lukua’ [Towards the 1990s, with a new organisation and new courses of action], YLE annual report 1987-1988, p. 3.

\textsuperscript{39}See e.g. Tauno Äijälä, ‘MTV-kanavan ohjelmapolitiikka’ [The programming policies of the MTV channel], in \textit{Ohjelmapolitiikka ja viestintäkulttuuri}, MTV:n viestintäseminaari, October 10, 1989, p. 32.

\textsuperscript{40}Eero Pilkama, ‘Toimitusjohtajan katsaus’ [Managing director’s review], MTV Finland annual review 1984, p. 3.
it could better face the intensifying rivalry over viewers in the changing environment.

The common interests were best crystallised in the agreements to found Oy Kolmostelevisio Ab and, then, to reallocate the three nationwide channels. From 1990 MTV was able to concentrate on developing and expanding its programme output and testing programme schedules on all three channels. It was a deal which paid off, since in the long run MTV’s ‘policy of appeasement’, or ‘constructive and positive collaboration’ with YLE, as Mr Pilkama put it, enabled the company to achieve its long-term goal, an independent and fully commercial MTV3 channel. Thus, the prize promised in return for the long-time cooperation and division of labour was the end of this companionship.

Much of the controlled cooperation seemed to survive the channel reallocation decision at first. In June 1989, the companies concluded an agreement of collaboration for ten years, which stipulated that MTV Finland would continue to operate under the operating licence of YLE and that MTV would become the principal owner of Kolmostelevisio. It also stated a mutual understanding on programme coordination.\(^4\)

Hence, originally both YLE and MTV recognised the need for cooperation, also in the post-reform environment of 1993. Managing director Pilkama of MTV considered that ‘operation in accordance with the collaboration agreement under the same operating licence with [YLE] settles […] the communications field for a long time to come’\(^5\). Similarly, YLE’s new director general, Mr Reino Paasilinna, called the collaboration agreement a ‘10-year peace’\(^6\).

Reflecting this consensus, the companies agreed in autumn 1989 upon the principles of programming in the third television network. According to the agreement, Channel Three would operate under YLE’s operating licence, and should therefore observe the terms of the licence, as well as YLE’s programme regulations and the decisions of the YLE Administrative Council. It was also agreed that ‘[i]t [the public should be provided with a high-quality and varied range of

\(^{4}\)Eero Pilkama, ‘MTV omalle kanavalle’ [MTV heading for a channel of its own], MTV Finland annual report 1989, p. 4.

\(^{5}\)Oy Yleisradio Ab:n ja MTV Oy:n vilinen yhteistyöopimus [Agreement of collaboration between YLE and MTV], June 12, 1989.

\(^{6}\)Eero Pilkama, ‘MTV omalle kanavalle’, loc.cit., p. 4.

\(^{6}\)Reino Paasilinna, ‘YLE luo henkistä valmiutta’ [YLE creates intellectual facilities], YLE annual report 1989-1990, p. 3.
programming which also complements YLE’s programmes in accordance with the
division of labour to be agreed upon between the companies’. The agreement
obliged the companies to coordinate their programmes on a periodical basis, ‘in
order to provide viewers and various viewer groups with meaningful alternatives by
avoiding the simultaneous transmission of similar programmes’.

However, as was shown in Part II of the study, developments soon took another
course. With the award of an operating licence of its own to MTV Finland in
September 1993, the bottom was knocked out of the earlier agreements, thus
introducing open rivalry in the relationship between YLE and MTV. This decision
underlined MTV’s self-sufficiency and put an end to its assisting and
complementary role. According to Mr Äijälä, director of programming, the era of
coordination ended with the channel re-allocation, after which MTV was ready to
compete with YLE in every possible sector of programming:

According to the old basic agreement, YLE was given preference for major national
and international events. But this does not hold good anymore. We are ready to take
what ever we can.

Both Mr Äijälä of MTV and Mr Wessberg of YLE report that organised
coordination was soon replaced by irregular, unofficial discussions. Some
coordination principles, however, remained valid, although they were not
necessarily written down. For example, the companies agreed that newscasts would
not be broadcast at the same time. They also continued to avoid overlaps of major
domestic productions.

Although competition was not completely liberalised, MTV Finland’s
programming policies were clearly geared for rivalry with YLE, as expected.

45 Kolmannen televisioverkon ohjelmatoimintan pääperiaatteet [The main principles
governing programming in the third television network], Appendix to the basic agreement

46 Loc.cit., article 3.

47 Tauno Äijälä, interview.

48 Arne Wessberg, interview. Tauno Äijälä, interview.
15.4 Programming Policy Goals in Transition

High principles of programming. - YLE’s new programming policy was most clearly manifested in its programme regulations, revised in 1992. The earlier version, dating back to 1972, highlighted the role of YLE as a provider of factual information. The classic wording was as follows:

The principal aim of broadcasting ought to be to offer the public a view of the world based on correct information and facts, a view which changes as the world changes and as our knowledge of it increases, changes, or becomes more perfect.⁴⁹

Although the regulations also referred to the operating licence, requiring that ‘YLE’s programmes should be varied, dignified in both their content and presentation, objective and balanced, and should provide suitable entertainment’,⁵⁰ it was clear that popular enlightenment and factual information were promoted as the foremost goals and tasks of YLE:

The aim of the programmes should be to promote popular education and supply useful information and news without offending anyone’s rights.⁵¹

According to Silvo’s (1988: 202-207) analysis, other central themes in YLE’s programme regulations were an emphasis on the company’s independence from external interests as well as an idea of programmes as expressions of social values.

What the regulations in the last instance documented was, Silvo claims, an ideology of normativity, i.e. a normative belief in regulations in general and strictly regulated programming policy in particular. The 1992 version, then, provided a more modern and less detailed code of programming. Illustrative of this change is that, while the 1972 regulations needed no less than 39 printed pages (without appendices), the 1992 regulations ran to only 10 pages (Salokangas 1996a: 348).

While the 1992 version also made a reference to the requirement of the operating licence concerning ‘suitable entertainment’, ‘popular education’ and ‘useful information’,⁵² as well as to providing ‘material for constructing a view of

⁴⁹YLE’s programme regulations (1972), loc. cit., article 1.2.

⁵⁰Loc. cit., article 1.1.

⁵¹Ibid.

⁵²YLE’s programme regulations (1992), loc. cit., article I.
the world based on correct information and facts', it separated for the first time three main areas of programming as three equal tasks: (1) transmission of information, (2) general education and (3) entertainment. It also defined YLE 'as a full-service public broadcasting company, [...] operating at international, national and regional levels'.

Above, in Chapter 13, public-service ideology was reduced to four main arguments, claiming that audience needs (1) diversity, (2) quality, (3) information and education and (4) cultural integration. Comparing these arguments to the definition of YLE's tasks, the 1972 programme regulations understood diversity narrowly as a balance of political points of view, whereas the 1992 definition recognises diversity both in terms of points of view and programme types. Although neither of the covenants makes any explicit reference to programme quality, it seems that in the 1992 version requirements concerning correctness of information, impartiality, violence in programmes, etc. are presented as principles of quality rather than as guarantees of party political correctness. Interestingly, while the 1972 document included extremely detailed regulations for programmes dealing with politics, the labour market and consumer information, the 1992 document replaces these stipulations with very general definitions of impartiality and comprehensiveness.

Information and education are given close attention in both versions of programme regulations. This is understandable, since most controversies can be expected to concern informative programming. This emphasis is also explained by YLE's strong traditions in information genres. Provision of cultural integration, then, is not highlighted explicitly, but it is implied in the requirement that YLE ought to promote 'basic social and human values, such as democracy, freedom of speech, human rights, peace and understanding between nations, equality of opportunity, responsibility for the environment and natural world and also tolerance towards minorities'. Unlike the 1972 covenant, the more recent document also requires that YLE's programmes should promote discussion within society.

Hence, programme regulations of today define YLE as a modern, full-service public broadcasting company, with provision for diversity, quality, information and cultural integration. The demand for diversity, in particular, is given more stress

53Loc.cit., article II.

54Ibid.

55Ibid. - A similar list of basic values, with slight differences, was also included in the 1972 version. See YLE's programme regulations (1972), loc.cit., article 1.2.
and is more multifaceted than before.

Although YLE’s programme regulations also concerned MTV Finland, they never commanded the same respect within the company as within YLE, since MTV never contributed to their wording. MTV’s own will, then, was recorded in the set of programming principles which, however, always provided only broad and general guidelines requiring efficiency, impartiality and that different needs and tastes of the audience should be served.\textsuperscript{56} MTV’s own programme regulations of 1993 represent a slightly modernised version of these rules of conduct. In addition to typical journalistic principles concerning correctness and acquisition of information, correction norms and rights of the individual, the document laid down principles of advertising and sponsorship, as well as setting out short rules for election programmes and programme monitoring.\textsuperscript{57} Article I proclaims truthfulness, impartiality and independence as the basis for MTV’s programming policy. It also declares quality and diversity as the leading principles of its offerings:

\begin{quote}
In its programming MTV Finland […] serves different needs of the audience with objective and distinctive programmes of high quality, providing a balanced whole of factual information and entertainment.\textsuperscript{58}
\end{quote}

Furthermore, following the requirement set by the operating licence, the regulations remind that ‘media and cultural policy aspects ought to be taken into consideration in programming’ and that ‘a sufficient part of [programming] must be of domestic origin’, and a part of this must be commissioned from independent producers.\textsuperscript{59}

In fact, MTV’s programme regulations define the company as a public-service type broadcaster rather than a commercial one. Indeed, MTV has on several occasions emphasised that, while being a commercial company, it also provides a public service. Its programming principles also closely resemble those of YLE, although Finland’s public broadcaster does specify more distinctly than MTV its provision of a ‘full service’ of information, education and entertainment, as well as its social purpose of providing ‘material for constructing a view of the world’ and promoting ‘discussion within society’.

\textsuperscript{56}See e.g. Tauno Äijälä, ‘MTV-kanavan ohjelmapoliitikka’, loc.cit., p. 32.

\textsuperscript{57}MTV’s programme regulations, loc.cit., articles II-V.

\textsuperscript{58}Loc.cit., article I.

\textsuperscript{59}Ibid.
Analysis of YLE’s and MTV Finland’s programming principles shows that the emphasis is strongly on public-service type duties. This lends support to the expectation to find a convergence between YLE’s and MTV’s programming policies.

*Audience/consumer orientation.* - In his study, Silvo (1988: 231) characterised YLE’s programming policy discourse of the early 1980s as a ‘national programme policy’. This policy rationale, expressed in the company’s middle-range action plans, was dominated by two central themes, (1) competitiveness of media structure and (2) competitiveness of national programme production. These supplemented each other in the sense that strict structural regulation of industry structure was considered to serve as a guarantee for the vitality of domestic productions. On the other hand, this thinking recognised the significance of (regulated) competition for programme quality. (Op.cit.: 231-232.)

Another theme typical of the early 1980s was a new emphasis of the receivers’ experience. Managing director Kiuru, in particular, wished to promote an ‘understanding’ approach in programme making. Here the particular ‘use-values’ of YLE’s programmes to the public were highlighted with the aim of strengthening the company’s general competitiveness. The threat of the new video media promoted an emerging appreciation of the audience as consisting of individuals with personal problems, feelings, values and experiences. (Op.cit.: 212-217.)

From the mid-1980s, documents such as *Yleisradio ja viestinnän muutos* and the annual action plans have increasingly emphasised the specific strengths of the company. These strengths, now appreciated as the foundation of programming policy and the principal measure of competition, included provision for comprehensive programming, aspiration to quality, emphasis on information and an obligation to represent domestic culture and Finnishness in the changing media environment. Hence, YLE’s tasks explicitly referred to all four principal discourses characterising public-service ideology - diversity, quality, information and cultural integration.

Following the wording of *Yleisradio ja viestinnän muutos*, the action plan for 1986/87-1990/91 promised that the company would provide distinctively Finnish programmes, drawing from national culture, thus standing out in the increasingly international programme flow and better serving the Finnish audience. In parallel with this, YLE started to emphasise its role as a broadcaster of the best of imported programmes. While both domestic and foreign offerings were to appeal to large audiences, the document established the serving of subaudiences, defined by their
way of life or dwelling region, as YLE’s major strategic task.60

It was important that programming ‘be continuously aware of its target audience’, i.e. whether a programme was directed at the masses or specialists ought to be taken into account in its content, expression and placement.61 Indeed, from the late 1980s the audience was paid increasing attention in the programming policy statements. ‘The audience and the serving of the audience are the principal goals of the development of programming’, YLE proclaimed.62 It seems that increasing competition invited YLE to search for ways of addressing the audience as a group of consumers of programmes and to learn to be more responsive to audience appreciation. This coincided with the introduction of a metered audience measurement system and an extensive audience research project (see Kytömäki and Ruohomaa 1996). This new ‘audience orientation’, or even ‘consumer orientation’, represented a modernised legitimation strategy, a supplement to using ‘public service’ as a slogan.

The policy aim of better serving the audience was also reflected in the channel reform. The re-allocation of channels was expected to clarify the programme output and to assist ‘the audience to find their preferred programmes in permanent slots’.63 As a result, a broad division of labour was introduced between TV1 and TV2 in 1993. According to it, TV1 should, until 9 pm, supply broadly targeted domestic programmes while TV2 should focus on imported fare targeted at special groups; after 9 pm the roles were to change. According to Mr Ilkka Koskimies, a head of programming and a principal architect of TV1’s schedule for 1993, the purpose of this complementary arrangement was to let one channel at a time to take the lead.64 According to Mr Arto Hoffrén, a head of programming at TV2, another intention with this division of labour was to avoid situations in which YLE’s major domestic productions would be scheduled to compete with each other.65 Thus, an audience-oriented programming policy was also used to justify the standardisation of schedules and the increased collaboration between TV1 and TV2.


63YLE’s budget for 1993, loc.cit.

64Ilkka Koskimies, interview.

65Arto Hoffrén, interview.
Another consequence of audience orientation was that the importance of audience figures increased, as discussed in Chapter 11. TV1’s goal for 1993 was to acquire a 30 percent share, whereas TV2 aimed at 20 per cent. TV1’s goal for early evenings, between 6 and 7.30 pm, was 500,000 viewers and for mid-evenings, between 7.30 and 9 pm, 850,000 viewers. TV2 set its targets at a lower level: 400,000 between 6.30 and 9 pm and 600,000 between 9 and 10.30 pm. By 1996, TV1’s share target had been reduced to 25 per cent. Also, some peak-viewing time slots were allowed to carry out ‘special tasks imposed by the act on YLE’, thus ‘not aiming at maximising their audiences’.

Misjudgements in the implementation of the channel reform taught YLE that much of its earlier ratings were due to the inheritance effect of MTV’s shows. Audience flow on TV1 and TV2 from YLE’s programmes to MTV’s programmes, and vice versa, had been natural. Viewers had never needed to consider whether they were watching an MTV or a YLE show. The separation of 1993 changed the situation profoundly and highlighted the broadcasters’ need to continuously appeal to the public and to apply an audience-oriented programme policy.

For MTV, audience had always been important, since advertising rates were roughly based on contact prices. Unlike YLE, MTV Finland had a long tradition of exploiting the good rating figures of its most popular programmes in its marketing. For 1987 MTV had set an average goal of 800,000 viewers for its programmes, and was able to exceed it. Towards the 1990s the average numbers dropped and target audiences increased in importance. However, MTV’s audience goal for the channel reform, set at 35-40 percent, was more moderate than that of YLE’s.

Internal competition between MTV’s programmes on three channels in 1990-1992 greatly helped the company to decide which elements in the schedules worked and which did not. Mr Heikki Seppälä, a head of programming at Kolmostelevisio at the time, described the gradual compilation of a commercial ‘MTV network’ of 1993 as follows:

The transition plan was not bad at all. In fact everything was very clear. Little by little certain elements were built in with MTV3 in mind. Elements that performed well and

66YLE’s budget for 1993.


68MTV Finland annual report 1987, p. 5.

69Jorma Sairanen, interview.
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had developed a viewing habit at a certain hour of a certain day were not moved.\textsuperscript{70}

As Mr Seppälä observes, ‘performing well’ did not necessarily mean high ratings, but also loyal viewership among a target audience - and for MTV, ‘target groups’ were definitely consumer groups, not just groups representing different ages, sexes or interests. According to Mr Sairanen, a head of programming, MTV and Kolmoteleviisio had a division of labour, with the former providing for ‘volume entertainment’ and the latter focusing on young adults. The strategy was to gradually introduce mass appeal programmes onto Channel Three and thus increase its share and create viewer loyalty.\textsuperscript{71}

While Channel Three had remained a youthfully profiled minority channel up until the end of the 1980s, in the hands of MTV Finland it became a medium for the masses. The audience relationship was established by launching breakfast television in December 1989, introducing several new early and mid-evening fiction and entertainment shows in 1990, starting \textit{Seitsemän uutiset} [News at seven] in 1991 and, finally, transferring most of MTV’s established entertainment shows onto Channel Three during autumn 1992. As a result, MTV’s shows inherited their previous viewers better than YLE’s programmes (Nurmi 1997).

After the channel reform, MTV Finland concentrated on increasing its programme hours by introducing noon, afternoon and nighttime broadcasts, so that by the end of 1996 it provided about 19 hours per day. According to the company, extended programme hours ‘also made it possible to increase services aimed at various target groups’.\textsuperscript{72} Hence, MTV Finland’s central programme policy goal of the mid 1990s was to expand its contact surface with the audience by serving not only large audiences, which appears to have been the company’s traditional domain - and perhaps still is during peak-viewing hours - but also special consumer groups. Examples are the daily business newscast \textit{Talousuutiset} (since 1993) and the daily youth- and music-oriented magazine \textit{Jyrki} (since 1995).

PTV’s role, then, was to complement both YLE and MTV. The programme schedules were compiled by managing director Hans Edin with the assistance of Ms Sirkka Tarkiainen, director of programming of Eurocable Oy.\textsuperscript{73} The company aimed at complementary programming, or as Ms Tarkiainen says,

\textsuperscript{70}Heikki Seppälä, interview.

\textsuperscript{71}Jorma Sairanen, interview.

\textsuperscript{72}MTV Finland annual report 1995, p. 8.

\textsuperscript{73}Eurocable Oy was a separate company responsible for imported programmes on PTV.
From Companions to Competitors

naturally, we analysed the rivalry provided by the schedules of both YLE and MTV. We searched for slots in which we could provide alternatives.\textsuperscript{74}

According to her, the channel was intended to perform as a ‘minor version of MTV’, aiming at the largest possible audiences. However, by strongly standardising its programme schedule, i.e. providing fixed slots for children’s programmes, quiz shows, soap operas, comedies, action and sports, it also tried to serve standardised consumer segments.

The increased emphasis put on ratings, shares and audience appeal strongly supports the expectation that broadcasters should have geared their programming policies towards a more competitive model. The analysis also lends support to the expectation to find signs of convergence between YLE and MTV Finland in particular. On the other hand, MTV’s and PTV’s consumer orientation appears to have been clearly stronger than that of YLE’s, which also supports my expectation.

\textit{Fiscal orientation}. - Together with increasing audience orientation, another major trend of broadcasters’ programming policy in the 1990s was an increased stress on economic calculation. This concerned not only MTV and PTV but also YLE.

The public broadcaster’s programming policy guidelines, defined by action plans, became more pragmatic, concentrating on concrete changes in resource allocation, programme hours, programme schedules, programme structure, etc. From the turn of the decade, programming policy has not been so much guided by generalised goals and principles but, rather, dictated by the programme schedule and the company budget. This may be a consequence of the channel reform agreed upon in 1989. Since the general idea of public service was increasingly accepted as YLE’s overall guiding principle, the company budgets were allowed to concentrate on how to manage the channel reform with its increasing programme hours and stagnating earnings. Also uncertainty of revenue, due to the general recession, must have contributed to YLE’s pragmatism.

For example, as outlined in the action plan for 1991/92-1993/94, the channel reform required that YLE should develop division of labour between its two channels, make changes in programme scheduling, concentrate on programme types underrepresented in its offerings, and increase its use of external productions.\textsuperscript{75}

Since then no high-principled middle-range action plans have been outlined. Instead, the company budgets have defined programming policies on an annual basis only,

\textsuperscript{74} Sirkka Tarkkainen, interview.

\textsuperscript{75} YLE’s action plan for 1991/92-1993/94, p. 6.
concentrating almost solely on allocating resources between programme departments.

Typical of this new ‘fiscally oriented’ programming policy was that, from 1995, a separately calculated average cost per hour for each programme type became a systematic measure of planning. Consequently, if the company management wants to increase the number of programming hours, and if no extra income is expected, this can be managed by shifting the balance between in-house productions and purchased programmes, or by ‘lightening’ productions, i.e. by decreasing the production costs per hour.

For example, in 1994 YLE planned to increase its programming hours on TV1 and TV2 by some 400 hours from the 6,500 hours of 1993. This was mainly due to the introduction of Päiväopisto [Daytime college], a daily afternoon programme slot for adult education. Since the revenues were expected to be lower than the previous year, TV1 was forced to carry out several cuts in its operations - for example, the production structure of programming was lightened, the number of televised events was increased, the daily closedown was brought forward, and in-house productions were cut, whereas domestic reruns were increased. These actions brought the average programme cost per hour on TV1 down by 13 per cent.

Unfortunately, corresponding evidence from MTV Finland, not to mention PTV, is not available, since company budgets are considered confidential. While advertising-funded broadcasters can increase their advertising revenues by expanding their programme hours, they are, on the other hand, vulnerable to fluctuations and other market uncertainties. As a result, the budget of a commercial broadcasting company is more ‘flexible’ than that of a public one. The significance of the company budget for programming policy is described by Mr Äijälä of MTV as follows:

When we have an estimation of the next year’s budget, even a rough one, we know whether we can make investments in programming or increase programme hours. This is the starting point. As a result we know how much fiction we can produce, how much of each programme type, what kinds of pressures there are on the costs of sports programmes, and so on.

In commercial television too programme costs must be calculated carefully, since the average cost of each programme slot ought to meet average earnings.

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76 YLE’s budget for 1994, p. 6.
77 Tauno Äijälä, interview.
From Companions to Competitors

In principle, the advertisers have bought air time at gross contact price, but it is not always ratings which count here. Sometimes an X-Files-type targeted show may turn out to be more attractive to advertisers than a dating-game-type mass audience show. According to Mr Sairanen, MTV’s ex-head of programming, foreign series in particular serve as examples of relatively low ratings but high sales of commercials.

I remember that in the late 1980s [...] foreign series were fully booked, whereas domestic entertainment was not. [...] When, let’s say, Miami Vice had [no more than] half a million viewers but was sold out, [the company management] began to realise what was happening in society. And what the advertisers are interested in.\textsuperscript{78}

Conversely, not even good ratings necessarily save a programme if it does not sell:

At one time even Karpo [Karpolla on asiala, a personal-interest show] was about to be closed, since it didn’t attract advertising. Nevertheless, it has been allowed to continue, since it still is one of the few programmes which continuously draw one million viewers.\textsuperscript{79}

Documentaries, for example, according to Mr Sairanen, disappeared from MTV’s schedules largely due to advertisers’ rejection. On the other hand, ‘lightening’ of production values was also widely used at MTV in order to control spending and reallocate resources. For example, the personal-interest type of programming was increased during the 1990s due to its low price:

When programming outside prime time was strongly increased, the average price per hour had to be decreased. This is where personal-interest shows were brought in. On the other hand, the supply of expensive entertainment shows has been cut down. We had to drop projects such as Kivikasvat [Stone Faces, a musical entertainment show], which, with its enormous stage setting, cost hundreds of thousands of marks per hour. Also, we had to drop TV theatre. This coincided with major investments in news. It was a remarkable change of course.\textsuperscript{80}

At PTV, economic calculation had an even greater role, since ratings and advertising sales remained below targets. Due to its shoestring programming

\textsuperscript{78}Forma Sairanen, interview.
\textsuperscript{79}Ibid.
\textsuperscript{80}Ibid.
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budgets, it was never able to compete, for example, for premiere broadcasts of blockbuster films. Or as Ms Tarkiainen of Eurocable explains,

[...] since we could not afford premiere films, we decided to accept re-runs, in other words films already broadcast by either YLE or MTV. Luckily, we managed to negotiate reasonable prices. It restricted our operations but it worked - we made good audience figures.81

In Chapter 13, commercial broadcasting ideology was reduced to three main arguments, claiming that the audience wants (1) choice and (2) popular programmes and that it is the (3) viability of programming which counts in the final instance. The programming decisions of PTV and MTV, as described here, come close to this model of thinking. On the other hand, YLE also increasingly recognised popularity and efficiency as a basis of its programming decisions.

This tendency towards a fiscal orientation in programme policy supports the expectation that the companies should show signs of convergence in their programming policies. Lightening and externalisation of productions both at YLE and MTV Finland, as well as compliance with the interests of the advertisers at MTV and PTV, all aimed at increasing competitiveness and promoted convergence between the companies. On the other hand, the two commercial broadcasters emphasised viability of programming more clearly than YLE, which supports the expectation that distinct differences between the programme policies of public, hybrid-commercial and genuinely commercial stations still exist.

15.5 Emphases of Programming in Transition

How to serve all interests? - After competition emerged during the 1980s, YLE, on the one hand, wanted to safeguard its superiority in news and current affairs and, on the other, aimed at establishing drama and fiction productions as a specific focal area. At the same time it also wished to develop division of labour between TV1 and TV2 in order to increase efficiency and better serve the public. The company wanted to cater for all interests. An important document on these efforts was a

81Sirkka Tarkiainen, interview.
From Companions to Competitors

report of 1987 by heads of programming. 82

As to information programmes, the heads of programming suggested that the number of programme titles should be decreased. They recommended that TV1 should concentrate on international issues and scientific topics, whereas TV2 should apply domestic and regional approaches and put an emphasis on practical information. In its current affairs programmes TV1 should take care of international issues, whereas domestic affairs should be left to TV2. A distinction was made in sports programmes too: TV1 should continue to cover sports news whereas TV2’s domain would be physical exercise as a hobby. Collaboration between the units was recommended for broadcasting of major sports events. Children’s programmes were approached in a similar way: TV1 would place the emphasis on schoolchildren whereas TV2 would focus on younger groups.

Hence, in information, current affairs, sports and children’s programmes it was considered appropriate that TV1 and TV2 should complement each other in a coordinated manner. In news and education the policy recommendation was different. Educational programmes, the heads of programming suggested, should be solely the responsibility of TV1 (and FST), which was also a long tradition at YLE. Also following tradition, the news department should be developed as a centralised production organisation serving both channels, while the number of newscasts should be increased and the main newscast of 8.30 pm be broadcast on one channel only - a radical proposal which resulted in the news reform of 1990. According to the committee, ‘an alternative based on several newscasts during one evening would, in future, reach a greater audience than the present arrangement based on one main newscast’. 83

In drama and entertainment the heads of programming found major targets for development. Drama, in particular, did not appeal strongly enough to large audiences, they claimed, and special resources should be allocated to domestic drama productions. While they proposed that TV1 should concentrate on single plays and made-for-television movies, and TV2 on drama series and serials, they also made it clear that YLE should cooperate more actively with independent film producers, as well as with the Finnish Film Foundation. 84

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82See Ty-vyksiköiden yhteistyön kehittäminen [On the development of collaboration between TV units], Yleisradio, April 10, 1987. - In the commission Mr Lars-Peter Ringbom represented TV1, Mr Arto Hoffrén TV2, Ms Joan Harms and Mr Fredrik Hackman FST and Mr Raimo Vanninen regional operations.

83Loc. cit.: 33.

Entertainment programmes, too, were considered a central part of YLE's offerings, since they are powerful in creating 'an image of YLE's programmes as a whole'. Here the committee considered that 'competition between television units is an effective measure of promoting the competitiveness of the entertainment programmes of the company'.

**Internal division of labour.** - The report of the heads of programming was not necessarily taken as an explicit guideline when YLE decided its emphases of programming. However, YLE's policy during the following years followed similar lines of thought in many ways. In order to realise these goals, concrete measures were defined separately for TV1, TV2 and FST. For example, TV2 was set a goal of doubling its serial drama productions.

Naturally, the channel reform forced YLE to reconsider its programme structure, as well as the relationship between TV1 and TV2. Hence, the action plan for 1991/92-1993/94 recognised that YLE should 'develop the mutual division of labour of [its] channels so that they can jointly and every day serve different needs and interests of the public' and that special investments should be made in programme types earlier neglected by YLE. As the plan was to increase programme hours by 20 percent, but because the economic situation was tight, 'lightening' of production structures was promoted in all programme types. In information-type programmes this was carried out by replacing documentaries with reportage and studio-based discussions and in drama by increasing co-productions. The channel reform also called for 'pre-production' of drama and documentary programmes which could be launched in 1993.

Whereas TV1 proclaimed itself 'the primary channel of the TV audience' and announced that it would maintain its position as 'the most important news medium, the greatest and most varied theatre and concert stage, a reliable channel of information and a forum for children's programmes', TV2 defined itself as 'a channel for selective viewers, a channel whose supply is composed of individual programmes instead of a flow of broadcasts'. The purpose of TV1 was, on the

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88 See e.g. YLE's budget for 1991/92, p. 5.

89 YLE's budget for 1993.
From Companions to Competitors

one hand, ‘to maintain its strengths’ and, on the other, ‘to diversify its factually oriented programme structure towards fiction’, whereas TV2 promised to focus on ‘exploratory current affairs programmes and information, thoughtful drama and insightful entertainment’. In practice this meant that both TV1 and TV2 were to double their in-house productions of information, drama and entertainment.\(^9\)

While fiscal reasons forced YLE to cut back on its operations in 1994, TV1 concentrated on restoring the reputation of its ‘branded products’, as it called them, \textit{TV-tutiset ja sää}, the main newscast, and the current affairs magazines \textit{A-studio} and \textit{Ulkolinja}, whereas TV2 kept serial drama and current affairs programmes as its major focal areas.\(^9\) The following year, TV1 defined itself as ‘a full-service channel, characterised by a heavy dose of news and current affairs supply’, whereas TV2 proclaimed itself ‘a varied channel for family and target audiences’. Both units promised to develop their domestic drama and entertainment offerings in particular to appeal to large audiences.\(^9\)

For 1996, TV1 even promised to strengthen its offerings of current affairs programmes, but also to continue developing its fiction and entertainment output, whereas TV2 emphasised, perhaps more clearly than before, that the emphasis in its offerings would be placed on fiction, ‘with the kernel being formed by children’s programmes, domestic drama series and versatile entertainment, supplemented by foreign movies and series’.\(^9\)

According to YLE’s goals, the post-reform TV1 was clearly to show an information orientation, whereas TV2 was intended to be a lighter alternative with the majority of programming focusing on drama and entertainment.\(^9\) The company’s continuous efforts to develop the division of labour between its two channels and to invest in domestic drama indicate the company’s intention to better meet the challenges of the new television environment, thus lending support to the expectation that increased competitiveness should be discerned even in YLE’s programme policy definitions.

\textit{Emphasis on news.} - At MTV, the single main focal area since the mid-1980s had

\(^9\)Loc. cit.


\(^9\)See e.g. YLE’s budget for 1995, pp. 52-53.
been news and current affairs programming. This was enabled by an agreement between YLE and MTV in 1987 according to which the latter was allowed to use issues of today in its current affairs magazines. As Mr Sairanen certifies:

Enormous investments were made in [news and current affairs] from the late-1980s to 1993. It was then that MTV’s news and current affairs department was developed to eminence comparable with YLE. It acquired [programme director] Āijālā’s keenest interest [...]. Other departments perhaps suffered from [the news] being such a personal ambition for him. ⁹⁵

This was also recorded in the policy directions laid out in the company documents, which recognised other areas of elaboration, too. For example, the 1987 annual report defined ‘development of news and current affairs programming, investments in the quality of domestic drama series, reformation of domestic TV entertainment […]., and planning of programmes for youth and young adults’ as MTV’s main fields of interest. ⁹⁶

The decision on channel reallocation inspired the company to redefine its focal areas of programming. These were ‘independent news and current affairs programmes, high quality domestic drama and entertainment productions, and the best feature films and serials produced in different parts of the world’. ⁹⁷ Three years later, MTV Finland, preparing for the launch of MTV3, listed the principal elements of its programming as follows:

The mainstays of MTV3’s programming are: independent, strong and varied offerings of news from early morning to late night; specialised current affairs offerings and increasingly extensive business news service. Other mainstays are fiction programming based on series and serials, recruitment of the best entertainment makers in the country, provision of the best of foreign programmes, and extensive offerings of movies. In addition, sports programming will be established on weekends. Cooperation with municipalities and universities will consolidate informative offerings. ⁹⁸

As a result of continuous investments, the number of daily newscasts on MTV3 increased from one in 1988 to 18 in 1996.

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⁹⁵Jorma Sairanen, interview.
⁹⁶MTV Finland annual report 1987, p. 8.
Another new area, earlier completely missing from MTV's offerings, was sports. MTV benefitted greatly from inheriting exclusive rights to, for example, NHL icehockey (since 1988), Formula One Grand Prix (since 1989), and the domestic icehockey league (since 1990) from Kolmostelevisio.

Still another fiercely competitive field was foreign movies and TV series. Although MTV has made coproductions even with SVT, the Swedish public broadcaster, the company's principal interest was firmly in US products. For example, in 1996 MTV Finland made volume agreements with three major studios, Fox, MCA and Warner, which guaranteed that a great number of both movies and series was available for the company. An agreement on children's programmes with Disney was also re-established the same year.\textsuperscript{99}

MTV's decisive concentration on developing its news and current affairs service signalled its ambition to challenge YLE's leadership in the field, thus supporting the expectation that both rivalry and convergence emerged between the companies.

Towards fixed schedules. - Due to the mixed sharing of channels, highly stable programme schedules had already been introduced in Finland in the 1960s. However, it was PTV, from 1990 on, which first started to systematically exploit fixed schedules:

First we placed the movies, then we fixed slots for series and serials, soap operas, children's programmes, and so on. Then of course we had our talk shows, domestic hobby programmes and others. We definitely aimed at fixed slots. So that people would find them.\textsuperscript{100}

Typical of PTV was that daily variation in the flow of programme types was almost nonexistent, except on Sundays when sports offerings dominated. In other words, PTV relied heavily on standardising its schedule both vertically, with the same pattern of programming being repeated every day, and horizontally, with the same programme titles being repeated from week to week in the same slots.

This was PTV's only chance, since its role was to struggle for the marginal audience. For example, while PTV spent some FIM 18 millions on foreign programme purchases in 1996, MTV spent more than FIM 100 millions.\textsuperscript{101}

\textsuperscript{99}MTV Finland annual report 1996.

\textsuperscript{100}Sirkka Tarkiainen, interview.

\textsuperscript{101}Marja Heinonen, 'MTV:lle jenkkiviühdetä 50 miljoonalla markalla' [MTV bought US entertainment for FIM 50 millions], \textit{Kauppalehti}, August 20, 1996.
Instead of challenging YLE and MTV in national news and current affairs, the network provided local news, commissioned by local cable operators. Instead of competing for the number one US series, it was content with less-appreciated titles.\textsuperscript{102} It chose to concentrate on few programme categories only.

Since 1987 Kolmostelevisio too had been able to apply fixed schedules by establishing a repetition of certain programmes or programme types horizontally, from one week to another. It was also the first television broadcaster which was able to compile an uninterrupted schedule for the whole evening, i.e. build a vertically proceeding programme flow, since the company was not sharing its channel with anyone else. Mr Heikki Seppälä, head of programming at Kolmostelevisio, however sees the company’s efforts on standardisation as tentative steps only:

Our scheduling strategy was to search for weaknesses in the schedules of other channels – since that’s the only way a new channel can try to enter. […] Certainly we understood the significance of standardisation […] but we still lived in a world of two [national] channels. People did not yet need fixed schedules, they could find their favourites without them.\textsuperscript{103}

According to him, the process accelerated when MTV Finland became the principal owner of Kolmostelevisio. Learning from the policies applied by major Western European commercial networks, the company started to build an entirely fixed programme schedule for MTV3. Programme director Äijälä names the French TF1 and the German RTL Plus as its obvious models:

I personally travelled around the world. We acquainted ourselves with the schedules and competitive situations of all markets relevant to us, focusing particularly on where the others had failed. […] This was basic work which took several years. […] The United States… we can forget it. You can adopt formats from there, but if you’re interested in programming and scheduling, you learn more from Europe and Australia.\textsuperscript{104}

As a result, MTV3’s programme schedule became based on fixed daily slots for

\textsuperscript{102}PTV’s few victories include gaining the broadcasting rights for the ice hockey World Championships for three years in 1992-94 and the Finnish television premiere of Quentin Tarantino’s Reservoir Dogs in 1994.

\textsuperscript{103}Heikki Seppälä, interview.

\textsuperscript{104}Tauno Äijälä, interview.
From Companions to Competitors

each programme type, as well as weekly slots for each title. This is how Mr Sairanen describes the pattern:

One of the guiding principles of MTV’s schedule planning for 1993 was that every day should provide something for everybody. Everyday we had a wide-appeal entertainment show, every day at least one foreign series, or at least a movie as on Mondays... There must be a slot every day where a young city dweller finds his favourite foreign series. Or a fan of domestic entertainment finds his Ihmeidentekijät [The miracle-workers, a domestic serial] [...]. And this principle is still in existence there [...].

Another principle was to start programmes on the hour or half-hour, ‘because it’s so damned difficult to remember these odd starting times’. As a result, for example movies were mostly placed in the late evening instead of prime time.

In accordance with YLE’s doctrine of the separation of the mass audience and special target groups, TV1 defined its early and mid evening hours as being directed at the general audience, whereas most of the afternoon and late evening programming was targeted more narrowly. Accordingly, its prime-time offerings were designed to focus on general information and public issues, typical of a public-service broadcaster. In contrast, TV2 developed a programming policy in which early evenings were clearly aimed at special interest groups, including the Swedish-speaking minority, children and old people, whereas mid-evenings provided series, movies, entertainment and personal-interest shows for family audiences. Late evenings on TV2, too, were devoted to special groups.

Since the programme schedule, in 1995, became the principal measure of programme planning and resource allocation, with programme expenses and rating goals being included in the schedule, the degree of standardisation of YLE’s schedules tended to increase. The company aim was to create a permanent basic schedule, coordinated between TV1 and TV2, and ‘serving both as an instrument of management and the provision of our offerings to the viewer’. Or as the director of TV2 argued:

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103Jorma Sairanen, interview.

104Tauno Aijälä, interview.

105See e.g. YLE’s budget for 1993.

106See YLE’s budgets for 1995 and 1996.

107Arne Wessberg, interview.
The more channels you have, the more important standardisation [of schedules] gets, since otherwise people can’t cope with the offerings. That’s why you have to condition them - hey, it’s Thursday, Tutu juttu’s on [a domestic family quiz show]? The main consequence [of this rationale] is that one-off programmes have been falling off. They have to be specials, which can be marketed and made to break through beforehand so that they will be noticed. But if they are just individual one-offs, […] their days, unfortunately, are almost gone.\textsuperscript{10}

In spite of the standardisation of programme flow, YLE still felt it was obliged to provide single programmes, too, perhaps since the production culture of the company had traditionally favoured them and since systematically fixed schedules might turn out to be too rigid. Balancing the needs of standardisation and flexibility was not always easy. Or as the director of television, Mr Lehmusto, puts it:

For example, YLE’s entertainment departments supplied 87 different programme titles last spring [1993]. We produce a huge number of titles, short series, various experiments, and we close them before we know whether they work or not. […] On the other hand, it also means a richness of production. What I mean is that it is much easier to work with a regular schedule based on horizontally fixed slots, as well as to operate vertically with the intention of keeping a certain audience. It’s easier to create [a schedule like that], but if we do it variety will suffer.\textsuperscript{11}

Mr Wessberg formulates this problem as follows:

Single programmes ought not to be dropped. They should be included, but in a way which gives the audience an idea of what kinds of single programmes are supplied at a certain time. Also a certain packaging of these [programmes] is needed so that they compose a unity, connected by similar expectations.\textsuperscript{12}

As a result, YLE’s schedule aimed at creating a standard pattern for its programme schedules, maintaining however the considerable variety provided by single, non-serialised programmes. Live sports broadcasts also provided a natural break in the fixed programme flow.

The increasing tendency towards standardised schedules supports expectations, since it clearly serves as a measure of competition. This tendency was typical of all

\textsuperscript{10}Arto Hoffrén, interview.

\textsuperscript{11}Heikki Lehmusto, interview.

\textsuperscript{12}Arne Wessberg, interview.
From Companions to Competitors

broadcasters, thus supporting the expectation for convergence between the companies. But since standardisation was more developed at MTV Finland and PTV than at YLE, the expectation for distinct differences between the companies was supported too.

15.6 Summary

1. As a result of the growing business-like approach in television broadcasting, decision-making on programming policy has increasingly been transferred from representative organs to company management.

2. During the 1990s, three tendencies characterised the programming policies of the broadcasters: audience orientation, fiscal orientation, and standardisation of schedules. Whereas the first emphasised popularity and targeting and the second efficiency and viability of programming, standardisation aimed at supporting both of these goals.

3. Since the late 1980s YLE has adopted the concept of ‘public service’ as the guiding principle of its programming, defined as a supply of diverse programmes of high quality. During the 1990s, MTV Finland also emphasised its semi-public-service provision.

4. In its policy statements, YLE intended to expand its traditional programming domain to programme types earlier underrepresented in its offerings, fiction in particular. It also promoted a better division of labour between TV1 and TV2 by steering the first to focus on information and the latter to provide more fiction and entertainment.

5. MTV Finland’s policy was to widen its programming domain by investing heavily in news and current affairs, as well as sports, whereas PTV decided to stick to its narrow domain.

6. Kolmostelevisio and PTV were the first in Finland to introduce highly standardised programme schedules, but along with the channel reform it was MTV Finland in particular which exploited the possibilities of standardisation.

7. At YLE the programme schedule was developed into a systematic measure of management and resource allocation. Although the company decided to standardise its schedules, it wished to preserve at least some flexibility and variation.
IV PROGRAMME OUTPUT

Part IV of the study analysed the differences between the public service and commercial approaches to programming policy. It suggested that while the public service broadcasters tend to approach their audience as 'citizens', the commercial players regard the audience more as a group of 'consumers'. Although certain convergencies between the two models were found and discussed, the programming policies of the Finnish television broadcasters were found to largely follow this division, with YLE leaning towards the public-service model, and MTV Finland and PTV drawing from the commercial definitions of programming. The convergencies between YLE and MTV in particular were also found. While YLE had approached the commercial model in its decision-making process, audience orientation, increased economic calculation and its efforts to standardise its schedules, MTV had begun to argue for the comprehensiveness of its offerings and to invest in its news and current affairs service, thus converging towards the public-service model.

Programme output can be understood as a 'realisation' of programming policy. To what extent does the realised programme structure of each company represent their explicit policy purposes? And to what extent does the scheduled variety of offerings meet the goals of comprehensiveness expressed in policy statements? Also, to what extent did the companies manage to implement their plans for competitive, standardised schedules?

According to a classic finding of Raymond Williams (1974: 78-86), public service television (Type A) concentrates on news and public affairs, features and documentaries, education, arts and music, children's programmes and TV plays, whereas commercial television (Type B) relies on drama series and serials, movies, and general entertainment.¹ Does this distinction between the two programming traditions still hold good? And to what extent has the hybridisation of the broadcasting industry changed established truths? To what extent have the programme supplies of stations representing different models of broadcasting converged? And what kind of an impact has this made on programme variety available to the viewer?

¹According to Williams' analysis, sports was not a feature distinguishing the two broadcasting systems from one another, and thus was included neither in Type A nor Type B (see Williams 1974: 83-84).
From Companions to Competitors

Part IV of the study is devoted to programme output. Chapter 16 reviews earlier studies on programming in several countries, pointing in particular to differences, as well as convergencies, between public service and private commercial broadcasting. Here, the research tradition of programme diversity studies is discussed critically, too. In Chapter 17 the methodologies adopted in this study for the empirical analysis of Finnish television programming will be introduced.

The rest of the chapters are devoted to the programme output of Finland’s three broadcasters (YLE, MTV and PTV) and four TV channels (TV1, TV2, TV3/MTV3 and PTV). Based on a systematic, quantitative as well as qualitative, analysis of their programme schedules between 1988 and 1996, the changes in the programme output of each channel, as well as the whole channel system, will be studied. The analysis will proceed according to the three analytic levels of programme output: (1) programme structure (Chapter 18), (2) programme range (Chapter 19) and (3) scheduling (Chapter 20). The programme output will be investigated both ‘vertically’, i.e. by broadcaster (or by channel), and ‘horizontally’, i.e. across the complete channel system. Programming is mainly studied in terms of programme types and origin of programmes. Also, the differences between prime time and total output will be analysed, as will be the use of counterprogramming and the share of serialised programmes.
16 Earlier Studies on Programming

16.1 Programme Output: Conflicting Traditions

Emphases of programming. - In line with the classic distinction by Raymond Williams (1974), several studies, national and cross-national alike, have confirmed that whereas public-service television tends to conform to a Type A programming, favouring news and public affairs, features and documentaries, arts and music, plays, and children’s programmes, commercial stations apply a Type B distribution among programme types, focusing on drama series and serials, movies, and general entertainment. What this distinction, in the first place, suggests is that the two paradigmatic models of broadcasting underline different programme types in their output. Whereas public stations emphasise their informative and cultural fare, commercial broadcasters devote a majority of their programme hours to fiction and entertainment.

A content analysis by Blumler et al. (1986) of the range of programmes available at prime time in Australia, Britain, France, Germany, Italy, Sweden and the United States detected that of the 13 channels covered by their study the commercial ones relied heavily on series, serials and soaps, and light entertainment, whereas the public channels supplied greater proportions of newscasts, current affairs programmes, arts programmes and documentaries. Similarly, a commercial survey conducted by Horizons Media International, London (see HMI 1988), analysing forty-seven different television channels in thirteen Western European countries, maintained that programming patterns of state-owned, private commercial and satellite channels differed distinctively in their relationship with entertainment, fiction and sports. On the basis of a secondary analysis of programme supply studies, also Sepstrup (1990) concluded that ‘there is a relatively strong relationship between the degree of commercialization and the share of (prime-time) entertainment-based programme supply’ (op. cit.: 50).

A more recent cross-national comparison by De Bens et al. (1992) analysed

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2Blumler et al. (1986) based their results on an analysis of no more than three weekday evening schedules in October 1985.

3This study (HMI 1988) covered one week’s prime-time schedules.
From Companions to Competitors

**TABLE 16.1** Programme content by station type on Western European TV channels, 1991 (%)

<table>
<thead>
<tr>
<th>Channel type</th>
<th>Share of popular programmes</th>
<th>Share of serious programmes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Whole day</td>
<td>Prime time</td>
</tr>
<tr>
<td>Public broadcasters</td>
<td>57</td>
<td>62</td>
</tr>
<tr>
<td>Commercial broadcasters</td>
<td>74</td>
<td>86</td>
</tr>
</tbody>
</table>

Source: Calculated from De Bens et al. (1992: 84)

Note:
The analysis covers 53 Western European channels in 14 countries. 34 of the channels were considered public and 19 commercial. The data does not separate hybrid broadcasting institutions, such as Britain’s ITV and Channel 4 or Finland’s TV3. For the list of the channels included the reader is referred to De Bens et al. (op.cit.: 86-87).

schedules of 53 European TV stations in 14 countries. Whereas public broadcasters devoted on average 43 per cent of their programming to ‘serious’ programme categories (consisting of information, culture, education and children’s programmes), no more than 26 per cent of the output of commercial stations could be included in this category. Or conversely, while commercial broadcasters scored an average of 74 per cent for popular categories (consisting of movies, series and serials, entertainment, music and sports), the share of popular programming in public stations was 57 percent. Table 16.1 summarises the results.

However, according to the study, the share of popular programming tended to increase during peak-viewing hours, both in public and commercial stations. On the other hand, the percentage of popular programming on public channels was more than 60 per cent in several countries, such as Denmark, Finland, Italy and Spain, and on none of the analysed channels did the share of serious programming exceed a scoring of 50 per cent. In fact, ‘[t]he most important programme category in all stations (both public and commercial) is fiction’, the authors conclude (op.cit.: 85). This suggests that, first, popular categories in general dominate programme output, regardless of the channel type, and, second, public broadcasters too are sensitive to requirements of popularity, particularly at prime time.

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*The sample in De Bens et al. (1992) included two weeks in January 1991.
**TABLE 16.2** Programme content by station type in the Nordic countries, 1988-1995 (%)  

<table>
<thead>
<tr>
<th>Station type</th>
<th>Share of information</th>
<th>Share of fiction</th>
<th>Share of entertainment</th>
<th>Share of other categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public, non-commercial</td>
<td>41</td>
<td>23</td>
<td>12</td>
<td>24</td>
</tr>
<tr>
<td>Public, hybrid</td>
<td>35</td>
<td>34</td>
<td>12</td>
<td>18</td>
</tr>
<tr>
<td>Private, hybrid</td>
<td>32</td>
<td>37</td>
<td>13</td>
<td>18</td>
</tr>
<tr>
<td>Private, commercial/satellite/cable</td>
<td>16</td>
<td>55</td>
<td>9</td>
<td>20</td>
</tr>
</tbody>
</table>

Mean (X)  

<table>
<thead>
<tr>
<th>Share of information</th>
<th>Share of fiction</th>
<th>Share of entertainment</th>
<th>Share of other categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>32</td>
<td>36</td>
<td>12</td>
<td>19</td>
</tr>
</tbody>
</table>

Source: Hellman and Sauri (1997: 33)

Notes:

1. Does not include sports programmes.
2. Including, for example, sports, children's programmes, local programming, etc.
3. Includes Finland's TV1 and TV2 (1993-1995), Sweden's SVT1 and SVT2, Norway's NRK, and Denmark's DR.
6. Includes Finland's PTV, Sweden's TV3 and TV4 (1990-1991), Norway's TV3 and TWNorge, and Denmark's TV3.

What about hybrid channels, then? A study by Hellman and Sauri (1997), comparing programme structures on 16 channels in the Nordic countries in 1988-1995, confirmed the broad difference between public service and commercial stations. While informative programming accounted for 41 per cent and fiction for 23 per cent of the fare of the non-commercial public-service stations, genuine, advertising-supported commercial channels, distributed by satellite or cable allocated no more than 16 per cent of their broadcast time for informative programming and as much as 55 per cent for fiction. However, the hybrid stations, either state-owned or private, took up their position between the two paradigmatic models, devoting about one third of their programme supply to informative genres and another one

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5The data for the analysis was drawn from the annual broadcasting statistics compiled by Nordicom, Gothenburg.
third to fiction. Although the hybrid stations in many ways imitate commercial channels, they appeared in their programme offerings to come closer to the public-service than the commercial model. Nevertheless, there still exists a difference between a genuine public service and a typical hybrid programme profile. The results of the study are summarised in Table 16.2.

A similar difference in programming patterns between public and commercial/hybrid broadcasters has been identified by a multitude of nationally conducted longitudinal or case studies in, for example, Britain (Nossiter 1991), Denmark (Nielsen and Svendsen 1996; Sepstrup 1994), Finland (Hellman and Sauri 1988, 1989, 1994), Germany (e.g. Krüger 1989, 1993), Norway (Syvertsen 1997) and Sweden (Hillve 1995; Hillve et al. 1997; Hultén 1995, 1996b).

Hence, the perceived pattern of programme policy discourse, with the PSB philosophy arguing for informative programmes and the PCB ideology promoting popular programming, appears to materialise in the actual programme output, too.

Range of programming. - Discourse on programming policy also suggests that whereas public broadcasters should provide a wide range of programming, commercial stations should supply a narrower range, focusing on popular categories only. Indeed, evidence provided by for example Blumler et al. (1986) supports this, suggesting that ‘broadcasting systems which are most dependent on advertising also schedule the narrowest range of programming’ (op.cit.: 351). In their analysis, the greatest variety was supplied by Britain’s BBC1, Germany’s ZDF, Italy’s RAI, and Sweden’s SVT1, all public service channels, whereas the narrowest range came from Italy’s commercial Rete 5, while Britain’s ITV, a hybrid organisation, was superior to purely commercial stations.

A more recent study by Ishikawa et al. (1994 and 1996), comparing programme diversity on 26 channels in five countries concluded that, unlike public broadcasters, commercial stations in each country ‘contributed little to the general diversity’ of programming (Ishikawa et al. 1994: 166). What the result means is that programme genres are more broadly represented and more evenly distributed in the schedules of public broadcasters than they are in commercial stations’ schedules. The result has been supported by nationally conducted studies in e.g. Finland (Hellman and Sauri 1996a, 1996b), Norway (Syvertsen 1997) and Sweden (Hillve and Rosengren 1994; Hillve 1995; Hillve et al. 1997).

The study by Ishikawa et al. (1994; see also 1996) was based on an analysis of one week’s schedules in March 1992. The countries represented were Britain, Canada, Japan, Sweden and the United States.
However, results by Ishikawa et al. (1994 and 1996) deserve some qualifying comments. First, the overall result appears to be more valid for the two European countries included in the study, Britain and Sweden, as well as the United States, where public channels performed clearly better than their commercial rivals, whereas particularly in Japan it was the commercial channels that supplied more diversity. For example two commercial Japanese networks, TX and CX, showed a higher value of diversity index (0.77 and 0.70 respectively) than either of the two public channels. The explanation for this may lie in the fact that in Japan commercial broadcasters have been established as major generalist programmers, while the public broadcasting institution, NHK, has been turned into a niche service which lags behind its rivals in audience shares and supplements their fare. On the other hand, in the United States, where the public broadcaster PBS is even more clearly a niche service, the company provides a dramatically broader range of programme types than the four major commercial networks (see also Litman et al. 1994; Litman and Hasekawa 1996). This shows how vulnerable cross-national comparisons are to major differences in television traditions.

Second, the results of Ishikawa et al. show remarkable differences across countries. Whereas very high values of diversity index were found in Sweden (SVT1’s 0.84) and Britain (BBC2’s 0.80 and Channel 4’s 0.81), the highest values for the United States (PBS’s 0.60) and Canada (CFTM’s 0.65) expressed a medium level of diversity only. Similarly, the top diversity figures for some Japanese commercial channels were drastically higher than figures for any of the public channels in Canada and Japan - and drastically higher still than diversity index values of commercial channels in any other country. This, too, suggests that television cultures are different and that, when drawing conclusions on diversity, nationally specific characteristics of the television marketplace should be taken into account.

Third, hybrid broadcasters, such as Britain’s ITV and Channel 4, Sweden’s TV4 and Canada’s CFCF, CFTM and CFJP, are dealt with simply as commercial channels by Ishikawa et al. (1994 and 1996). Whether their programme output differs from genuinely commercial channels is not discussed by the authors. In

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7The measure used in the operationalisation of diversity was the Relative Entropy Index, which will be discussed and explained more thoroughly in Chapter 16.3. The value of the index varies between 0 and 1, with 0 expressing minimum diversity (i.e. maximum concentration: all programmes in one category) and 1 expressing maximum diversity (all programme categories equally large). Hillve et al. (1997: 298) have suggested that the following ordinal scale be used in the interpretation of index values: 0.01-0.34, very low; 0.35-0.54, low; 0.55-0.69, medium; 0.70-0.79, high; and 0.80-1.00, very high.
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**TABLE 16.3 Diversity of programming in five countries by station type, 1991**

<table>
<thead>
<tr>
<th>Channel type</th>
<th>Relative Entropy, <em>a</em> whole day</th>
<th>Range (R)</th>
<th>Relative Entropy, <em>a</em> prime time</th>
<th>Range (R)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public broadcasters</td>
<td>.64</td>
<td>.40</td>
<td>.61</td>
<td>.31</td>
</tr>
<tr>
<td>Hybrid broadcasters</td>
<td>.66</td>
<td>.25</td>
<td>.56</td>
<td>.30</td>
</tr>
<tr>
<td>Commercial broadcasters</td>
<td>.48</td>
<td>.27</td>
<td>.49</td>
<td>.54</td>
</tr>
</tbody>
</table>

Source: Calculated from Ishikawa et al. (1994: 164)

Notes:

*The value of the Relative Entropy Index varies between 0 and 1, with 0 expressing minimum diversity (i.e. maximum concentration: all programmes in one category) and 1 expressing maximum diversity (all programme categories equally large).

*Category of public broadcasters includes NHK GTV and NHK ETV in Japan, PBS in the United States, CBMT, CBFT and CIVM in Canada, BBC1 and BBC2 in Britain, and SVT1 and SVT2 in Sweden.

*Category of hybrid broadcasters includes ITV and Channel 4 in Britain, CFCF, CFTM and CFJP in Canada, and TV4 in Sweden.

*Category of commercial broadcasters includes NTV, TBS, CX, ANB and TX in Japan, ABC, CBS, NBC and Fox in the United States, and TV3 in Sweden.

In order to account for this, I categorised the 16 channels included in their study into three groups (public, hybrid, commercial) and calculated the average values of diversity index for each group. The results of this analysis are presented in Table 16.3.

This secondary analysis of the results of Ishikawa et al. (1994 and 1996) suggests that, whereas on commercial channels diversity on average is low, public and hybrid broadcasters show medium values of the diversity index. It also suggests that public and hybrid channels are highly similar in terms of programme diversity, which, however, is partly explained by the fact that the average diversity value for public broadcasters is skewed downwards by the Japanese NHK ETV, an educational channel with low diversity (due to specialisation). The regrouping of channels still allows a great variation between stations within groups - the range between the highest and lowest scores (R) for commercial stations is as much as 0.54, for public stations 0.40, and even for hybrid stations 0.30 - which suggests that the mean is not necessarily an ideal but, rather, an indicative measure to point to differences between diversity index values. The secondary analysis also suggests that diversity indices are perhaps at their best when used for comparisons between
channels within one country or between countries representing similar television cultures.

Although generalisations are dangerous, the perceived pattern of programming in general suggests that, in accordance with the PSB philosophy, public broadcasters provide a wider variety of programmes than commercial broadcasters. However, national differences in the broadcasting marketplace may result in other programming patterns, too. Hybridisation of the broadcasting industry may also promote convergence between traditional and modern, hybrid television organisations.

**Scheduling principles.** - Because popularity rules in commercial broadcasting, commercially supported stations are typically expected to aim at, first, supplying attractive programmes to make viewers tune in and, second, at holding a viewer once he/she has tuned in. This should result in creating programme blocks, i.e. scheduling contiguous shows and programmes which have similar demographic audiences, so that the audience flow is not broken when one programme changes into another. An outcome of this rationale is a use of various scheduling techniques - such as providing a maximum attraction as a starter for peak viewing hours (lead-off), placing a programme with good ratings before one with lower ratings (lead-in), scheduling a less popular programme between two more popular ones (hammocking), etc.8

In addition to these vertical scheduling strategies horizontal scheduling measures are also typical of commercial broadcasting.9 They aim at enticing a viewer to tune in again the next day, or the next week. This is striven for by increasing repetition in the schedule. This can be achieved either by favouring serialised programmes or programmes with umbrella-series titles, instead of one-offs, or by employing stripped programming, i.e. scheduling newscasts, soap operas, etc. in strips, every day at the same time.

Public broadcasters, not driven by profit seeking, are not as dependent as their commercial rivals on these sophisticated techniques of audience attraction. Rather, they are guided by principles of variety between contiguous programmes and allow non-serialised programme titles to be scheduled too. Neither are they as inclined to underline the importance of prime time as the commercial channels. As hybrid broadcasters, then, are regulated by some public-service obligations but financed by

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8Scheduling strategies used by the US network television are presented by e.g. Lewine et al. (1985). See also Adams (1993), Paterson (1990), Tiedge and Ksobiech (1986, 1987).

9This distinction is due to Syvertsen (1997: 126-131).
advertising income, they should show a greater tendency towards applying scheduling techniques than genuine public broadcasters.

In principle, if ratings war is not pressing, broadcasters tend to adopt a ‘complementary’ programming strategy, allowing viewers to choose different types of programmes on different channels. Here, ‘[t]he channel’s yardstick of success is to achieve audiences that are large enough to be both economically viable and respectable for that kind of program in that time slot’, as Barwise and Ehrenberg (1988: 73) explain it. In contrast, if competition is fierce, the channels can be expected to adopt ‘counterprogramming’, i.e. screening different kinds of popular entertainment programmes against each other, such as a domestic entertainment show against a popular soap opera. ‘Counter-programming rarely means scheduling a demanding program against a popular entertainment program when the channels need to vie for maximum ratings at all times’ (op.cit.: 74).

However, research does not provide much evidence of these hypothesised models of programme placement; the field is largely unstudied, except for US commercial network television.\textsuperscript{10} I have not been informed of any cross-national, systematic comparison concerning the use of specific scheduling techniques.

Indirect evidence is provided by De Bens et al. (1992), who show that the share of popular programme types in commercial stations was considerably larger in peak viewing hours than in the whole day’s output, whereas on public channels the difference between prime time and total programme output was less clear (see Table 16.1 above). This suggests that commercial channels are more dependent than public channels on scheduling peak-viewing hours efficiently. Similarly, a longitudinal study for Germany by Krüger (1993) suggests that while the proportion devoted to information tends to decrease and the proportion of fiction increase during prime time, this tendency was more profound among commercial stations. In contrast, while the comparisons by Ishikawa et al. (1994 and 1996) suggest that the diversity of programme output tends to decrease during peak viewing hours, their study did not show this tendency for commercial stations (see Table 16.3 above). These contradictory results remind us again of the major differences in broadcasting traditions and of the dangers of generalisation.

\textit{Sources of programming.} - One of the established differences between public and commercial broadcasters is the share of imported, particularly US, programming.

\textsuperscript{10}As for incidental evidence from Britain, see Paterson (1980, 1990). Syvertsen (1997) has analysed scheduling strategies of NRK and TV2 in Norway, and Søndergaard (1994) the programme placement practices of DR in Denmark.


<table>
<thead>
<tr>
<th>Channel type</th>
<th>Share of foreign programmes</th>
<th>Share of foreign series</th>
<th>Share of US series</th>
<th>Share of foreign movies</th>
<th>Share of US movies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public broadcasters</td>
<td>25</td>
<td>81</td>
<td>51</td>
<td>76</td>
<td>45</td>
</tr>
<tr>
<td>Commercial broadcasters</td>
<td>44</td>
<td>85</td>
<td>64</td>
<td>86</td>
<td>66</td>
</tr>
<tr>
<td>Mean (x)</td>
<td>32</td>
<td>83</td>
<td>56</td>
<td>80</td>
<td>53</td>
</tr>
</tbody>
</table>

Source: Calculated from De Bens et al. (1992: 89, 90, 92)

Note:
*The analysis covers 53 Western European channels in 14 countries. 34 of the channels were considered public and 19 commercial. The data does not separate hybrid broadcasting institutions, such as Britain’s ITV and Channel 4 or Finland’s TV3. For the list of channels included, the reader is referred to De Bens et al. (op.cit.: 86-87).

According to Sepstrup (1990: 56), '[t]he greater the commercialization, the more (US) imports and the higher the concentration of these imports in prime time'. Similarly, Bilteresty (1992: 530), while comparing the fiction output on European TV channels, concludes that 'the origin of the imports is more diverse on public service stations'. As a general rule, public stations broadcast a higher proportion of domestic programming than commercial ones.

Also the study by De Bens et al. (1992: 87-89) shows that 'commercial channels rely more heavily than public channels on foreign imports' and that 'in the total programme supply of public stations, the majority of the programmes is domestic'. While confirming the general pattern the study, however, she observes that the share of foreign imports is low in all categories, except for fiction, where a majority of programmes is generally imported. Exceptions are provided by the French public channels A2 and FR3 for movies, and Britain's BBC, ITV and Channel 4 for series. On average, as much as 80 per cent of movies and 83 per cent of series are of foreign origin. The difference between public and commercial stations is best displayed by the share of US imported fiction. On average, two thirds of the fiction provided by commercial broadcasters originates in the United States, whereas in public stations the share of US series and movies accounts for

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about a half of the supply. Table 16.4 summarises the secondary analysis of these results.

On the other hand, Sepstrup observes that ‘the television supply of small countries has a more versatile national origin compared to the chauvinism displayed by big countries’ (1990: 56). This is confirmed by De Bens et al. (1992), too. Whereas the two countries which export extensively both movies and series, Britain and France, seldom show imports from other European countries, all small European countries are forced to rely on foreign fiction imports. It is in particular the PSB stations of these smaller countries, such as Denmark, Finland, the Netherlands and Norway, which buy more of their series on the European market (op.cit.: 91-93).\footnote{This difference is also reflected in the degree to which TV stations meet the demand of the 50 percent European quota imposed by the EU Television Directive. Whereas none of the public channels failed to meet the quota regulation in 1992, most of the commercial channels covered by a survey of the Commission of the European Communities were unable to reach the 50 percent limit (see Hellman 1996b: 111-113). Interestingly, Bittereyt (1995) has shown that in 1993 it was the public broadcasters of the non-EU member states, such as Austria, Norway and Switzerland, which supplied the highest proportion of non-national European fiction imports and, thus, ‘followed’ the quota rule best.}

Hence, the general rule suggests that, first, public channels supply more domestic programming than commercial channels; second, that their imports are of more versatile origin than those of commercial channels; third, that especially in smaller countries public stations import fiction from a wide selection of countries, not from the United States alone.

16.2 Programme Output: Converging Practices?

Implications of competition on programming. - On the basis of the theory and research reviewed above, commercial stations tend to focus on the most popular programme categories, to provide quite a narrow variety of programming, to concentrate on peak viewing hours, and to provide a remarkable share of imported, particularly US, fiction. In contrast, public-service broadcasting institutions provide a wider and more balanced choice of programme types, apply a less standardised programme schedule, and provide fiction of more versatile origin than commercial stations. As to hybrid stations, they appear to have taken their place somewhere between the two paradigmatic models.

However, recent research also points to a convergence between the broadcasting
models. Tendencies towards ‘entertainment-like’ programming and symptoms of
general ‘commercialisation’ of programme output have been identified in several
countries, including Germany (Schatz et al. 1989), the Netherlands (Nieuwenhuis
1992), Belgium (De Bens 1997), Norway (Syvertsen 1992a, 1997) and Sweden
(Hultén 1995, 1996b). For example, the study by De Bens et al. (1992) revealed
that although it is the new commercial channels that are mainly in charge of the
increasing fiction/entertainment output, the public service broadcasters too,
‘especially during prime time, schedule a large number of popular programmes’
(op.cit.: 95):

The process of commercialization has had a downmarket effect on the overall TV
programme supply. Commercial channels as well as PSB stations are in search of high
audience ratings. Television in Europe thus becomes increasingly an entertainment
medium. If PSB stations give in to this levelling down strategy, if they increasingly
imitate the high entertainment profile of the commercial stations, they run the risk of
abandoning their raison d’être. (Ibid.)

Indeed, evidence suggests that the PSBs have followed their commercial
competitors by opening up new programme slots in the schedule, i.e. introducing
morning television, mid-day serials, night-time movies, etc. Hultén and Brants
(1992: 122) even claim that ‘[c]xtended broadcast time is clearly the most common
reaction to growing competition’. Also Achille and Miège (1994) perceive the
tendency of ‘a more efficient exploitation of the schedule’ by public stations. This
tendency appears to have left its mark on programme structures, and programme
range as well as scheduling practices, too, as will be shown below.

More entertainment? - If a convergence between the two major broadcasting
models is taking place, a tendency towards a more entertainment-like programming
should emerge. Unfortunately, most of the comparative, cross-national surveys have
been cross-sectional, and the data seldom allows comparisons between the results of
different studies (cf. Sepstrup 1990).

One of the rare exceptions was made by a series of commercial surveys by
Horizons Media International in the late 1980s. It found that, between 1985 and
1987, the share of ‘entertaining’ programme categories during prime time had
increased particularly on public channels, whereas their proportion had stagnated on
commercial channels (HMI 1988). De Bens et al. (1992) compared the shares
devoted to ‘popular’ and ‘serious’ programming on West European channels
between 1988 and 1991. They detected that whereas serious programmes in 1988
accounted, on average, for 55 per cent of the public broadcasters’ schedules, the
share had dropped to 43 per cent in 1991, indicating that 'the proportion of serious programmes on European public stations is decreasing' (op.cit.: 83). Unfortunately, the authors do not offer respective data for commercial channels.

When comparing the shifts of programme structures in the Nordic countries, Hellman and Sauri (1997) showed that the proportions of programming devoted both to informative genres and popular genres (fiction and entertainment), remained stable through 1988-1995. In fact, the share of information increased in public, non-commercial stations and decreased only slightly on public channels carrying advertising, whereas private, commercial channels appeared to have provided a steady share of information over the research period. Similarly, non-commercial public channels and commercial channels with public-service obligations broadcast a steady proportion of fiction and entertainment, whereas their share increased on advertising-supported public channels and on genuinely commercial channels. The findings of this study are summarised in Tables 16.5 and 16.6.

Hence, research evidence from cross-national studies on the shifts in programming is not unanimous. This may be due to different methodologies applied by different studies, but also due to differences in the periods analysed and countries covered. It is obvious that analysis on a cross-national basis does not provide clear-cut results, as nationally specific traditions, competitive situations, regulation policy styles, etc., are reflected in the patterns of programming, thus allowing considerable country-by-country differences.

For instance, a study of Britain by Nossiter (1991) suggested that between 1975 and 1985 significant changes took place both in the BBC and ITV. While the hybrid, commercial ITV put out less informative programming and an increased amount of entertainment and situation comedies, BBC1 also showed a similar tendency, with current affairs being replaced by newcasts and films by series. On BBC2, personal-interest programmes outplaced educational material. On the other hand, a series of studies of Germany by Krüger (see e.g. Krüger 1991 and 1993) detected no such trend. Informative categories maintained or even increased their proportion in the public-service stations, ARD and ZDF, between 1986 and 1992, and fiction and entertainment too accounted for a stable share of programme output. As for commercial channels, however, the share of information increased slightly while that of fiction and entertainment decreased, thus showing a move towards the public-service model.

Somewhat conflicting results can also be found from the Nordic countries. Hultén (e.g. Hultén 1995, 1996b) has indicated that Sweden's public broadcasting institution, SVT, maintained its information supply between 1987 and 1994, whereas an analysis of Norwegian television output by Syvertsen (1997) found that,
### TABLE 16.5  Share of informative programming by station type in the Nordic countries, 1988-1995 (%)*

<table>
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<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Public, non-commercial*</td>
<td>34</td>
<td>38</td>
<td>34</td>
<td>38</td>
<td>45</td>
<td>42</td>
<td>44</td>
<td>47</td>
<td>41</td>
</tr>
<tr>
<td>Public, hybrid*</td>
<td>34</td>
<td>35</td>
<td>43</td>
<td>36</td>
<td>36</td>
<td>29</td>
<td>32</td>
<td>27</td>
<td>35</td>
</tr>
<tr>
<td>Private, hybrid</td>
<td>...</td>
<td>30</td>
<td>34</td>
<td>25</td>
<td>33</td>
<td>34</td>
<td>34</td>
<td>32</td>
<td></td>
</tr>
<tr>
<td>Private, commercial*</td>
<td>...</td>
<td>19</td>
<td>15</td>
<td>15</td>
<td>17</td>
<td>20</td>
<td>12</td>
<td>16</td>
<td></td>
</tr>
</tbody>
</table>

Notes:
*Includes news, current affairs, features and documentaries, hobby and personal-interest programmes, and educational programmes.
*Includes Finland’s TV1 and TV2 (1993-1995), Sweden’s SVT1 and SVT2, Norway’s NRK, and Denmark’s DR.
*Includes Finland’s TV1 and TV2 (1988-1992), Finland’s TV3 (1988-1989) and Denmark’s TV2. These channels are constrained by public service obligations.
*Includes Finland’s TV3/MTV3 (1990-1995), Sweden’s TV4 (1992-1995) and Norway’s TV2. These channels are constrained by public service obligations.
*Includes Finland’s PTV, Sweden’s TV3 and TV4 (1990-1991), Norway’s TV3 and TV Norge, and Denmark’s TV3.

Source: Calculated from Hellman and Sauri (1997: 29)

### TABLE 16.6  Share of fiction and entertainment by station type in the Nordic countries, 1988-1995 (%)*

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Public, non-commercial</td>
<td>38</td>
<td>35</td>
<td>38</td>
<td>36</td>
<td>33</td>
<td>36</td>
<td>34</td>
<td>34</td>
<td>35</td>
</tr>
<tr>
<td>Public, hybrid</td>
<td>46</td>
<td>47</td>
<td>42</td>
<td>46</td>
<td>41</td>
<td>54</td>
<td>54</td>
<td>57</td>
<td>48</td>
</tr>
<tr>
<td>Private, hybrid</td>
<td>...</td>
<td>54</td>
<td>53</td>
<td>64</td>
<td>55</td>
<td>52</td>
<td>49</td>
<td>49</td>
<td>50</td>
</tr>
<tr>
<td>Private, commercial</td>
<td>...</td>
<td>53</td>
<td>51</td>
<td>58</td>
<td>68</td>
<td>70</td>
<td>70</td>
<td>62</td>
<td></td>
</tr>
</tbody>
</table>

Notes:
*Fiction includes feature films, films made for television, series and serials, short films and TV theatre. Entertainment includes quiz and game shows, entertainment talk shows, variety shows and other entertainment programmes.
*For stations included in each type, see Table 16.5.

Source: Calculated from Hellman and Sauri (1997: 30-31)
From Companions to Competitors

between 1988 and 1995, cultural and educational programming declined drastically on the public-service channel, NRK. However, the studies also show similarities between the two neighbouring countries. Both in Sweden and Norway, ‘traditional’ formulas of informative genres (features and documentaries, education) have become increasingly replaced by talk-show type ‘light’ information and studio-based magazines. On the other hand, the shares of fiction and entertainment have remained stable. Both authors suggest that, in their respective countries, the general composition of programme output shows no dramatic convergence towards the commercial model.

The studies reviewed above suggest that, in general, the broadcasters programme offerings in Western Europe still appear to follow the broad lines of the paradigmatic models of broadcasting, the public-service model or the commercial model - or, as distinguished by Raymond Williams (1974), Type A, consisting principally of news and public affairs, features and documentaries, education, arts and music, children’s programming and plays, and Type B, consisting of drama serials and series, movies and general entertainment. Williams’s typology, however, is not an ideal tool for the analytical purposes of today, as it reflects the programme output of the early 1970s. Since then shifts in programming have occurred. Most obviously, the share of serial fiction on public channels has increased. As De Bens et al. (1992: 85) notice, ‘[t]he most important programme category in all stations (both public and commercial) is fiction’.

It is also worthwhile noticing that broadcasters’ responses to increasing marketplace pressures cannot necessarily be detected in the overall programme output. First, it is possible that changes are taking place also within programme categories, not only between them. This is brought about, for example, by replacing traditional documentaries with informative magazines. One could add tendencies to ‘dramatise’ newscasts, to introduce sensational topics instead of public affairs, to involve the viewer either emotionally through personification or physically through audience participation in the studio, phone-ins, etc. However, it appears that these effects, intended to stretch traditional conventions of informative programming, are more typically exploited by commercial than public stations (see e.g. Hultén 1996b; Krüger 1993; Syvertsen 1997).

Second, as both Syvertsen (1997: 232-233) and Søndergaard (1994: 186) have noticed, the increasing competition does not necessarily change the size distribution of programming across categories, because the overall balance between genres can be maintained simply by rescheduling them more competitively, i.e. by placing principal programmes at principal times and marginal programmes at marginal times.
The shifts within programme types, aptly called *Programmdynamisierung* by Krüger and Zapf-Schramm (1994), referring to an increase in mixed or open format programming, typical of talk shows, breakfast television, etc., cannot be analysed in detail in this study, whereas opportunities provided by scheduling methods will be discussed below.

**Towards a narrower programme range?** - In terms of programme range, the evidence suggests that the PSBs still provide a wider diversity of offerings than the PCBs, while distributing their output more evenly across the programme categories (Ishikawa et al. 1994). However, no longitudinal cross-national analysis, using mathematical summary indices, of the shifts in the diversity of programming in Western Europe has come to my knowledge. Nationally conducted studies are also scarce.\(^\text{12}\)

A recent study for Sweden by Hillve et al. (1997) utilising the Relative Entropy Index indicated that, between 1992 and 1995, Swedish television increased its diversity both within channels and within the system as a whole. According to the authors, ‘for all television channels except TV4, channel diversity increased [...] during both prime-time and the whole day’ (op.cit.: 310). Another study for Finland, employing the same measure and analysing trends in prime-time programme diversity between 1980 and 1992, found ‘no general narrowing of programme mix’ (Hellman and Sauri 1995: 17).

However, in order to assess the shifts in diversity it may not be enough to repeat the almost self-evident result that the likelihood of seeing many different genres is higher on public channels than on commercial ones. Unfortunately, the research evidence does not tell whether the ‘internal’, or ‘vertical’, diversity provided by the PSBs during the ‘old broadcasting order’ has really been replaced by more ‘choice’ and ‘external variety’, introduced by the multiplication of channels during the ‘new order’. Whether this shift has increased or narrowed the overall system, or ‘horizontal’, diversity, is thus an empirical case worth testing.

**Towards a targeted schedule?** - If increasing competition has resulted in only minor, but symptomatic, changes in the balance of programming between ‘serious’ and ‘popular’ genres, as well as in the diversity of output, is there any evidence of

\(^{12}\) For the United States, several longitudinal studies employing summary indices of diversity are available. See for example Dominick and Pearce (1976), Lin (1995), Litman (1979) and Wakshlag and Adams (1985). - In principle, the series of studies for Germany by Krüger (see e.g. Krüger 1989 and 1993) could easily be reanalysed by using a mathematical summary measure.
a tendency towards more competitive scheduling of programmes?

Obviously, the new commercial channels which entered the marketplace during the 1980s and 1990s, determined to capture a share of the market dominated by the established broadcasting institutions, were inclined to learn from the sophisticated scheduling strategies applied by the US television companies. Instead of a complementary programming strategy, they were forced to search how to either counter-programme or complement rival offerings. As far as the established broadcasters, public and commercial stations alike, were prepared to meet the new challenge, they may also have developed their counter-offensives in order to defend their survival.

However, this, again, is a field in which only a few studies are available. When analysing the reactions of public service broadcasters to competition, Hultén and Brants (1992) observe that the composition of programme schedules is now of central importance. According to them, ‘changes in the schedules have been made by every public broadcasting system, in order to keep what are defined as satisfactory audience shares during peak viewing times’ (op.cit.: 122), while, at the same time, the traditional balance between the various programme types in the overall output is maintained. This means that programme output during prime time is under threat of becoming narrower or more ‘strategically’ composed than before.

Similar results are provided by Achille and Miège (1994) who, on basis of empirical research on five European countries, notice that more stress is now placed on economic calculation in programme production and on audience maximisation in scheduling. They conclude that the strategies chosen by the PSBs ‘have distanced them from their public service mission’ (op.cit.: 41), with which they refer to phenomena like the abandonment of marginally popular programmes, the removal of cultural programming from peak hour schedules, etc.

Results by Hultén and Brants as well as Achille and Miège are supported by evidence provided by Søndergaard (1994) for the Danish DR and Syvertsen (1997) for the modernisation of the Norwegian NRK. In both cases, a public-service broadcasting institution prepared to meet the challenge of cross-border and domestic competition without dramatically changing the composition of offerings but by renovating its daily schedules by means of targeting, standardisation and regularity. On the other hand, findings by Krüger (1993) for Germany indicate that informative content does not necessarily suffer at the expense of fiction and entertainment during prime time. On the contrary, diverse offerings during peak viewing hours have become a necessity that has invited the commercial channels, too, to decrease their traditional dependency on fiction (op.cit.: 265).

Here, again, the evidence is not unanimous. In spite of ‘commercialising’


**TABLE 16.7** Origin of series and movies on Western European television, 1988 and 1991 (%)\(^a\)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic</td>
<td>37</td>
<td>17</td>
<td>29</td>
<td>20</td>
</tr>
<tr>
<td>Other European countries</td>
<td>14</td>
<td>16</td>
<td>19</td>
<td>23</td>
</tr>
<tr>
<td>USA</td>
<td>36</td>
<td>56</td>
<td>46</td>
<td>53</td>
</tr>
<tr>
<td>Other</td>
<td>13</td>
<td>11</td>
<td>6</td>
<td>4</td>
</tr>
</tbody>
</table>

Note:\(^a\) The analysis covers 53 Western European channels in 14 countries. For the list of channels included, the reader is referred to De Bens et al. (Op.cit.: 86-87).

Source: De Bens et al. (1992: 91-94)

Pressures caused by increased competition, the adaptation strategies by broadcasters representing different strategic groups and institutional arrangements appear to depend on the competition in respective national markets, market size, regulatory control, programming traditions, audience viewing preferences - i.e. on the multiple market demands.

**Towards a geographical homogeneity?** - Still another tendency towards convergence is a homogenisation of programming by its country of origin. This has been revealed by Biltereyst (1995) who compared fiction imports in small West European countries in 1990 and 1993.\(^{13}\) Although the importance of drama is expanding and although the output of US fiction has been curbed in recent years, the growing offer of fiction is of no benefit to non-national European productions; *vice versa*, Biltereyst notes, the share of European imports has been decreasing. As a result, fiction output displays a tendency to concentrate either on domestic or American programming.

This ‘bi-polarisation’ stems basically from two empirical facts. First, home-produced drama in Western Europe clearly attracts a larger audience than foreign.

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\(^{13}\) The countries and broadcasters covered by Biltereyst (1995) were: Austria (ORF), Belgium (BRTN, RTBF), Catalonia/Spain (TVC), Denmark (DR), the Netherlands (three public channels), Norway (NRK), Portugal (RTP), Sweden (SVT) and Switzerland (SRG). The only commercial channel in the sample was the Flemish VTM from Belgium.
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fiction (e.g. Biltreyst 1992; Sepstrup 1990). Second, US fiction offers several competitive advantages - including price and, paradoxically, cultural proximity! (e.g. Hoskins and Mirus 1988; Sochay and Litman 1992) - over TV drama from other exporting countries. This being the case, one could expect concentration to be more pronounced on commercial channels than in public stations. This expectation finds support from studies by Biltreyst (1992) and De Bens et al. (1992). However, unlike the study by Biltreyst (1995), De Bens et al. detected a general decrease in the proportion of domestic fiction and a slight increase in the share of non-national European fiction, as is illustrated in Table 16.7.

The problem with the studies reviewed above is that they may be outdated. The consolidation of the dual order of broadcasting and the establishment of a new, oligopoly-like status quo between public, hybrid and commercial stations may have created new patterns of import, too. As Biltreyst (1992: 537) has already claimed, 'the new dual broadcasting system has stressed the programmatic strength of home-made fiction'. While the new commercial channels are broadcasting domestic soap series, it may encourage public broadcasters too to invest in cheap home-produced material. Also, in order provide more plurality, all stations may purchase a growing part of their fiction on the European market. Whether this is the case or not, depends on market size and self-sufficiency, national language and its proximity to other languages, cultural, economic and political bonds with neighboring countries, etc.

16.3 Diversity - an End in Itself?

Marketplace model v. public policy model. - As we saw in Chapter 13, diversity has, in the words of Denis McQuail (1992: 142), 'come to acquire the status of an end in itself for mass media', a synonym of pluralism, an inseparable element of democracy and, hence, a special requirement for public broadcasters. Similarly, commercial broadcasters, regulated rather by the marketplace than by public authorities, emphasise diversity as a key performance goal. They regard depth and breadth of programme options as a key economic product, as maximising choice generates positive utility for those who consume television (see e.g. Litman 1992).

As already stated, the term 'diversity' conceals differences of meaning and application from one media system to another. In the marketplace model of thinking, diversity of television broadcasting is typically connected with consumer choice of quantity and range. The more options (channels, programmes) available and the more different (channel types, programme types) they are, the more
FIGURE 16.1 Research dimensions of diversity

<table>
<thead>
<tr>
<th>STANDARDS OF DIVERSITY</th>
<th>LEVEL OF STUDY</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Media structure</td>
<td>Content</td>
<td>Audience</td>
</tr>
<tr>
<td>Reflection</td>
<td>Amount of internal</td>
<td>Presentation of</td>
<td>Representation of</td>
</tr>
<tr>
<td></td>
<td>diversity (reflection of differences) (A)</td>
<td>different groups</td>
<td>population (C)</td>
</tr>
<tr>
<td>Access</td>
<td>Amount of external</td>
<td>Access given to</td>
<td>Access used by</td>
</tr>
<tr>
<td></td>
<td>diversity (separate access) (D)</td>
<td>different groups</td>
<td>different groups</td>
</tr>
<tr>
<td>Choice</td>
<td>Number of channels/channel types available (G)</td>
<td>Number of different content types available (H)</td>
<td>Content types chosen by the audience (I)</td>
</tr>
</tbody>
</table>

Source: Adapted from McQuail (1992: 158).

diversity for the consumer. Although the marketplace model also refers by ‘diversity’ to the fairness in giving access and attention to opposed political groups, it basically obeys a majoritarian rule of satisfying the immediate gratifications of as many individual audience members as possible. Diversity is fulfilled if the expected demands of the aggregate audiences and target groups are met. (Blumler 1991 and 1992a; McQuail 1992.)

In the public policy model, typically guiding Western European public service broadcasters, diversity is not only a product that may please or displease the audience. It is a specific criterion of quality and a deliberately sought policy goal aiming at pluralism and comprehensiveness at several levels: in reflecting and giving access to the various sectors and groups of society, serving the multiplicity of audience types as well as striving towards a wide range of choice in programme content.

McQuail (1992: 144-145) distinguishes between three different ways in which mass media can contribute to diversity: (1) by reflecting differences in society, (2) by giving access to different points of view and (3) by offering a wide range of choice. Whether these three standards of diversity, or some of them, are met in one or another medium or channel can be analysed from from almost any chosen angle or dimension (political, geographical, etc.), but McQuail suggests a framework which is based on the sequential model of the process of communication. To summarise, diversity can be analysed in terms of (1) media structure, (2) media
content, and (3) media audience (op.cit.: 155-81).

Accordingly, the main research tasks concerning diversity can be summarised into nine different cells as in Figure 16.1, which shows the multidimensionality of the concept. Although the standards of reflection and access are central to the public policy model of thinking (see van Cuilenburg 1997; Napoli 1997), this study concentrates on investigation of choice, particularly on cells (G) and (H), i.e. viewing options supplied to the audience, whereas ‘consumed choice’ will be discussed only as far as it appears to predict programme offerings.

Choice of channels v. choice of programmes. - As McQuail suggests (op.cit.: 143), the recent commercialisation, liberalisation and deregulation of television broadcasting in Western Europe has extended the notion of diversity from its traditional primary reference to political and social differences, so as to embrace the marketplace concept of variety and choice of products and services. Choice has increased in importance, as public and commercial channels appear more and more as rivals whose performances are assessed and compared. Analysis of the range of channels and programmes provides legitimate material for policy debate on media performance, as well as offering valuable data for international comparisons.

Indeed, choice at the level of media structure, measured as the number of different kinds of TV channels, is considered an inseparable element of diversity both by theories favouring the public policy model (see e.g. McQuail 1987) and theories applying the marketplace model of programme choice (see e.g. Owen and Wildman 1992). Increasing choice, i.e. new services and TV channels, increases the probability of your needs being served, although it does not necessarily lead to greater plurality in the offerings, as competition between rival channels may result in programme duplication.

In principle, a television broadcasting system can provide diversity either *internally*, i.e. so that a wide range of content types is provided by the same channel(s), or *externally*, i.e. through a multi-channel system in which each channel is thematically or otherwise arranged so that duplication between the channels is minimised. It is relevant to refer to programme choice models, discussed in Chapter 4, predicting that duplication tends to decrease as the number of channels increases. Similarly, the theory of structure-within-industry suggests that an increase in competition tends to diversify the industry structure and result in diverging competitive strategies.

Similarly, the choice of media content, measured as the number or variety of different programme types, is widely accepted as a relevant measure of diversity (see e.g. McQuail 1992; Owen and Wildman 1992). Studies representing both
broadcasting policy studies, applying the public policy approach, and studies of programme choice, applying the marketplace model, consider that ‘programme types’ are meaningful categories of diversity analysis. They assume that each broadcast can be assigned to one or other designated category and that all broadcasts belonging to a given type are substitutes. Thus, the broader the variety of programme types available, the greater the diversity of offerings to the viewer.

On the other hand, ‘choice’ has become a somewhat mystified concept, too. ‘Why should we merely want a larger number of alternatives to choose from, if the most preferred alternative remains the same?’ as Dowding (1992: 305) has provocatively asked. Adding a new channel or programme option does not necessarily add up to the value of the choice set but, instead, may even make one’s choice much more troublesome. Nevertheless, adding alternatives to a choice tends to appeal to us, as it increases statistically the probability of providing the most preferred option, and as it appears to give us a measure of control over the alternatives.

Channel v. system diversity. - It is also useful to differentiate between the ‘vertical’ range of programmes provided by any single channel, or a broadcaster, over a period of time and the ‘horizontal’ diversity provided by all or several channels over a given time period (see e.g. Ishikawa 1996; Litman 1979 and 1992; McQuail 1992). As the former refers to the number of programme types available on a channel, and the latter to the number of types available across channels, they are referred to here as channel diversity and system diversity (see e.g. Hillve et al. 1997).14

Why is it so that the analysis of channel diversity and vertical comparisons between channels are not enough for the purposes of assessment of diversity? As Collins (1989a: 8) has claimed, ‘[d]ecline in “internal diversity” […] may, or may not, be paralleled by an increase in “external diversity”.’ In other words, although individual channels may have become less mixed, the audience may be better served today than they were yesterday. Hillve et al. (1997: 296), too, observe that ‘single units of low diversity may make significant contributions to the overall diversity of the system’ by providing a narrow range of programmes not represented on other channels.

14Here, terminology differs from the standard of certain studies on the US network television. For example, Litman (1979) uses the term ‘vertical diversity’ to refer both to the diversity within a single network according to the number of different programme types and to the overall diversity across the networks, whereas by ‘horizontal diversity’ he means simultaneous programme options available to the viewer.
Theoretically speaking, an effective combination of competing channels provides a greater variety of programmes than any one single channel can do. Even a selection of 'vertically' narrow channels with distinctly differentiated schedules (low channel diversity) may result in a great overall variety (high system diversity). Although this effect occurs only in a multi-channel environment, it explains why both the 'vertical' and the 'horizontal' aspects of diversity should be taken into account in any effort to analyse programme range.

Indeed, an American example indicates that channel diversity and system diversity are to be analysed separately. A recent analysis of twenty-two TV stations and cable networks in the United States revealed that the overall variety across channels was considerably higher than programme diversity for any individual channel (see Litman et al. 1994; Litman and Hasegawa 1996). Although each individual network has a relatively narrow range of programme offerings, 'collectively through a process of counterprogramming and product differentiation, a modicum of overall diversity is [...] obtained', as the authors explain their result (Litman et al. 1994: 151). It has also been found that an increase in the number of channels as such will lead to an increase in the diversity of programme types offered (see Grant 1994). These results also support the expectation of programme choice models that channel abundance promotes growth in system diversity (see Owen and Wildman 1992).

*Channel differentiation v. choice options.* - As Litman (1992: 152) rightly emphasises, while the 'vertical' dimension of programme variety allows us to assess the performance of individual channels, the 'horizontal' aspect can facilitate judgement of how the whole medium, or system, is performing simultaneously. However, the analysis of the channel diversity and system diversity is not enough, because, in theory, it is possible that each channel aims at diversity with similar formats and contents (identical channel diversities), with none of the channels making any 'extra' contribution to the overall system diversity. If the channels are perfect duplications of each other, the system diversity is equal to the channel diversity.

Hence, in order to assess the choice available to the viewer, it is worthwhile analysing how much the content of one channel resembles the offerings of another. In the analysis of these differences, or similarities, between the channels a measure of *deviation* is needed. This summary indication of the differences, genre by genre, between the programme outputs of two channels, represents an additional dimension in the assessment of system diversity.

What, then, if the two channels in their overall output show similar programme
profiles, as measured both in terms of ‘vertical’ diversity and deviation (high channel diversity, high system diversity, low deviation), but they counter-programme their fare so that at any time the viewers have alternative programme options (high share of simultaneous alternatives)? Isn’t this, too, an important dimension of diversity that should be observed when assessing the offerings of a broadcasting system? This suggests that also a measure of simultaneous programme type options should be developed.

The analysis of the dimensions of diversity suggests that we need summary measures for not only channel diversity and system diversity but also for deviation between the channels and for the number of simultaneous options that add extra dimensions to the analysis of system diversity.

Earlier studies on diversity. - Seminal analyses on programme diversity in broadcasting have been done in the United States. While most of the US research literature on programme variety utilises sophisticated summary indices to describe the range of programme offerings, European studies typically rely on a simpler method of comparing the shares of scheduled programmes classified into certain basic categories (typically from 10 to 15). Naturally, the US studies too are based on a similar content analysis, but they typically employ a more detailed classification scheme, taking into account the different subgenres of various TV series and serials.15

Perhaps this difference reflects the two separate models of approaching the concept of diversity: the marketplace model and the public policy model. Public broadcasters, regulated by explicit performance goals, or ‘principled diversity’ (Blumler 1992b: 32), tend to base their operations on a balanced mix of basic programme categories, whereas their commercial counterparts, for whom diversity is more like an economic product obeying the laws of supply and demand, aim at ‘pragmatic diversity’ (ibid.) which seeks to satisfy the demands of various audience segments through product differentiation. Methodologically speaking, an intermediate approach to the measurement of diversity is provided by ‘semi-summary’ indicators, such as summary shares of informative programming, popular programming, domestic programming, US imports, etc., typically used in broadcasting policy studies reviewed earlier in this chapter.

Most studies on diversity are limited to either one or two aspects of the concept. The US research literature has focused on whether the market concentration has

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15A good example is a study by Wakschal and Adams (1985) which used 37 categories to classify all regularly scheduled prime-time programmes.
decreased the variety of programming across channels, whereas the performance of individual channels has seldom been examined. Nevertheless, system diversity for the United States has been analysed from several angles, using several measures and, in particular, applying a longitudinal approach, whereas the major cross-national comparison investigating both channel diversity and system diversity was based on a cross-section at one point of time only, thus not enabling an analysis of changes and trends. These studies will be briefly reviewed below.

A study by Dominick and Pearce (1976) classified US network prime-time programming from 1953 to 1974 into 14 categories and, constructing several measures of system diversity, showed that concentration of programming into the top three categories (CR$_3$) as well as homogeneity between channels increased over time, thus confirming their hypothesis of an overall decline in programme diversity. Dominick and Pearce’s hypothesis was also tested by Wakshlag and Adams (1985). Classifying prime-time network programming from 1950 through 1982 into 37 categories, they measured its system diversity using an index of entropy by Shannon and Weaver (1963). They found no gradual declining tendency of variety but instead a sharp and enduring decline since the early 1970s. On the other hand, Litman (1979), using the Herfindahl-Hirschman Index (HHI) to assess concentration of programming into nine programme categories between 1973 and 1979, found a dramatic fall in programme concentration. This confirmed his hypothesis that major shifts in market shares between the three networks and increasing competition between 1973 and 1979 should have resulted in a more diverse overall output across the networks. He also discovered that ‘horizontal diversity’, measured as the average number of different programme type options per prime-time half-hour, increased during the period of upheaval.

Lately, Lin (1995) examined trends in prime-time network programme diversity during the 1980s. By using the HH Index, she found that the challenge from the new video media did not encourage network diversity. Grant (1994) used a 16-day sample testing the diversity of programme offerings of 41 US channels grouped into basic cable, super stations, pay cable, and broadcast networks. Using a modification of the HH Index, he found that the average channel diversity was lower the greater the number of channels within that channel type, whereas the ‘horizontal’ programme diversity was positively related to the number of channels within that channel type.

De Jong and Bates (1991), following Levin’s (1971) earlier study, measured the diversity of cable systems, distinguishing between 32 different types of cable programming. They defined ‘absolute diversity’ as the number of different channel types divided by the total number of channel types provided by the cable industry,
and the ‘relative diversity’ as the number of different channel types divided by the channel capacity of the cable system. De Jong and Bates found that channel diversity increased between 1976 and 1986 but that the growth of relative diversity was smaller than the growth in absolute terms. According to them, an average cable system offers less than half of its potential for diversity.

**QABP and relative entropy.** - One of the most conspicuous contributions to the comparison of scheduling policies in various countries, and an effort to examine both the ‘vertical’ and ‘horizontal’ aspects of diversity, has recently been made by an international project on ‘Quality Assessment of Broadcast Programming’ (QABP), which was briefly discussed earlier in this Chapter. This cross-national analysis, examining the programming on a total of 26 TV channels in Britain, Canada, Japan, Sweden and the United States during one week in 1992, compared the feasibility of various programme diversity indices too. In order to create universal standards for variation, it suggested that a Relative Entropy Index, earlier applied by Wakshlag and Adams (1985), measuring the likelihoods of different genres to be broadcast on TV, would best meet the needs of the study (see Kambara 1992). Using a 16-category classification, the study defined the ‘vertical’ dimension of variety as the channel diversity of each channel in terms of the number of genres provided to the viewer, and determined the ‘horizontal’ variety by calculating the overall diversity of all channels in each country and then subtracting one channel at a time to determine which channels provided most to the overall variety. (See e.g. Hillve et al. 1997; Hillve and Rosengren 1994; Ishikawa 1996; Ishikawa et al. 1994; Litman 1992; Litman et al. 1994; Litman and Hasegawa 1996.)

The QABP project turned out to be important in many respects. First, while analysing conceptually and assessing critically the measurement of diversity, it gave a decisive impetus to the future diversity studies. It introduced a methodology that can be easily applied to several national settings. Second, by introducing a cross-national approach it pointed to the importance of comparative analysis in the field. Third, while reaffirming that, in most countries examined, public broadcasters provided the widest range of programmes and contributed most to the general diversity, the study provided evidence for the broadcasting policy debate. However, critical comments on the project’s approach can also be made.

First, their method enables an analysis of each station’s programming and transitions in schedules over time. However, the QABP only made a cross-sectional study that covered one week, leaving it vulnerable to random errors. I suggest that the method should be tested with longitudinal data, similar to the studies by

Second, a restriction of the QABP project is that the interpretation of the comparative results is biased by the decontextualisation of each national case. The economic, political and cultural factors explaining the programming in each country are not properly analysed. This, of course, can be rectified by more detailed national contributions that analyse nationally specific determinants of programming (see e.g. Hillve and Rosengren 1994; Litman et al. 1994).

Third, as to methodology, the analysis of system variety, as applied by the QABP project (horizontal diversity of n-1 channels), tends to repeat the result of the channel-by-channel analysis (vertical diversity). While suggesting that it is the public channels that contribute most to the overall mix of programme range in each country, the horizontal analysis provided no additional information about diversity. At the same time, the project ignored almost completely (cf. Litman et al. 1994) the overall variety across channels, which would have provided valuable information on the system diversity. In other words, the project ignored the possibility that an effective combination of public and private channels might provide a greater variety of programmes than public channels alone - or that a multichannel system can provide a greater overall diversity than any one channel alone can.

Still another methodological criticism aimed at the QABP project is that their analysis of diversity employs only one measure, the Relative Entropy Index. As a result, a combination of channels with low vertical diversity may, in principle, demonstrate a high system diversity and, vice versa, high vertical diversity on each separate channel may result in similar programming and, thus, not increase the overall variety across channels. The measure favours a balanced and even distribution of programmes over the genres within each channel, thus neglecting overall diversity and choice across, as well as deviation between, the channels. Hence, additional measures are needed to correct the possible biases of measurement.

This is why this study suggests a combination of the methodologies applied, first, by the US research tradition, as represented by Dominick and Pearce (1976), Litman (1979) and Wakshlag and Adams (1985), second, by the QABP approach, as represented by Hillve et al. (1997) and Ishikawa et al. (1994), and, third, by the

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For Sweden, there exists a follow-up study (see Hillve et al. 1997). Indicating that, between 1992 and 1995, all Swedish TV channels increased their Relative Entropy, the result suggests that an established dual system of television is developing in Sweden, with the public-service SVT still strengthening its traditional role and the two commercial channels TV3 and TV4 'moving towards a common level of diversity at which they find it convenient to compete' (op.cit.: 303-304).
broadcasting policy studies tradition, as represented by De Bens et al. (1992) and Syvertsen (1997).

Towards system diversity. - Comparisons between channels and between channel types are needed, because continuous collection of evidence on the performance of broadcasters is important for the broadcasting policy debate in every country. Nevertheless, it has become somewhat an empty phrase to argue for the superiority of public stations over commercial channels, confirmed by so many recent studies. As long as regulation and licensing policies force public broadcasters to provide comprehensive services for all citizens under equal conditions, to broadcast a wide variety of information, opinions and debates, and also to serve minorities and special groups, their greater pluralism in the programme mix is inevitable. Single private, commercial broadcasters, regulated rather by the market than by governmental policy, will provide a narrower range of programmes.

Less attention has, then, been paid to the diversity effect of the new ‘hybrid’ channels. The Swedish study suggests that the semi-public but privately owned TV4 provides a greater diversity than the commercial TV3 (Hillve et al. 1997). A Nordic comparison by Hellman and Sauri (1997) also suggested that hybrid stations come closer to the traditional public-service profile than to the commercial programme diet. Another issue deserving more attention is the possible positive influence of public and hybrid channels on the diversity of offerings of major commercial broadcasters, too (cf. Hillve et al. 1997: 304). Is it so that channels applying a generalist strategy are increasingly required to mix both informative and popular genres, as well as both broad-appeal and narrow-appeal programming?

Finally, as the ‘trusteeship model’ of television broadcasting, as Fowler and Brenner (1982) have labelled it, characterised by few licensed broadcasters within a mixed system, is being replaced by a more open system, characterised by a mature dual order combining national, cultural, commercial, etc., purposes, more interest should be paid to the overall performance of the system. Insofar as policymakers and regulators set clear diversity goals for individual broadcasters and channels, these broadcasters and channels are naturally subject to surveillance, but, in general, diversity provided by one single channel is becoming less important than the diversity provided by the overall system. Although in Sweden the system diversity, due to the limited channel capacity, still lags behind the variety of the channel providing the most diverse programme output (see Hillve et al. 1997), the study for the United States (Litman and Hasegawa 1996) shows that, in a multichannel system, the ‘horizontal’ variety across the channels is higher than the variety on any single channel.
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Hence, the principal focus of diversity studies should perhaps be shifted from channel diversity to system diversity.

16.4 Summary

1 In accordance with their programme policy values, public and commercial stations tend to supply diverging programme outputs.
2 A public broadcaster concentrates more on information and provides a wider range of programming, a less standardised programme schedule, and programmes with a more diverse origin than their commercial rivals.
3 However, earlier research also indicates convergencies in the programme output, supported by the increasing hybridisation of the broadcasting sector.
4 On commercial channels, the share of informative programmes is increasing at the expense of fiction and entertainment, while public broadcasters seem to be moving towards a more competitive scheduling policy.
5 Research on programme output and diversity has, particularly in Europe, been restricted to cross-sections and to using measures that do not allow summary conclusions over time.
6 Diversity studies have also concentrated too much on one or two dimensions of diversity, as well as have been restricted to the performance of single channels instead of system performance.
17.1 Analysis of Programme Output

In this study, programme output is measured at three distinctive levels: programme structure, programme range and scheduling. The basic data for the analysis of programme output consisted of TV schedules for 36 weeks between 1988 and 1996, thus covering both the period of ‘mature’ mixed system and the dual order of the post-channel reform period. The research period can be classified into (1) an *early stage of competition* (1988-1989), when YLE and MTV shared the markets but were experimenting with Kolmostelevisio, launched in order to fight back international satellite channels; (2) a *transitional period of competition* (1990-1992), when PTV was launched and MTV started to prepare its transfer to Channel Three; and (3) a *competitive period* (1993-1996), when YLE’s two channels, MTV and PTV were struggling over audience shares.

I chose weeks 6, 7 (in February), 42 and 43 (in October) as a sample representing the average programme mix of each year. All programmes on TV1, TV2, TV3/MTV3 and PTV were included in the analysis. The data was gathered from programme register files, maintained by YLE, covering all programmes on TV1 and TV2 for the whole research period, and also programmes broadcast on TV3/MTV3 since autumn 1992. Schedules of TV3 for 1988-1992, as well as PTV for 1990-1996, were collected from the programme listings of *Katso*, a major TV guide magazine in Finland. The data consisted of 15,100 separate programmes, or 8,386 hours 14 minutes of programming. The unit of analysis was the *individual programme*. Each of the programmes was calculated by its *length*.

The *country of origin* of each programme was registered according to a geographical nine-category classification:

1. Domestic (DOME)
2. Nordic (NORD)
3. West European (WEUR)
4. East European (EEUR)
5. Asian (ASIA)
6. African (AFRI)

17Cf. e.g. Litman and Hasegawa (1996) base their analysis on the *number* of individual programmes. Due to major differences in the length of programmes, this approach would bias the result.
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<table>
<thead>
<tr>
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<th>North American (NAME)</th>
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<tbody>
<tr>
<td>8</td>
<td>South American (SAME)</td>
</tr>
<tr>
<td>9</td>
<td>Australian/Oceanian (OSEA)</td>
</tr>
</tbody>
</table>

In this categorisation, EEUR includes the ex-Socialist countries of Europe, whereas SAME includes the whole of Latin America, including Mexico. Hence, NAME refers to the United States and Canada only.

Whether a programme was a separate ‘one-off’ or a serialised production was also registered. The analysis of the ‘continuity status’ of programmes was measured with a six-category scheme:

<table>
<thead>
<tr>
<th></th>
<th>Single programme (SPEC)</th>
</tr>
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<tbody>
<tr>
<td>2</td>
<td>Single programme entity broadcast in two or three parts (ENTI)</td>
</tr>
<tr>
<td>3</td>
<td>Umbrella-titled programme (TITL)</td>
</tr>
<tr>
<td>4</td>
<td>Episodic series (EPIS)</td>
</tr>
<tr>
<td>5</td>
<td>Continuous serial (SERI)</td>
</tr>
<tr>
<td>6</td>
<td>Constant/blunted programmes (CONS)</td>
</tr>
</tbody>
</table>

Here, SERI also included continuous mini-series if they were composed of four or more episodes, whereas they were included in ENTI if providing only two or three episodes.

Finally, based on the main thrust of the programme, each one of them was assigned uniquely to one of the 15 programme type categories and its duration was registered. The annual proportions devoted by each channel/broadcaster to each category were calculated, which served as a basis for further measurement of compositions, concentrations and shifts. In addition to the 15 main programme categories, the content classification scheme included 44 subcategories overall (see also Appendix 1):

<table>
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<th>News (NEWS)</th>
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<tbody>
<tr>
<td>1.1</td>
<td>Main newscast</td>
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<td>1.2</td>
<td>Other regular newscast</td>
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<td>1.3</td>
<td>Extra newscast</td>
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<td>2.1</td>
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<td>2.2</td>
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<td>2.3</td>
<td>Current affairs feature or documentary</td>
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<td>Instructional hobby/personal-interest programmes</td>
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<td>Religious programme</td>
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<td>Feature or documentary (DOCC)</td>
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<td>Language instruction</td>
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<td>School television</td>
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<td>5.3</td>
<td>Professional instruction</td>
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<td>Other</td>
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<td>Drama (DRAM)</td>
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<td>6.1</td>
<td>Theatre event</td>
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<td>6.2</td>
<td>TV film</td>
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<td>Movie (FILM)</td>
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<td>7.1</td>
<td>Domestic movie</td>
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<td>7.2</td>
<td>Imported movie</td>
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<td>8</td>
<td>Series or serial (SERI)</td>
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<td>8.2</td>
<td>Domestic series or serial</td>
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<td>9</td>
<td>Music (MUSI)</td>
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<td>Other</td>
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<td>Quiz or game show (GAME)</td>
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<td>Quiz show</td>
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<td>Entertainment talk show</td>
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<td>11.2</td>
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<td>12.1</td>
<td>Comedy sketch</td>
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<td>Other entertainment</td>
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<td>13</td>
<td>Sports (SPOR)</td>
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<td>Sports news</td>
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<td>13.2</td>
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<td>14</td>
<td>Children's programme (CHIL)</td>
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<td>Cartoon</td>
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<td>14.3</td>
<td>Children's magazine</td>
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<td>14.4</td>
<td>Other</td>
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From Companions to Competitors

15 Other programmes (OTHE)
15.1 Lottery
15.2 Programme information
15.3 Other

These categories appeared to accommodate modern-day representation of television programming. They seemed internally consistent and practical for the purpose of gathering the data from secondary programming sources, such as the listings of *Kats*o* magazine. They also reflected standard industry classifications and, most obviously, are understood by viewers, too, thus representing a genuine choice of content. The scheme was based on a slightly modified version of the classification applied by YLE’s programme register,¹⁸ which made it convenient for computing. At the same time, it resembled closely established classification schemes applied in similar studies.¹⁹ The categorisation was also tested in pilot studies by Hellman and Sauri (1996a and 1996b).²⁰

One problem with a categorisation such as this is that it represents a hybrid combination of form, genre and target audience. For example the category ‘children’s programme’ is based on target audience, whereas categories such as ‘movie’, ‘game show’ or ‘news’ are based on form. Another critical point is that the classification allows more specificity to some categories than to others. For

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¹⁸YLE’s classification scheme consists of 11 main categories: (1) news, (2) current affairs, (3) sports, (4) information, (5) education, (6) religion, (7) music, (8) drama, (9) entertainment, (10) children’s, and (11) other programmes. The categorisation used here makes a more accurate distinction between different types of information, drama and entertainment.

¹⁹For example, the recent QABP project (see Ishikawa 1996: 307-308) used in its cross-country comparisons 15 categories as follows: (1) television narrative, (2) cinematic narrative, (3) theatre narrative, (4) documentary, (5) news/current affairs, (6) educational/instructional, (7) hobby/personal interest, (8) variety/show, (9) game, (10) sports, (11) arts/music, (12) children, (13) religion, (14) minority, and (15) other programmes. Quite similar categorisations were also used by e.g. Blumler et al. (1986), Krüger (1993), Syvertsen (1997), Søndergaard (1994) and Williams (1974). - A separate category for minority programmes was not applied here, as immigrants compose a 1.3-percent share of the Finnish population and as FST, YLE’s Swedish-language unit, provides an established 10-percent proportion of TV1’s and TV2’s schedules. FST’s programme offerings were included in the 15-category classification.

²⁰Earlier studies by Hellman and Sauri (1988, 1989, 1994 and 1995) applied a 14-category scheme in which religious programmes were analysed as a separate programme category (instead of including them in personal-interest programmes) and game shows, talk shows and variety shows were dealt with as a single category of entertainment.
example, three different types of entertainment programmes are separated from each other, whereas television series and serials are dealt with as a single programme type, thus ignoring the variety provided by different genres such as comedy, crime, action, western, drama, etc. (Litman and Hasegawa 1996: 222-223.) Classification also escapes easily mixed programme types which, for example, combine information and entertainment (e.g. Hultén 1995 and 1996b; Krüger 1995). Although the categories in themselves are mutually exclusive, choosing the ‘right’ category for a programme was not always clear due to hybrid formats.

On the other hand, whatever classification scheme one uses, it will always be exposed to criticism. As the number of categories, for analytical purposes, must be limited, the categorisation is necessarily an outcome of balancing between similarities and differences between programmes. Nevertheless, the category scheme is not to be understood as an exhaustive description of the television programming universe, not to mention content dimensions of individual programmes, but as an analytic tool only.

17.2 Measures of Programme Structure

As to the first analytic dimension of programme output, the programme structure, it is analysed by calculating the distribution of output across the 15 programme types. Percentages devoted to each programme type will be compared between channels as well as companies over time. In order to define the dedication of different channels to information and popular programming, summary shares of informative and popular programme categories will be used, too. Here, categories 1, 2, 3, 4 and 5 (news, current affairs, hobby/personal interest, feature/documentary, education) will be considered to represent the ‘informative’ and categories 7, 8, 10, 11, 12 and 13 (movie, series or serial, quiz/game show, talk show, variety show, sports) the ‘popular’ fare. This distinction roughly follows the difference suggested by Williams (1974) between A and B Type programming, while it also duplicates the approach suggested by e.g. De Bens et al. (1992).

The origin of programmes represents another indicative dimension of programme structure. In order to examine the geographic distribution of programming on Finland’s television channels, the proportion of programme time devoted to programmes from different geographic areas will be calculated. The share of domestic programmes and the share of US programmes serve as additional summary measures of origin.

Similar analyses were made ‘horizontally’, too, in order to investigate the
programme structure at system level. The measures of programme structure are presented in Figure 17.1.

17.3 Measures of Programme Range

The second analytic dimension, programme range, was analysed by concentrating on the choice of channels and choice of content on channels. In order to control possible biases of interpretation, the present study utilises several parallel measures of diversity. The method takes into account both the ‘vertical’ and ‘horizontal’ aspects of diversity, thus analysing both the diversity provided by each individual channel/broadcaster and the system as a whole. In addition, it also examines the differences, or deviation, between the channels and simultaneous options provided
by the system. Therefore, programme range is measured here at two levels:

First, as to individual channels and broadcasters, their diversity of content, or the breadth of programme range, is analysed by the Relative Entropy Index (channel/broadcaster diversity). Another central measure for comparisons between individual channels is the Deviation Index, which expresses the degree of difference between the programme output of two channels at a time (deviation).

Second, as to the overall channel system, the choice provided by the channels is also measured by the Relative Entropy Index, this time, however, being calculated as a summary measure of the overall programme output across the channels (system diversity). Another central way of assessing the channel system as a whole is the number of simultaneous programme types available to the public, measured by the Programme Option Index (programme options).

The Relative Entropy Index (H), earlier applied in similar studies (see e.g. Hillve et al 1997; Ishikawa et al. 1994 and 1996; Litman and Hasegawa 1996; Wakshlag and Adams 1985), represents the sum of likelihoods for the different genres to be broadcast on TV. High relative entropy on a channel implies a high probability that many, or all, programme types are available in the programme mix. Thus, the higher the relative entropy, the higher the diversity. To calculate the index, one needs first to measure the entropy, which is done according to the following formula:

\[ H = \sum -p_i \log_2 p_i \]

where \( H \) is entropy as defined by Shannon and Weaver (1963), \( p_i \) stands for the proportion of each category, i.e. the likelihood of seeing a programme assigned to category \( i \). Relative entropy is then obtained by dividing the obtained value of \( H \) with the maximum value possible (\( \log_2 N \)), where \( N \) is the number of programme categories used in the study (here: 15):

\[ H_{\text{rel}} = \frac{H}{H_{\text{max}} = \log_2 N} \]

Relative entropy varies between 0 and 1, with 0 expressing minimum diversity (i.e. maximum concentration: all content in one category) and 1 expressing maximum diversity (all categories equally large). Due to the logarithmic character of the measure, the closer we come to the maximum value (1.0) the more difficult it becomes to increase its value. As Hillve et al. (1997: 298) have remarked, 'it is
much more difficult to increase Relative Entropy from 0.85 to 0.90 than, say, from 0.35 to 0.40'. They have also suggested an ordinal scale for interpreting the values of Relative Entropy Index: 0.01-0.34, very low; 0.35-0.54, low; 0.55-0.69, medium; 0.70-0.79, high; 0.80-1.00, very high (ibid.), which scale is applied in this study, too.

The Relative Entropy Index was chosen for this study, because it provides an opportunity to compare the diversity of Finland’s TV channels with that of some other countries, most notably Sweden. Other similar measures available would have been the Herfindahl-Hirschmann Index (Hi = Σp²) applied in several US studies (see e.g. Lin 1995; Litman 1979; Litman et al. 1992; Litman and Hasegawa 1996), a concentration ratio of three, four or eight top categories (CR₃, CR₄ or CR₈) (see e.g. Dominick and Pearce 1976), or Indices of Niche Breadth of each channel and Niche Overlap between channels (see e.g. Dimmick and Rothenbuhler 1984a and 1984b; Hellman and Soramäki 1994).

The superiority of Relative Entropy Index lies in the fact that it takes into account both the number of different categories offered (unlike the Niche Breadth or the standard CR₈ Index) and the concentration of material within those categories. Compared with the HHI Index, then, the Relative Entropy Index is less sensitive to the number of categories utilised, whereas it responds more quickly to concentrations in programme supply (Kambara 1992). Although highly correlated, the HHI Index and the Relative Entropy Index are inversely related, so that while the latter signifies high diversity with high values of the measure and low diversity with low values, the HHI operates, paradoxically, ‘upside down’, signifying high diversity with low values and low diversity with high values of the index (see Litman and Hasegawa 1996).

The Deviation Index (D) measures how much the content of one network deviates from the content of another. Mathematically this is derived by subtracting the percentage of time per programme category by one broadcaster (pₐ) from the corresponding figure by another (pₐ) and summing up the differences:

\[ D = \sum |pₐ - pᵦ| \]

The mathematical maximum of this index, representing by definition the vertical dimension of diversity, is 2 while the minimum is 0. Based on the earlier experience of the measure (see e.g. Dominick and Pearce 1976; Hellman and Sauri 1988, 1994, 1996b), the following scale is suggested for use when interpreting...

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2Dominick and Pearce called this measure ‘homogenization’.
FIGURE 17.2 Measures of programme range

<table>
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<th>ASPECT OF PROGRAMME RANGE</th>
<th>LEVEL OF ANALYSIS</th>
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<tbody>
<tr>
<td></td>
<td>Individual channels/companies</td>
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<tr>
<td>Breadth</td>
<td>Relative Entropy Index (channel diversity)</td>
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<tr>
<td>Difference</td>
<td>Deviation Index (deviation between channels)</td>
</tr>
</tbody>
</table>

the results: 0.00-0.19, very low deviation; 0.20-0.49, low deviation; 0.50-0.79, medium deviation; 0.80-1.19, high deviation; 1.20-2.00, very high deviation.

Finally, the Programme Option Index (A) represents the average number of simultaneous programme type alternatives per fifteen minute interval. In order to indicate meaningful differences, the number of programme categories was reduced to six by combining genres,\(^\text{22}\) so that news and current affairs (NEWSCURR) were dealt with as one category, as were personal-interest programmes, documentaries and education (PERSDOCEDUC) which represented the rest of the informative genres. Movies, series and drama were combined to form a broad category for fiction (DRAMFILMSERI), while entertainment categories of music, game shows, talk shows and variety entertainment were also approached as a single content type (MUSIGAMETALKVAR). Sports were treated separately (SPOR), whereas the residual categories of children’s and other programming were combined (CHILOTHE).

If the analysis consists of the offerings of four channels, the maximum of A is 4 (all programme options represent different programme types) and the minimum is 1 (all programmes in one category). For the interpretation of the results, the following scale is suggested: 1.00-1.99, very low diversity; 2.00-2.39, low diversity; 2.40-2.79, medium diversity; 2.80-3.39, high diversity; 3.40-4.00, very high diversity.

The measures of the programme range are compiled into Figure 17.2. While

\(^{22}\)E.g. Litman (1979), analysing programme options offered by three US TV networks, used a 9-category scheme. While analysing the ‘horizontal diversity’ provided by Denmark’s DR and TV2, Nielsen and Svendsen (1996) used 11 programme categories, but focused on viewers’ opportunity to choose between ‘enlightening’ and ‘entertaining’ content.
channel diversity and system diversity reflect the breadth of programme output, measures of deviation and programme options provide information on the differences between the channels. Both aspects contribute crucially to the overall variety of offerings on television.

17.4 Measures of Scheduling

Scheduling represents the third analytic dimension of the programme output. In order to analyse similarities and differences of scheduling between different channels/broadcasters, as well as shifts over time, both quantitative and qualitative means will be used. Interviews of schedulers and other broadcast executives will be utilised. They were asked about the role of programme schedule as a competitive instrument, i.e. whether the various scheduling strategies have been used consciously. In addition to replies by interviewees, I will also analyse how selected key programmes on each channel, i.e. the main newscasts, top series and top entertainment programmes, were countered by rival channels. The use of complementary programming v. counterprogramming was also investigated quantitatively by calculating the average Programme Option Index value for each 15-minute slot, indicating the degree of competitive programme placement at different times of the evening. Low values of the measure indicate that counterprogramming are being used in scheduling, whereas high values of the index refer to complementary programming.

In order to determine quantitatively to what degree the channels focused their efforts on prime-time output, the percentage breakdowns across programme categories were separately calculated for peak viewing hours, defined here as programmes starting between 6.55 p.m. and 10.05 p.m. Summary proportions of informative and popular programmes were obtained separately for prime time. Also the deviation between the total fare and prime-time fare was calculated, both for each channel/broadcaster and the channel system.

Still another quantitative measure was provided by the continuity status of programmes. In order to examine how ‘standardised’ and ‘serialised’ the output was, summary shares of single, non-serialised programmes were calculated. This measure, too, was obtained both for each channel/broadcaster and for the channel system as a whole.

The quantitative measures of schedule analysis are presented in Figure 17.3.
FIGURE 17.3 Measures of scheduling

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<th>ASPECT OF PROGRAMME SCHEDULING</th>
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<td></td>
<td>Individual channels/companies</td>
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<tr>
<td>Counter-programming</td>
<td>Scheduling strategies used</td>
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<td>Single programmes</td>
<td>Summary shares of single programmes</td>
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<tr>
<td>Prime-time programme structure</td>
<td>Distribution of programmes, shares of informative and popular programmes</td>
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<tr>
<td>Prime-time programme range</td>
<td>Channel diversity and deviation between channels</td>
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<tr>
<td>Prime-time deviation</td>
<td>Deviation between total output and prime time</td>
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|                                | All channels/channel system                            |
|                                | Programme options per slot                            |
|                                | Summary shares of single programmes                    |
|                                | Distribution of programmes, shares of informative and popular programmes |
|                                | System diversity                                      |
|                                | Deviation between total output and prime time          |

17.5 Validity and Reliability

Representativeness of the sample. - Does a sample of four weeks correctly represent a yearly output of television? The weeks chosen for this study - weeks 6 and 7 in February and 42 and 43 in October - were supposed to illustrate an average TV fare, while both main seasons of television broadcasting, spring and autumn, were represented. Nevertheless, two critical remarks about the sample can be made.

First, sports programmes are perhaps overrepresented in the sample, while broadcasts from the Winter Olympic Games fell during the sample for 1988, 1992 and 1994. This, however, does not necessarily bias the overall results, as major events such as these usually do increase the relative time devoted to the category in question while decreasing proportions of other categories quite evenly. Hence, only fluctuations in the share of sports programmes should be interpreted critically, whereas the impact of the Olympic Games on the shares of other categories can be expected to be less drastic.

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Second, the sample ignores the summer season, which traditionally tends to
differ from winter seasons. This is, however, not considered a major problem for
the design of this study. Exclusion of the summer season is expected to have a
similar effect on all broadcasters, so that the overall comparisons between them are
not biased.

The correlation between YLE’s official programming statistics and this study
was tested for certain years, and the overall consistency appeared to be high.
Differences were systematic, because the coding scheme for this study differed
somewhat from the coding practices of YLE’s programme register. For example,
YLE’s statistics show lower proportions for children’s programmes than this study,
because they regard children’s cartoon series, such as The Moomins, as a series,
whereas they are here included in children’s programmes. Similarly, this study
deals with hobby and personal-interest programmes as a larger category than does
YLE’s register, which places many of these programmes into the current affairs or
feature/documentary category. Thus, an unambiguous comparison between the
‘official’ programme statistics, as published for example in Carlsson and Harrie
(1997) or Joukkoviestimet (1998), and programme structure as presented in this
study is not possible due to differences in category schemes.

Validity of the programme output analysis. - While comparing the programme
output on various channels and analysing shifts over time, this study regards
programme types as meaningful categories, representing choice for the viewers.
Accordingly, all broadcasts belonging to a given programme type are, more or less,
regarded here as substitutes, whereas programmes belonging to different types are
regarded as alternatives. Hence, the greater the diversity of programme types, the
greater the diversity of offerings to the viewer.

But to what degree do standard industry categorisations of various programme
types illustrate the variety of television supply? To what degree can programmes
representing the same category be considered substitutes? Can the researcher regard
a game show provided by YLE as a substitute of a game show provided by MTV,
while it is the audience, in the last instance, which exerts the power of making the
choice? Or why should one see a classic domestic film as a substitute for a US
action film, as the method suggests? Indeed, is it not so that differentiation occurs
also within programme types and not only between them? If one wishes to analyse
differences and similarities of programming between broadcasters, why ignore these
fine distinctions of structure, style, topic, ethos, etc., which could be detected in
individual programmes?

This, I believe, is the most critical question of validity which can be posed in
regard to this study. Undoubtedly, reducing programme output to 15 main categories ignores several differences between programmes. Drawing conclusions about shifts in programming on the basis of the size distribution across these 15 categories may result in findings of secondary importance, in comparison to what could be found by focusing on, for example, ‘modelling’ of programme formulas (see e.g. Kivikuru 1988), tendency to ‘popularise’ even informative genres (see e.g. Hultén 1996b; Krüger 1995), etc.

Nevertheless, this study suggests that the standard programme type categorisations, too, can indicate significant differences and shifts in programme output. While enabling the researcher to make comparisons both between companies, or channels, and over time, the approach can be justified. In terms of ‘face validity’ (see Wimmer and Dominick 1991: 57), my argument is that changes in the size distribution of programming across the categories do illustrate, or ‘measure’, the changes in programme output. Undoubtedly, product differentiation within the main categories is an important issue, too, but it should be approached with other, more sensitive measures. A structural micro analysis of programmes is one established research tradition, while a structural macro analysis of programming is another. Indeed, similar to this study, the bulk of the recent research literature on programme diversity focuses on analysing the programme choice as expressed in types and genres (see e.g. Hultén et al. 1996; Ishikawa 1996; Owen and Wildman 1992).

However, macro analysis too could in principle apply more sensitive measures. The category scheme, for example, could be developed to better represent various distinctions between individual programmes within each main category. This study did not fully utilise the subcategories of the classification scheme, except in the interpretation of findings. Here the researcher is faced with the fact that if the number of categories in the analysis grows too large, meaningful distinctions become hard to find. If the results at the main category level leave a question unanswered, then subcategories can help the researcher to interpret the results. Hence, a structural analysis such as this usually uses between ten and twenty categories (see e.g. Blumler et al. 1986; De Bens et al 1992; Dominick and Pearce 1976; Ishikawa et al. 1994). According to Litman (1992: 151), ‘[s]omewhere between one and two dozen categories seems to be within the zone of reasonableness’.

Reliability of measurements. - The programme schedules on which the study was based did not always accurately represent what was actually shown on television. As far as the data from the YLE programme register files are concerned, the length
of individual programmes is given to the nearest second, but here the lengths were rounded off to full minutes. For the output of MTV, the YLE data leaves out the time devoted to advertising.

In contrast, the data for Kolmostelevisio and PTV, collected from the programme listings of the Katso magazine, is based on advance information that may be subject to changes. Although changes in weekly schedules are usually minor ones and are not expected to change the overall picture of programme output, there exists another problem with the magazine listings. Unlike the YLE programme register, they include advertising spots in the length of the programme, with the result that the fare of PTV and Kolmostelevisio is slightly ‘overrepresented’ in the data. However, this is not expected to bias the analysis of programme output either, as it leaves the balance between programme categories untouched. The most drastic outcome of these limitations of available data is that the time devoted to advertisements is not analysed at all in the study.

What about the reliability of categorisations, then? Categorising television programmes, or any cultural products, is always sensitive to subjectivity. However, certain rules have been applied during the coding in order to ensure the consistency of categorisation. The category scheme created for the study included a description of each category, complemented with examples of individual programmes belonging to the category in question, sometimes also with examples of programmes not belonging to the category (see Appendix 1). The categorisation was also tested in pilot studies (see Hellman and Sauri 1996a, 1996b), after which slight changes were made to the scheme.

The schedules received from the YLE programme register were pre-coded, based on YLE’s categorisation, which differs slightly from the category scheme applied here. All codings were carefully checked and ‘transposed’ by two experienced coders operating independently. Disagreements were corrected and special questions discussed in regular meetings. Coder reliability was not checked but, arguably, it would have been very high. However, even if there is perfect agreement over the categories, the subjective process by which individual programmes are placed within categories introduces a significant potential for bias into the results. In order to control this, the coders have made a sincere effort to guarantee the consistency of coding over time and between channels.

In order to identify the listed programmes, annual volumes of the Katso magazine, TV review pages of Helsingin Sanomat and information bulletins of the broadcasters were consulted. Only in few cases did the coders have difficulties in recognising a listed programme. In these cases, the information departments of YLE, MTV and PTV provided their kind assistance.
18 Programme Structure: New Emphases?

18.1 Programme Structures in Transition

On the basis of the analysis of the broadcasting marketplace, presented in Part III of the study, and the analysis of changes in the programming policies of the Finnish broadcasters, moderate changes are expected to have taken place in the overall programme structure supplied by both the entire channel system and individual channels/broadcasters.

As for the channel system, the composition of programme offerings across the channels can be expected to have changed so as to favour more 'competitive' programme categories. This is due to an increase in channel options and, particularly, a dramatic increase in broadcast hours since the late 1980s. As to individual categories, particularly newscasts, feature films, series and serials and entertainment programmes, providing the most popular fare of television, should have taken a growing share of the overall programme output. Domestic programming, too, can be expected to have increased its stake, since it seems to appeal best to the large audience.

As for the individual broadcasters or channels, then, two opposite but simultaneous tendencies can be expected to be found. First, due to regulation, tradition and structural constraints, and since each broadcaster is expected to emphasise the uniqueness of its offerings, there should emerge a distinct difference between the broadcasters’ programme structure, reflecting the degree of their ‘commercialism’. Whereas YLE is expected to provide a public-service type of programme structure and PTV to concentrate solely on commercially motivated, popular programme categories, MTV’s fare should compromise between the two models. While YLE should provide a high share of informative and PTV a high proportion of popular categories, MTV is expected to be clearly more factually oriented than PTV but also definitely more focused on fiction and entertainment than YLE.

Second, in spite of distinct differences between the broadcasters, convergencies should also be found, since the earlier divisions of labour became invalid during the research period. While YLE can be assumed to have moved towards a more ‘commercial’ programming, MTV Finland and PTV should have approached a ‘public service’ model by introducing an increasing share of factually oriented
programming. Since domestic programming seems to be of key importance for the popularity of television, all broadcasters can be expected to have increased their domestic offerings.

18.2 Distribution of Programme Types

*Industry offerings v. choice to the viewer.* - I will start the empirical analysis of programme output by comparing the programme structures of Finland’s four TV channels, as well as of the four broadcasters operating them. The analysis is made by calculating the distribution of output, by its length, across 15 programme types.

The analysis of each broadcaster’s programme structure represents the industry approach applied in this study. It will reveal how the broadcasters, companies within the industry, responded to increasing competition in their programming, which programme types dominated the supply and whether they made major changes in their programming emphases. Hence, the programme output of each broadcaster is here regarded as a signal of its operative choices, thus serving as an indication of industry performance.

The analysis of each channel’s output, then, represents the programme choice available to the viewer. Particularly prior to the channel reform, it was often a matter of indifference to the viewer whether he was watching an MTV or YLE programme, since they followed each other naturally, separated only by certain identifying marks, signature tunes - and, naturally, commercials. Since 1993, the audience has chosen between broadcasters by choosing between channels. Each channel’s programme structure, too, is an indication of industry performance, but from the audience point of view.

Chapter 18 will proceed following the order of indicators of programme output presented in Figure 17.1 above.

*Offerings by channel.* - Table 18.1 shows the proportions devoted to the 15 programme types in the offerings of each channel. The figures show that for TV1 and TV2, in particular, the distribution of programmes across the various categories remained very stagnant during the research period. Shifts over time were far greater on TV3 and PTV.

On TV1, series and serials performed as the most commonly supplied category (on average 11.4% of the offerings), although the shares taken by educational programmes (11.3%), personal-interest programmes (11.0%), documentaries (10.5%), movies (10.1%), sports (9.7%), news (9.0%) and current affairs
### Table 18.1: Supply of television programme categories by channel, 1988-1996 (%)

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Total: 100.0  100.1  100.0  100.0  100.1  100.0  100.0  100.0  100.0  100.0
Minutes: 5690  6025  6735  7375  8715  11665  12340  58535
Programmes: 146  171  184  177  179  212  240  1309

programmes (8.9%) did not lag far behind. Programme types which increased their stake due to the channel reallocation include news, current affairs and education, whereas documentaries, music programmes, drama, variety shows and children’s programmes lost ground slightly. After the channel reform, series and serials, in particular, lost their leading position to education. Sports (9.7%) went through major fluctuations from year to year, which most obviously is explained by the sample technique applied in this study, allowing certain major sports events, such as the Winter Olympic Games, to intervene. For example, YLE’s own programme statistics, analysed in Chapter 11, reveal only slight shifts in the offerings of sports during the 1990s.

On TV2, series and serials clearly took the top programme category position (on average 19.1% of the offerings), which was not even shaken by the channel reform. Other major categories included documentaries (13.3%), personal-interest programmes (9.4%), as well as children’s (8.5%) and current affairs programmes (8.1%). Sports was also vulnerable to fluctuations on TV2, but its constantly high share (on average 11.9%) indicates that the genre was part of the basic supply of TV2. Programme types given more emphasis since the channel reform included personal-interest shows, which doubled their presence, as well as movies and variety shows. As a consequence of MTV’s Kymmenen uuitset having been moved to TV3, news was the primary loser in the reallocation. Another category with a decreasing proportion of TV2’s output was music programmes.

The three principal categories in the offerings of TV3 were series and serials (23.6%), current affairs (17.4%) and movies (12.6%), with personal-interest shows (9.3%) and sports (8.9%) following. However, during the research period Channel Three went through two major reforms of its programme structure. The first major change took place in 1990, when MTV Finland took over Kolmostelevisio. It was then, due to the breakfast television programme Huomenta Suomi, that current affairs were given a major position and that series and serials lost their predominating role on the channel. The second transition, then, came along with the channel reallocation, as a consequence of which films in particular lost ground. Current affairs programmes and sports also suffered from the reform, whereas the winning categories include news and personal-interest programmes, the latter having tripled its share.

The cable-distributed PTV’s programme output shows that the channel was continuously searching for the right mix of offerings. Three top categories were series and serials (36.1%), sports (14.7%) and personal-interest programmes (12.8%), followed by movies (8.0%) and children’s programmes (6.8%). Although serial drama was always the channel’s principal focal area, this suffered slightly, to
the benefit of movies, which had increased their stake dramatically since 1994, when PTV’s sister channel Viihdekanava, a pay-TV service, was closed down, leaving a large number of purchased broadcast rights available to PTV. Another category given more emphasis during the 1990s was talk shows, whereas personal-interest programmes, as well as game shows and children’s programmes, were cut back. Also worth noting is a decrease in the category of other programmes. This points to the gradual disappearance of local programmes from the offerings of PTV in Helsinki. In other major cities, such as Turku and Tampere, local programming survived better.

Offerings by broadcaster. - Table 18.2 presents the breakdown of programme types provided by YLE and MTV. Kolmotelevision is not analysed separately, since it did not schedule its channel independently after 1990. As for PTV, its offerings have already been analysed above.

The figures reveal that YLE, operating on two channels, distributed its supply quite evenly across the 15 programme types. Top categories were numerous, and included features and documentaries (12.6%), series and serials (12.1%), sports (11.6%), personal-interest programmes (10.9%), current affairs (9.9%) and films (8.9%). News and children’s programmes too (both on average 7.4%), as well as education (7.2%), were given a major share in its schedules, whereas other categories had a more marginal position.

Interestingly, the channel reform seems to have left only a minor mark on YLE’s supply. The share of current affairs programmes dropped, but only temporarily. Decreases in the shares of documentaries and music programmes were slight, but of a more permanent character, whereas children’s programmes suffered the most, since their output was decreased, even in absolute terms during the period from 1988 to 1996, with YLE increasing its overall offerings by 55 per cent. Personal-interest programmes, education, as well as series and serials are among the winners in the reallocation. In absolute terms, YLE more than doubled its serial as well as educational supply. The various entertainment programmes gained some new ground, but their total share of the output remained low.

MTV Finland performed as the central provider of series and serials (on average 26.7% of its output), although it still lagged far behind PTV’s focus on serial drama. Other central categories in MTV’s offerings included current affairs (15.2%), mainly due to its breakfast television, movies (11.0%) and personal-
### TABLE 18.2 Supply of television programme categories by YLE and MTV, 1988-1996 (%)*

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**Note:**
*Includes YLE's programming on TV1 and TV2, and MTV's programming on TV1 and TV2 (1988-92) and on TV3/MTV3 (1990-96). All programmes provided by Channel Three between 1990-92 are included in the figures for MTV Finland.*
interest shows (9.0%). News also took a considerable share of MTV’s offerings (7.4%). In general, MTV’s output appears to have been more concentrated, i.e. less evenly distributed across programme types, than YLE’s.

Like TV3 as a channel, MTV Finland as a broadcaster went through a two-step process of change. During its first phase, in 1990-91, the company expanded its operations onto Channel Three, as a result of which MTV quadrupled its overall offerings. In terms of programming, this shift increased the share of current affairs while cutting back on the proportion devoted to series and serials. In absolute terms, the output of current affairs programmes grew within one year by more than 700 per cent, while even the output of serial drama was trebled. During this transition phase the share of news also dropped, although its output was heavily increased.

Considering the enormous change of course which took place at the beginning of the decade, the second phase, the channel reform of 1993, turns out to be a less dramatic one. With channel reallocation, MTV Finland’s programme hours grew only marginally at first. The company did double its share of hobby and personal-interest shows while reducing the time devoted to movies and series and serials as well but, in general, the company stuck to its already established programming pattern – except that now it was packaged within one channel instead of three.

Since the 1993 reform, MTV’s output has remained comparatively stable but, as a result of a gradual 45 percent increase in the company’s overall programme supply between 1993 and 1996, personal-interest shows, representing ‘light’ production values, convenient for noon and afternoon broadcasts, took an ever increasing stake. The share of children’s programmes also seemed to increase, whereas game shows lost ground in the offerings of MTV.

Drawing comparisons with the statistics provided by YLE and MTV themselves (see e.g. Joulkoviestintä 1998; see also Chapter 11), representing their total output instead of sample weeks, is difficult for two reasons. First, for the years 1990-1992 the ‘official’ statistics ignore MTV’s programming on Channel Three. Secondly, categorisations do not necessarily coincide, and even when the company statistics employ the same programme type labels as this study, the principles of categorisation may differ greatly. This study provides the first opportunity to make comparisons between programme structures on the basis of a uniform and consistent categorisation. As far as conclusions can be drawn, the results of this study appear to support the earlier knowledge about YLE’s and MTV’s programming patterns.

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In the analysis, newscasts of Huomenia Suomi, the breakfast television show, could not be separated. The programme as a whole was included in current affairs programmes.
Programme Output

**FIGURE 18.1 Programming domains of the Finnish TV channels since 1993**

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</table>

The data generally support the expectation that YLE should provide a public-service type programme structure, whereas PTV should concentrate on popular programme categories. As expected, MTV's fare compromised between the two models. However, the assumption about convergence also seems valid, since while MTV seemed to converge slightly towards the public-service model, YLE, too, compromised by shifting its offerings slightly towards the commercial model, particularly by changing the course of TV2. In contrast to YLE and MTV Finland, PTV seemed to focus increasingly on categories typical of commercial television.

**Programming domains.** - On the basis of the above analysis, the programming domains of each channel/broadcaster since 1993 are presented in Figure 18.1. This suggests that YLE's TV1 in particular provided a broad mix of programme categories, with education, personal-interest programmes and news performing as its focal area of programming. However, current affairs and documentaries, belonging to the informative categories, as well as series and serials, movies and sports, belonging to the popular categories, also belonged firmly in its domain. In contrast, YLE's TV2 supplied a 'lighter' and slightly more focused approach to programming, with series and serials at the top followed by documentaries, sports, personal-interest shows and movies.
From Companions to Competitors

Among the commercial channels, MTV3 showed a domain slightly similar to that of YLE’s TV2. Here too, series and serials took the leading position, followed by current affairs and personal-interest programmes in particular. Movies, sports and game shows were part of the principal menu of the channel. In spite of the great number of newscasts on MTV3, their share of the overall output remained moderate. On PTV too, series and serials predominated, while other categories in its domain included sports, personal-interest shows and movies.

**Overall programme structure.** - Since the industry structure of Finnish television broadcasting went through a major change during the research period, and since each broadcaster, MTV Finland and PTV in particular, made major alterations of course in their programming, its is worthwhile analysing how the overall programme output changed. Table 18.3 shows the shifts in the programme structure at the system level.

The analysis suggests that, over the research period, series and serials maintained their top position in the programme supply with their 19.4 percent share. Other categories, such as sports (10.6%), hobby and personal-interest programmes (10.4%), current affairs (10.2%) and movies (9.9%), clearly lagged behind serial drama. The proportion devoted to personal-interest programmes showed the most significant increase, whereas documentaries, music programmes and children’s programmes suffered slightly. Again, due to sampling technique, sports programmes showed annual fluctuations, whereas relative fluctuations between the various entertainment categories perhaps indicate shifting trends. For example, while game shows and variety shows experienced a boom during the years 1992-93, it seems that from 1993 on it was talk shows which gained ground at the expense of the other two entertainment types.

Considering that the programme supply of the Finnish television system doubled during the research period and went through a major structural change, the overall pattern of programming shows a remarkable stability. As a general rule, series and serials appear to take a 20 percent share of programming, whereas news and current affairs together are allotted a 15 percent share; these are followed by sports, personal-interest programmes, information and education, movies, and entertainment, each with an approximately 10 percent share. Marginal positions are left for dramas and children’s programmes.

The data did not lend much support for the expectation that the composition of the overall programme offerings should have changed so as to favour more ‘competitive’ programme offerings, as represented by programme types with a positive demand/supply ratio, i.e. news, feature films, series and serials and
TABLE 18.3 Overall supply of television programme categories in Finland, 1988-1996 (%)*

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<td>0.4</td>
<td>1.1</td>
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Total         99.9  100.1  99.9  100.0  100.0  100.1  100.0  100.2  100.2
Minutes       39278  37204  48450  48694  51705  61156  64786  74625  77276  503174
Programmes    1151  1221  1414  1439  1470  1845  1959  2232  2369  15100

Note:
*Includes all programming on TV1, TV2, TV3 and PTV during the sample weeks.

entertainment programmes. None of the four categories, except for films, gained new ground during the research period at the system level, but neither did they lose their positions. Contrary to expectation, the principal winner was hobby and personal-interest programmes, whose proportion of the overall output increased from 7.8 per cent in 1988 to 14.1 per cent in 1996. In 1992, the proportion of programme hours allocated to movies was reduced to its lowest level of 7.8 per cent, but by 1996 it had recovered to 11.4 per cent. While the number of movies broadcast on the three nationwide channels (PTV excluded) was 571 in 1988 (Apunen and Tuomola 1989), it increased to 931 in 1996 (Kari and Uusitalo 1997).

It seems that this period of rapid transition, from the late 1980s to the mid-1990s, characterised by a major structural transformation of broadcasting, a huge expansion of programme hours and a revolutionary reallocation of viewing shares, forced the broadcasters to minimise risks and comply with an economic rationale.
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highlighting low costs and 'light' production values. This explains the popularity among the broadcasters of personal interest shows, representing 'competitive' programming, not in the sense of top ratings, but in terms of efficiency and low average cost per hour.

18.3 Informative v. Popular Programming

Share of informative programmes. - The next indicator of programming patterns is the proportion devoted to informative categories, on the one hand, and popular categories, on the other. This is a measure which has in earlier studies (see e.g. de Bens et al. 1992) effectively made a distinction between public and commercial broadcasters. As Table 18.4 shows, YLE, MTV Finland and PTV clearly differ along this dimension. While YLE contributed on average a 47.0 percent share to informative categories, the respective share for MTV was 34.1 and for PTV no more than 15.4 per cent.

Interestingly, both YLE and MTV Finland increased their informative content during the research period. As a result, the proportion devoted to informative categories in Finnish television did not sink but, quite the opposite, grew from 38 per cent in 1988 to 42 per cent in 1996. Whereas MTV Finland almost doubled its share of informative programme types, for YLE the increase took place primarily on TV1, although on TV2 also the share was rising towards the end of the research period.

From the viewer's standpoint, there was a significantly higher probability of finding informative programmes both on TV1 and Channel Three in 1996 than there had been before the channel reform, whereas the informative content of TV2 and PTV had remained more stable.

Share of Popular Programmes. - Table 18.5 shows the total proportions of popular programme types, i.e. series and serials, movies, the various entertainment genres and sports, by broadcaster, on each channel. Logically, the result is a mirror image of the previous analysis concerning informative programming.24 On PTV, popular programme types predominated with their 69.1 percent share, whereas on MTV their stake was, on average, 58.6 per cent and on YLE no more than 37.9 per cent.

24Of the 15 programme categories used in this study three were decided to be excluded as irrelevant from the comparison between informative and popular content: music programmes (MUSI), single dramas (DRAM), children’s programmes (CHIL) and other, unclassified programmes (OTHE).
**Programme Output**

**TABLE 18.4** Share of informative programming by channel and company, 1988-1996\(^a\)

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<td>MTV(^c)</td>
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<td>41.2</td>
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**Notes:**
- Informative programming includes the following programme categories: NEWS, CURR, PERS, DOCU and EDUC.
- Includes YLE's programming on TV1 and TV2.

**TABLE 18.5** Share of popular programming by channel and company, 1988-1996\(^a\)

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<td>50.4</td>
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<tr>
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**Notes:**
- Popular programming includes the following programme categories: FILM, SERI, GAME, TALK, VARI and SPOR.
- Includes YLE's programming on TV1 and TV2.

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From Companions to Competitors

On PTV, the share was constantly increasing, reaching its peak (81.8%) in 1996, whereas on MTV popular programme types systematically lost ground, dropping from 63.4 per cent in 1988 to 47.1 per cent in 1996.

The public broadcaster YLE also slightly increased its popular programme output, compared to the late-1980s, but since the company increased its informative output, too, this means that the programming pattern was changed at the expense of ‘marginal’ programme types such as TV drama, music programmes and children’s programmes. Within the company, it was more and more TV2 which was responsible for the popular supply, whereas TV1 continued to provide only one third of its output in popular categories.

The overall share of ‘less demanding’ programmes remained stable in Finland over the research period. Hence, although there was much more popular programming available to the audience in the mid-1990s than there had been in the late 1980s, its proportion did not increase. However, in 1996 the probability of seeing programmes representing the popular categories on TV1 and Channel Three was lower than it had been before the channel reallocation. In contrast, both TV2 and PTV devoted an ever increasing amount of time to them.

These results suggest that there existed in Finland a three-layer organisation of broadcasting consisting of a public service, a commercial sector and a hybrid sector, each showing a distinctly original programming pattern. Thus, the data supports the expectation that whereas YLE should have provided a public-service type of programme structure and PTV should have concentrated on popular programme categories, MTV compromised between these two models.

The data also gave support to the assumption about convergence, since YLE clearly increased its popular fare, in particular on TV2, whereas of the two privately owned broadcasters it was only the hybrid MTV which approached the public-service model.

18.4 Origin of Programmes

*Origin of programmes by channel/broadcaster.* - Earlier research shows that public broadcasters provide a more versatile mix of programmes in terms of country of origin than their commercial rivals. On commercial channels foreign programmes, particularly those imported from the United States, tend to dominate, since original, domestic programming is considered too expensive. Table 18.6 presents the origin of programmes on Finland’s four channels on the basis of a nine-category classification. The breakdown shows that domestic programming accounted for
### TABLE 18.6 Origin of programmes by channel, 1988-1996

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<td>2.7</td>
<td>3.7</td>
<td>3.4</td>
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</tr>
</tbody>
</table>

| Total        | 100.0| 99.9 | 99.9 | 100.1| 99.9 | 100.1| 100.1| 100.0| 99.9 |
| Minutes      | 16077| 16457| 16779| 17164| 16247| 20548| 21820| 23192| 22513| 172797|
| Programmes   | 534  | 596  | 601  | 588  | 564  | 700  | 735  | 799  | 804  | 5921 |

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| Total        | 99.9 | 100.1| 100.1| 99.9 | 100.0| 100.0| 100.0| 100.0| 100.0| 100.0 |
| Minutes      | 13331| 11802| 12896| 13125| 13397| 15172| 13781| 15843| 16266| 125613|
| Programmes   | 398  | 412  | 418  | 415  | 426  | 469  | 411  | 471  | 485  | 3905  |
From Companions to Competitors

**TABLE 18.6 (continued)**

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| Total Minutes | 100.0 | 100.0 | 99.9 | 100.0 | 100.0 | 99.9 | 100.0 | 100.0 | 99.9 |
| Total Programmes | 9870 | 8945 | 13085 | 12360 | 13326 | 18061 | 20470 | 28935 | 26157 | 146229 |

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| Total Minutes | 100.0 | 100.1 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.1 |
| Total Programmes | 5690 | 6025 | 6735 | 7375 | 8715 | 11655 | 12340 | 58535 |

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<td>MTV included in the figures for TV1 and TV2 in 1988-1992.</td>
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364
more than half of the programming on all channels except PTV, where North American programmes predominated.

On TV3/MTV3, as well as on TV2, America was the second biggest source of programming, whereas on TV1 Western European programmes took second place. The TV1 and TV2 supply was more evenly distributed between different countries of origin than that of other channels. On Channel One and Channel Two, it was only the African products which remained unrepresented, whereas on Channel Three East-European programmes and, on PTV, East-European, Asian and even Nordic programmes were also missing. PTV's output, in particular, was narrowly distributed in terms of geography. On Channel Three, too, the programming tended to be polarised into domestic and US offerings.

The offerings of both YLE and MTV covered all continents, except Africa (see Appendix 2). However, YLE's offerings were more evenly distributed across the world map. In addition to domestic output, Western European and North American supply dominated, but Nordic programmes also had a steady share, whereas the shares devoted to Eastern European and Asian programmes appeared to be decreasing. In contrast to YLE, MTV's foreign programming originated almost exclusively from the United States.

The figures suggest that Finnish viewers have been provided with a mix of programmes the geographic variety of which was narrowing slightly during the research period. On TV1 and TV2, programmes originating from Finland, as well as from Western Europe and Northern America, dominated, whereas TV3/MTV3 concentrated heavily on both domestic and North-American output.

*Domestic v. US programming.* - Table 18.7 compares the proportions devoted to domestic programmes by the broadcasters on four channels. The figures show indisputably the predominance of domestic content on Finland's television during the research period. Its stake increased from 51.1 per cent in 1988 to 58.2 per cent in 1996. Finnish-made programmes gained new ground on all channels except PTV, where their share dropped. Most dramatically, the share of domestic programmes increased on Channel Three, from 35.7 per cent in 1988 to 69.5 per cent in 1996. MTV Finland too, as a company, invested increasingly in Finnish content. In YLE's programming, its share remained considerably stable at, on average, 59.0 per cent. While YLE had traditionally performed as the most 'domestically' oriented broadcaster in Finland, MTV Finland took this title following the channel reform.

However, this development did not result in the failure of US programming, as is shown by Table 18.8. On the contrary, programmes imported from the United
From Companions to Competitors

**TABLE 18.7** Share of domestic programming by channel and company, 1988-1996

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Notes:
<sup>a</sup>Includes YLE's programming on TV1 and TV2.
<sup>b</sup>Includes MTV's programming on TV1 and TV2 (1988-1992) and on TV3/MTV3 (1990-1996).

**TABLE 18.8** Share of US programming by channel and company, 1988-1996

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<sup>a</sup>Includes YLE's programming on TV1 and TV2.
<sup>b</sup>Includes MTV's programming on TV1 and TV2 (1988-1992) and on TV3/MTV3 (1990-1996).
States seemed to maintain their established 20 to 25 percent stake of the offerings. As expected, the fully commercial PTV performed as the most 'Americanised' television channel, whereas YLE was clearly the most moderate in using US content. Among the channels it was TV3 and among the broadcasters MTV Finland which decreased their American predominance the most.

Whereas MTV reduced its US programming to the benefit of domestic content, YLE even increased it, at the expense of programmes originating from European countries. Since the channel reform, North America has accounted for an increasing share of TV2's supply in particular. However, as Pihanurmi (1995) has observed, about half of the foreign programmes broadcast by YLE still originated from the Nordic and other European countries, whereas only one third came from the United States.

In general, the data support the expectation that programming has changed to favour more 'competitive' programmes. It seems that the 1993 channel reform tended to increase polarisation of programming in geographic terms. As for YLE, one could talk about a 'tri-polarisation' of offerings into domestic, Western-European and North-American products, whereas both MTV Finland and PTV indicate a tendency towards a 'bi-polarisation' into domestic and US content. While the domestic pole was composed of personal-interest programmes, current affairs programmes, news and various entertainment genres, it is series and serials, as well as movies, which dominated the US pole. In fact, what partly explains the difference between the offerings of YLE and MTV Finland is the very origin of their fiction supply. Whereas MTV's films and series originate predominantly from the United States, YLE imports fiction from other countries too, notably Britain, Germany, France and Sweden.

Hence, the data also lends support to the expectation that the public-service YLE and the two commercial broadcasters should provide distinctly different programming patterns, as well as to the expectation that some degree of convergence between YLE and MTV, in particular, should have taken place during the research period.

18.5 Summary

1 The overall programme structure offered to the audience remained remarkably stable over the research period. The only category which clearly increased its share was hobby and personal-interest programmes (PERS), whereas documentaries (DOCU) and children's programmes (CHIL) suffered
Informative programming, measured by a summary share of news (NEWS), current affairs programmes (CURR), personal-interest programmes (PERS), documentaries (DOCU) and educational programmes (EDUC), generally improved its position in the overall supply. Popular categories, represented by sports (SPOR), movies (FILM), series and serials (SERI), and entertainment genres (GAME, TALK, VARI), also maintained their overall position.

Domestic programmes strengthened their predomination on Finnish television at the expense of, for example, Nordic and European supply. The US programming had an established 20 to 25 percent share of the offerings.

The public-service YLE provided a broad mix of programme types, with no single category predominating. Its programming domain included informative as well as popular categories, although the informative categories were slightly ahead of the popular ones.

Domestic programmes predominated in YLE’s offerings. Towards the end of the research period US imports increased their stake at the expense of European programming.

MTV Finland provided a programme mix converging towards the public-service model, although popular supply predominated with series and serials (SERI) serving as the single top category. During the 1990s both current affairs (CURR) and personal-interest (PERS) programmes increased their share.

Domestic programming accounted for a dramatically increasing share of MTV’s offerings, clearly higher than on YLE. At the same time, US programming lost ground in its supply.

PTV provided a fairly narrow mix of programmes, concentrating heavily on popular categories, series and serials (SERI) in particular. US programmes took an increasing share of its output, whereas domestic ones were on the decrease.

For the Finnish audience, the heavily increased programme output provided four considerably different channels. Whereas TV1 turned towards an information oriented public-service channel, TV2 increased its popular offerings, thus converging towards MTV3 but maintaining distinct differences. MTV3, then, approached the public-service model, maintaining, however, its emphasis on popular genres, whereas PTV represented a purely commercial programme pattern.
19 Programme Range: 
Diversity or Convergence?

19.1 The Broadening Scope of Programming

The previous chapter showed that there was only a modicum of change in the overall programming pattern of Finnish television, whereas major changes were found on individual channels. As to the second analytic dimension of programme output, programme range, it can be expected that the overall diversity of television programming has increased. This is not only due to the increased rivalry between the broadcasters, but is also a result of regulation of the general framework of competition. In other words, the fact that the three broadcasters did not struggle directly for the same sources of funding should have made it possible to compete by offering different programming, instead of providing more of the same. This should be reflected as an increase in the variety of offerings provided by the channel system as measured with the Relative Entropy Index over time, as well as an increase in the number of simultaneous programme type options available to the viewer.

As far as the programme range of the individual channels or broadcasters is concerned, the twin effect of diverging broadcasting philosophies and converging programming practices, found in programming policy and programme structure, should be discerned here too. As a result of their differing institutional organisations and traditions, the broadcasters should show clear differences, reflecting their degree of commercialism. Whereas the public broadcaster YLE can be expected to provide the widest range of programming, the fully commercial PTV is expected to show the lowest degree of programme diversity, while the hybrid MTV Finland is assumed to take up the middle ground.

On the other hand, it can well be expected that differences between YLE and MTV Finland, in particular, have decreased, since these two companies are the principal providers of programming for the large audience. Reflecting this tendency towards convergence, the variety of their offerings, as measured with the Relative Entropy Index, should have approached a common level. Also, the degree of deviation between YLE and MTV, as measured with the Deviation Index, should have become lower.

In order to determine whether the range of programme offerings was broadened or narrowed during the research period, the breadth of programming will be
analysed by calculating the values of the Relative Entropy Index (H), both for each channel/broadcaster, or 'vertically', and across channels, or 'horizontally'. In the analysis of differences between channels, two measures will be used, the Deviation Index (D), which measures how much the content of one network deviates from the content of another, and the Programme Option Index (A), which indicates the average number of simultaneous programme type alternatives available to the viewer.

Chapter 19 will proceed by following the order of indicators presented in Figure 17.2. I will start by analysing the diversity of programming and finish with an analysis of the differences between the channels and broadcasters.

19.2 Diversity of Programming

Diversity by channel. - Table 19.1 presents the results of the entropy analysis, showing the relative entropy for all four channels. On the basis of the ordinal scale suggested in Chapter 17, the index figures show that over the research period the variety of programming was, on average, very high on three of the four networks, and that even for the fourth network the index shows a medium degree of diversity.

The highest average figures were displayed by TV1 and TV2 with their 0.91 and 0.87 respectively, while Channel Three/MTV3 reached an average of 0.81 and PTV 0.69 index points. Interestingly, Channel Three in particular systematically increased its diversity from 0.76 in 1988 to 0.83 in 1996. A major shift towards increasing variety in its offerings had already taken place in 1990-91, when MTV Finland took over the channel. As already observed in Chapter 18, the 1993 reform was not nearly as dramatic for the channel - the most significant developments had already taken place at the beginning of the decade.

The variety of programming on TV1 narrowed slightly during the 1990s in comparison with figures for the late 1980s. However, the average index figure of 0.90 for the post-channel reform years suggests that it was still Channel One which provided the most versatile programme mix in Finland. The channel reallocation first appeared to increase TV2's programme range, but by 1996 the diversity index figure had dropped to its lowest value, 0.84, which still represents a very high diversity and is slightly ahead of MTV3's respective figure.

Diversity of programming on PTV's cable-distributed channel was at first high, partly due to local programming and other experiments, but by 1994 the index figure had dropped to 0.64. However, during 1995-96 the channel performed better, again displaying a high degree of diversity.
TABLE 19.1 Programme diversity by channel, 1988-1996

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<tbody>
<tr>
<td>TV1(^a)</td>
<td>.93</td>
<td>.93</td>
<td>.92</td>
<td>.91</td>
<td>.90</td>
<td>.91</td>
<td>.89</td>
<td>.89</td>
<td>.89</td>
<td>.91</td>
</tr>
<tr>
<td>TV2(^a)</td>
<td>.89</td>
<td>.89</td>
<td>.87</td>
<td>.86</td>
<td>.86</td>
<td>.89</td>
<td>.89</td>
<td>.88</td>
<td>.84</td>
<td>.87</td>
</tr>
<tr>
<td>TV3/MTV3</td>
<td>.76</td>
<td>.76</td>
<td>.79</td>
<td>.82</td>
<td>.83</td>
<td>.83</td>
<td>.84</td>
<td>.82</td>
<td>.83</td>
<td>.81</td>
</tr>
<tr>
<td>PTV</td>
<td>.75</td>
<td>.63</td>
<td>.69</td>
<td>.68</td>
<td>.64</td>
<td>.71</td>
<td>.71</td>
<td>.69</td>
<td></td>
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</tbody>
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Notes:
\(^a\)Includes MTV's programming on TV1 (1988-92).
\(^b\)Includes MTV's programming on TV2 (1988-92).

This suggests that, with the exception of PTV, each channel provided a very wide and evenly distributed range of programme offerings to its viewers. However, it was only Channel Three which clearly increased its diversity during the research period. Hence, the data provides only partial support for the expectation that the Finnish television channels should have broadened the range of their offerings.

In comparison to major channels in Canada, Japan, Sweden, the United Kingdom, and the United States (see Ishikawa et al. 1996),\(^{25}\) the Finnish channels display an extraordinarily high degree of relative entropy. According to a comparative study for 1992, the index measure for Britain's BBC1 was 0.73, for BBC2 0.80, for ITV 0.67 and for Channel Four 0.81, while figures for Sweden's SVT1 was 0.84 and for SVT2 0.69. At the same time, the US networks showed a low degree of breadth of offerings with 0.51 on ABC, 0.54 on CBS and 0.50 on NBC.\(^{26}\)

Diversity by broadcaster. - Analysis of the performance of each broadcaster, as shown in Table 19.2, suggests that both YLE and MTV Finland provided a very high degree of diversity during the research period. As already observed above,

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\(^{25}\)The categorisations applied by this study and the QABP project are almost identical, thus justifying comparisons.

\(^{26}\)These figures are not comparable with the more recent results concerning Sweden, since in their study Hillve et al. (1997) calculated relative entropy based on proportions of programme items in each genre instead of proportions of programme time allocated to each genre. According to their analysis relative entropy measures for 1995 were 0.89 for SVT1, 0.80 for SVT2, 0.66 for TV3 and 0.67 for TV4 (loc. cit.: 303).
PTV’s offerings reached a medium degree of diversity only. Of the two major broadcasters, YLE performed significantly better with its 0.91 average measure, compared to 0.81 for MTV.

In line with the development of the range of offerings on Channel Three, MTV too, as a broadcaster, experienced a major increase in diversity at the very beginning of the decade, whereas the effect of the 1993 channel reform turned out to be less dramatic. The company had already reached, in 1990-91, a new degree of breadth in its offerings, while the channel allocation only established the company’s position as a ‘full service’ broadcaster. The highest measure of relative entropy was reached in 1994 (0.84), while the lowest figure was for 1989 (0.74), thus showing a significant improvement in the assortment of programming.

YLE’s figures, then, remained much more stable during the research period, varying between 0.89 in 1992 and 0.93 in 1993. For YLE, the channel reform resulted in a decrease in diversity, but since then the figures have slightly levelled down, still showing a very high measure of 0.90 for 1996. Interestingly, after the channel reform, YLE managed to coordinate its two channels so that, as a company, it was able to provide a higher degree of diversity than it showed on either of its single channels. It is logical that operating on two channels instead of one enables a broadcaster to increase the breadth of its programme offerings. Whether it chooses to do so is another matter. In the case of YLE, the company seized this opportunity and managed to allocate its programmes between the two channels so that its overall variety was guaranteed.

The results justify a conclusion that the competitive era made a deeper impact on MTV’s than on YLE’s programming patterns. The public broadcasting company managed to maintain its wide range of offerings allocated on two channels, while it filled major holes left by MTV’s programmes. At the same time, MTV was able to augment the breadth of its programme output, although it concentrated its all offerings on one channel only instead of three.27 In the shadow of these two major players, PTV had to settle for a clearly narrower range of offerings, concentrating heavily on a few genres only. This supports the expectation that YLE should provide the widest range of programmes, whereas PTV should show the lowest diversity.

Another conclusion is that the two ‘mixed’ nationwide channels of the pre-reform era managed well in providing a versatile mix of programmes, with YLE

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27Here one must remind of the characteristics of the measure, the Relative Entropy Index. If a broadcaster reaches the 0.90 level in diversity, it becomes almost impossible to improve performance, whereas the 0.80 level still allows a better balance between programme categories.
and MTV, following their established division of labour, almost perfectly ‘balancing’ each other’s offerings. Diversity measures for TV1 in particular were, between 1988 and 1992, higher than figures for YLE alone, not to mention those for MTV. On TV2 it was perhaps MTV’s heavy concentration on a few programme categories which made a slight negative contribution to its channel variety. On the other hand, both major broadcasters could well re-balance their programming patterns after the channel reform, thus leaving only minor marks on the diversity of their supply.

System diversity. - Table 19.3 shows the development of system diversity as expressed by the Relative Entropy Index across the four channels. Contrary to the expectation that the overall diversity of television programming in Finland should have increased during the research period, the measure shows a slightly decreasing tendency, from the peak figure of 0.92 in 1990 and 1993 to the low of 0.89 in 1996. How can this be explained, since channel diversity on any single channel was not dramatically reduced - it even increased considerably on Channel Three?

Most obviously, the result reflects the cumulative increase in the proportions of certain programme types, personal-interest programmes and movies in particular, as well as the cumulative decrease in the proportions of TV drama, game shows and children’s programmes - i.e. shifts observed in the analysis of programme structure in Chapter 18. The less evenly the programmes are distributed across the genres, or the more the proportions allocated to each genre differ from the ‘ideal’ share, which in a 15-category classification is 6.7 per cent, the lower the value of the entropy index. In this case parallel developments in the offerings of YLE, MTV Finland and PTV, or an increasing concentration on the same genres at the expense of certain
From Companions to Competitors

**TABLE 19.3** Programme diversity across channels, 1988-1996

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<tbody>
<tr>
<td>Horizontal*</td>
<td>.91</td>
<td>.91</td>
<td>.92</td>
<td>.91</td>
<td>.92</td>
<td>.90</td>
<td>.90</td>
<td>.89</td>
<td>.91</td>
<td></td>
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<tr>
<td>PTV excluded</td>
<td>.93</td>
<td>.91</td>
<td>.91</td>
<td>.92</td>
<td>.91</td>
<td>.91</td>
<td>.90</td>
<td>.90</td>
<td>.91</td>
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</tbody>
</table>

*Represents the overall diversity of TV1, TV2, TV3/MTV3 and PTV.

other genres, resulted in a slight decrease in system diversity.

Another explanation could be the negative contribution of PTV to the horizontal entropy measure. In order to allow for this, figures excluding PTV were calculated. As Table 19.3 shows, the system diversity for the three broadcast channels was almost consistently approximately 1 point higher than the system diversity for four channels. However, similarly to the four-channel solution, the highest measure was for 1990 (0.93) and the lowest (0.90) for 1996. Hence, the channel reform did not increase system diversity but, rather, resulted in a marginal reduction.

Still, it must be emphasised, the overall breadth of offerings provided by Finland’s four-channel system was continuously extremely high. The index would have displayed even a greater degree of entropy if, for example, music programmes and single dramas had been allocated more programme time at the expense of series and serials. Interestingly, system diversity tended to be higher than the programme diversity on any single channel. This suggests that the system did not duplicate programming, with each channel providing more of the same, but increased choices, with the sum of the channels providing more than any one channel. The result accentuates the significance of the criticism presented in Chapter 16, stating that analysis of diversity should not focus on individual channels and broadcasters only but should assess the benefits to the audience of the channel system as a whole, too.

19.3 Differences in Programming

*Deviation between channels.* - In order to substantiate the differences between channels and broadcasters, Table 19.4 presents *deviations* between the channels. As
TABLE 19.4 Deviation between channels, 1988-1996

<table>
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<tbody>
<tr>
<td>TV1 v. TV2</td>
<td>0.39</td>
<td>0.36</td>
<td>0.56</td>
<td>0.38</td>
<td>0.48</td>
<td>0.58</td>
<td>0.51</td>
<td>0.62</td>
<td>0.59</td>
<td>0.50</td>
</tr>
<tr>
<td>TV1 v. TV3</td>
<td>0.71</td>
<td>0.79</td>
<td>0.81</td>
<td>0.69</td>
<td>0.73</td>
<td>0.66</td>
<td>0.73</td>
<td>0.67</td>
<td>0.70</td>
<td>0.72</td>
</tr>
<tr>
<td>TV1 v. PTV</td>
<td>0.99</td>
<td>1.11</td>
<td>1.12</td>
<td>1.08</td>
<td>1.02</td>
<td>1.00</td>
<td>0.97</td>
<td>1.04</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TV2 v. TV3</td>
<td>0.78</td>
<td>0.67</td>
<td>0.69</td>
<td>0.64</td>
<td>0.54</td>
<td>0.58</td>
<td>0.57</td>
<td>0.51</td>
<td>0.48</td>
<td>0.61</td>
</tr>
<tr>
<td>TV2 v. PTV</td>
<td>0.71</td>
<td>1.00</td>
<td>0.98</td>
<td>0.75</td>
<td>0.75</td>
<td>0.67</td>
<td>0.72</td>
<td>0.74</td>
<td>0.80</td>
<td></td>
</tr>
<tr>
<td>TV3 v. PTV</td>
<td>0.89</td>
<td>1.13</td>
<td>0.99</td>
<td>0.81</td>
<td>0.81</td>
<td>0.78</td>
<td>0.78</td>
<td>0.89</td>
<td>0.88</td>
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explained in Chapter 17, this measure, derived mathematically by subtracting a broadcaster’s percentage of time per programme category from another broadcaster’s corresponding figure and summing the absolute differences, represents a degree of difference between two players.

The data shows that, on average, deviations between TV1, TV2 and TV3 were of low or medium degree only, whereas each of these channels deviated more clearly from PTV. The sum of differences was particularly low between TV1 and TV2, until the 1993 channel reallocation clearly pushed the channels apart. Deviation was at its lowest in 1989 (0.36) and at its highest in 1996 (0.67). On the other hand, the channel reform brought TV2 and TV3 closer to each other. Deviation between these two channels dropped from 0.78 in 1988 to 0.58 in 1993 and finally to 0.48 in 1996. Deviation between TV1 and TV3, then, has remained considerably stable, with an average value of 0.72. Hence, differences between TV1 and TV3/MTV3 are greater than those between TV2 and TV3/MTV3. In other words, the offerings of Channel Two and Channel Three resemble each other more than the supply of Channel One and Channel Three.

The greatest deviation in the analysis is displayed between TV1 and PTV, with an average measure of 1.04. Interestingly, TV2 is slightly more similar to PTV than TV3/MTV3 is. However, all three nationwide channels differ clearly from PTV, showing a high degree of deviation from it.

Also, differences between the three major channels have remained almost unchanged, thus not supporting the assumption about an increasing similarity. The results again show that the impact of the 1993 reallocation was not as dramatic as expected. Differences between TV1, TV2 and TV3/MTV3 had already become established by the early 1990s, whereas PTV, with its annually changing programme structure, represented ‘uncertainty’, which was illustrated by its varying
TABLE 19.5 Deviation between broadcasters, 1988-1996

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</tr>
</thead>
<tbody>
<tr>
<td>YLE v. MTV</td>
<td>0.97</td>
<td>0.98</td>
<td>0.88</td>
<td>0.77</td>
<td>0.82</td>
<td>0.57</td>
<td>0.62</td>
<td>0.54</td>
<td>0.57</td>
<td>0.75</td>
</tr>
<tr>
<td>YLE v. PTV</td>
<td>0.87</td>
<td>1.12</td>
<td>1.16</td>
<td>0.91</td>
<td>0.87</td>
<td>0.85</td>
<td>0.86</td>
<td>0.95</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MTV v. PTV</td>
<td>0.85</td>
<td>1.02</td>
<td>0.91</td>
<td>0.81</td>
<td>0.69</td>
<td>0.78</td>
<td>0.89</td>
<td>0.85</td>
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degree of deviation from the nationwide channels.

Deviation between broadcasters. - Table 19.5 shows the Deviation Index values between the three broadcasters. On average, deviation between YLE and MTV Finland was of medium degree over the research period, whereas deviation between YLE and PTV, as well as between MTV and PTV, was of high degree. This suggests that YLE and MTV resembled each other fairly closely, whereas both companies differed clearly from PTV. However, the two principal broadcasters converged only gradually, with the most dramatic drop in deviation coinciding with the 1993 reform. Before the reallocation of channels the index displayed significantly higher values. During the 1990s, deviation between YLE and PTV also tended to decrease, whereas deviation between MTV and PTV fluctuated considerably.

The data lend support to the expectation that deviation between broadcasters should have become lower, particularly between YLE and MTV. This suggests an increasing convergence between the two broadcasters. Interestingly, unlike the Entropy Index, the Deviation Index highlights the contribution of the channel reform to the rapprochement between the companies. Although MTV had already increased its diversity of offerings at the beginning of the decade, thus converging towards YLE, it was not until 1993 that the deviation between these two broadcasters was reduced dramatically to medium degree only. In contrast to the comparison between channels, the analysis of deviation between broadcasters indicates that the 1993 reallocation did have a major impact on YLE and MTV Finland by reducing the difference between their offerings.
19.4 Availability of Programme Alternatives

Number of programme type options. - If only summary differences between broadcasters/channels were analysed, we would miss the crucial information of whether the viewer is truly provided with varying programme choices every time he or she switches the TV on. Theoretically, even if we have only two channels, both supplying highly similar programme structures but scheduled so as to avoid duplication of programme types, the viewer is well served. Similarly, if we have half a dozen channels, all providing similar programme genres at the same time, the viewer is badly served. The more programme type options there are available at the same time, the more different choices the channel system provides and the better it performs. The number of programme options is the fourth aspect of programme range analysed in this study, representing differences of programming at system level.

In order to determine the degree of difference provided by the Finnish channel system, the average number of programme options available to the public was calculated. For reasons of research economy this was done only for the peak-viewing hours, i.e. between 7 and 10.30 pm. The Programme Option Index used in this study represents the average number of simultaneous programme type options for every 15-minute slot.28

Table 19.6 shows that introduction of PTV in 1990 increased the average number of programme options per slot and that the channel reform also appeared first to make a positive contribution to index values. However, by the end of the research period, the average number of alternative genres showed a marginally decreasing tendency. During the 1990s, the channel system provided on average 2.82 different programme types per prime-time slot. If the index is divided by the number of channels, it becomes clear that, relatively speaking, the three-channel system of the late 1980s provided slightly more alternatives than the four-channel system of the 1990s.

The data also show that the options supplied by the system differ more on weekdays than during weekends. While the average number of options from Monday to Thursday was 2.89, representing high variety, the measure for the weekend from Friday to Sunday was 2.73, indicating a medium degree of variety. The overall number of options remaining rather stable, it appears safe to conclude that whereas the choice of simultaneous programme type offerings increased on weekdays, the number of alternative genres was reduced during the weekend. This

28The analysis consisted of 3,780 slots, i.e. 420 slots per year.
From Companions to Competitors

**TABLE 19.6 Average number of programme options, 1988-1996**

|-------------------|------|------|------|------|------|------|------|------|------|
| Options (absolute)
b | 2.26 | 2.23 | 2.78 | 2.82 | 2.83 | 2.84 | 2.86 | 2.80 | 2.82 |
| Options (relative)c | 0.76 | 0.74 | 0.69 | 0.71 | 0.71 | 0.71 | 0.70 | 0.71 | 0.71 |
| Weekdaysd | 2.30 | 2.32 | 2.84 | 2.77 | 2.83 | 2.89 | 3.02 | 2.95 | 2.91 |
| Weekends | 2.23 | 2.11 | 2.69 | 2.89 | 2.82 | 2.78 | 2.64 | 2.61 | 2.69 |

Notes:
- aHere, the categorisation scheme has been reduced to six options: (1) news and current affairs (NEWS + CURR), (2) other information categories (PERS + DOCU + EDUC), (3) drama (FILM + SERI + DRAM), (4) entertainment (MUSI + GAME + TALK + VARI), (5) sports (SPOR), and (6) other programme categories (CHIL + OTHE). For 1988 and 1989, only three channels (TV1, TV2 and TV3) were analysed.
- bIndicates the average number of alternative programme types available during 15 peak-time slots between 7 pm and 10.30 pm.
- cThe average number of programme types available divided by the number of channels.
- dFrom Mondays to Thursdays.
- eFrom Fridays to Sundays.

suggests that while complementary programming was increasingly practiced from Monday to Thursday, the channels tended to compete by providing more of the same during the Friday, Saturday and Sunday evenings.

A more detailed day-to-day analysis revealed that particularly on Thursdays the viewers had an above-average number of alternatives available (3.00), whereas on Saturdays the measure was clearly below the average (2.54). Thus the data lend only partial support to the expectation that the overall diversity of television should have increased. Variety, as expressed here by simultaneous programme type options, increased in absolute terms, due to the introduction of PTV in 1990, but not in relative terms, except during weekdays. In general, however, the variety of programme alternatives provided by Finland's four channels was of high degree.

**Distribution of programme type options.** - In order to further analyse the number of options available to the viewer, the distribution of programme slots providing a different number of alternatives was calculated, too. The analysis, presented in Table 19.7, suggests that while the proportion of slots providing only one genre was
**TABLE 19.7 Distribution of programme options, 1988-1996**

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<tbody>
<tr>
<td>1 option</td>
<td>7.9</td>
<td>5.9</td>
<td>7.4</td>
<td>5.2</td>
<td>2.6</td>
<td>1.2</td>
<td>3.1</td>
<td>2.4</td>
<td>1.4</td>
<td>3.3</td>
</tr>
<tr>
<td>4 options</td>
<td>34.8</td>
<td>27.9</td>
<td>21.4</td>
<td>22.4</td>
<td>19.3</td>
<td>19.8</td>
<td>20.2</td>
<td>14.5</td>
<td>13.1</td>
<td>21.5</td>
</tr>
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| Slots | 420 | 420 | 420 | 420 | 420 | 420 | 420 | 420 | 3780 |

**Notes:**

*Indicates the share of slots providing a different number of programme-type options. The calculation is based on 15 peak-time slots between 7 pm and 10.30 pm. Here, the categorisation scheme has been reduced to six options: (1) NEWS + CURR, (2) PERS + DOCU + EDUC, (3) FILM + SERI + DRAM, (4) MUSI + GAME + TALK + VARI, (5) SPOR and (6) CHIL + OTH. For 1988 and 1989, only three channels were included (TV1, TV2 and TV3).

*For 1988 and 1989, the figure indicates the share of 3-option slots.

Reduced during the research period, the share of slots providing the maximum number, or four, alternative programme types also decreased.

For example, while 7.9 per cent of prime-time slots in 1988 supplied only one programme category, the share of one-option slots in 1996 was dropped to 1.4 per cent. On the other hand, while more than one third of slots in 1988 provided the maximum of options, in 1996 the proportion of four-option slots was no more than 13.1 per cent. This means that, in spite of the choice of four channels, viewers were increasingly provided only two or three alternative programme types at the same time.

The result suggests that although the average number of programme options displays a high degree of variety, the actual choice available to the audience from slot to slot is somewhat limited. This does not fully support the expectation that the overall variety of programming should have increased during the research period. On the basis of the analysis of the breadth and difference provided by the Finnish channel system, it seems clear that, generally, the overall range of programming did not increase, whereas an increasing number of simultaneous alternatives was offered, principally in absolute terms, as a result of PTV's entry, but also in relative terms due to an increasing tendency towards complementary programming on weekdays.
19.5 Summary

1. The overall diversity of the Finnish channel system did not generally increase during the research period.
2. Among the three broadcasters, MTV Finland significantly increased the variety of its offerings, whereas YLE’s and PTV’s figures remained stable. However, YLE displayed the highest degree of diversity, while PTV’s range of programming was clearly the narrowest.
3. The most dramatic leap in the diversity of MTV’s offerings took place at the very beginning of the 1990s, and not as a result of the channel reform. The channel reallocation first increased the variety of YLE’s offerings, but since 1993 the figures have levelled down slightly.
4. As for channels, it was Channel Three which showed the highest increase of diversity, almost reaching the variety provided by Channel Two. Channel One continuously provided the highest diversity of offerings.
5. The difference between YLE’s and MTV’s offerings narrowed significantly during the research period, particularly following the 1993 channel reform, whereas deviation between YLE and PTV, as well as between MTV Finland and PTV, remained high.
6. Deviation between TV1 and TV3 remained firmly at the medium level, whereas TV2 consistently approached TV3, finally showing low deviation only. The low deviation between TV1 and TV2 increased during the 1990s, reaching the medium level.
7. The entry of PTV increased both the absolute and relative number of simultaneous programme type alternatives. The 1993 channel reallocation also contributed positively, but only temporarily, to the amount of choice.
8. On weekdays, the average number of alternatives increased, whereas during the weekends it was reduced.
20.1 Creating an Audience Flow

As analysed above in Chapters 11 and 16, the significance of using the programme schedule as an instrument of both management and audience formation increased drastically during the 1990s. The broadcasters emphasised the need to standardise their schedules in order to ‘create expectations for each slot’ and to ‘provide the viewers with expectations so that they can construct their own viewing schedules’, as general manager Arne Wessberg of YLE says. How did the companies implement their policy in their programme schedules?

Theoretically, standardisation of schedules can, first, take the form of horizontal scheduling, the intention of which is to create a stable pattern for programming, repeating from week to week, or even from day to day. Second, it can also result in an increasing tendency towards vertical scheduling, which aims at attracting viewers and keeping them on a channel once they have tuned in. While the principal horizontal techniques are stripped programming and serialisation, established vertical measures, extensively applied for example by the US television networks, include techniques such as lead-off, lead-in, hammocking, counterprogramming, etc. (see e.g. Adams 1993; Barwise and Ehrenberg 1988; Lewine et al. 1985; Paterson 1990). Also, taking advantage of the peak-viewing hours by concentrating the most popular programmes on prime time serves as a horizontal measure of ‘macro stripping’, i.e. as a technique of attracting the audience to tune in from day to day, at the same time.

In general, scheduling techniques aim at diminishing uncertainty and increasing the predictability of the audience flow. This chapter will analyse how the Finnish broadcasters implemented their policy of schedule standardisation. I will concentrate on horizontal measures, particularly serialisation and exploitation of prime time, but I will also pay attention to counterprogramming, a vertical measure. In this analysis, the concept of ‘counterprogramming’ is used broadly to mean all vertical measures used to make simultaneous programmes on different channels compete with each other. Both quantitative and qualitative approaches will be employed below since, before entering into the statistical analysis of counterprogramming, serialisation and

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20 Arne Wessberg, interview.
prime-time programming, I will describe the principal shifts in the schedules in detail. Later, I will also use certain key programmes as examples of competitive scheduling.

On the basis of the changes in the broadcasting market and programme structure, drastic changes should be found in scheduling. Generally, the programme schedule is expected to have become more standardised. This should emerge as a tendency towards both horizontal and vertical scheduling, such as stripped programming, serialisation and counterprogramming. Another aspect of ‘schedule orientation’ should be found in the daily distribution of programme output, with the prime-time programmes displaying a more dramatic change towards the popular categories than the overall programming. It can be assumed, too, that the diversity of programming during peak viewing hours has declined, since prime time is most vulnerable to becoming monopolised by the most popular programme categories only.

As regards the scheduling practices of each broadcaster, MTV Finland and PTV in particular, being more dependent on audience maximisation than YLE, should be inclined to apply the various scheduling techniques. Also, intensified competition during peak viewing hours should result in an increasingly ‘focused’ prime-time programme output on commercial/hybrid channels. Whereas the public-service YLE is expected to show a wide range of programmes in prime time too, the contrast between the overall programming and prime-time output should be greater on MTV and PTV.

20.2 Towards Standardised Schedules

*Filling the gaps.* - As observed in Chapter 17, Kolmostelevisio, operating on Channel Three, and PTV were the two broadcasters which were first offered an opportunity to employ standardised schedules. PTV’s daily pattern, introduced in 1990, included on weekdays three local newscasts starting at 7.00 pm, 9.00 pm and around 10.30 pm. The gaps were filled with series and serials, such as *Baywatch*, *Cagney and Lacey* or *Knots Landing*, Disney films and cartoons, as well as sports programmes, talk shows and personal-interest programmes. The slot beginning at 9.15 pm became established as a starting time for foreign, mostly US, series. The company seemed to favour series and serials of long duration. Weekend offerings were dominated by sports events, particularly local football, icehockey and basketball, complemented by foreign series.

The channel maintained its basic programming pattern, based on a weekly recurrence of programme titles, over the research period, except for the local
newscasts, which were cancelled in 1994. From 1991 on, the channel introduced several new personal-interest programmes, such as Ruokavinkki [Food tip], and quiz or game shows, such as Musavisa [Music quiz], as well as talk shows into its midevening offerings. Although many of these shows were even broadcast twice a week, they were not systematically scheduled at the same time, however. For example, in 1994 a fashion programme Videofashion Finland was broadcast at 8 pm on Fridays but repeated at 9.30 pm on Sundays.

Thus, although the company aimed at providing a fixed, permanent, schedule for each day, the stripping of programmes across the weekly schedule was not at all that developed. Neither could PTV convince the viewer with any certainty that at a certain hour a certain type of programme would be available. In this sense no major improvement took place until 1993-94, when PTV moved children’s cartoons to start daily at 7 pm and, later, at 5.45 pm. Also, fixed starting times for movies, at 9 pm four times per week, had, since autumn 1994, increased the regularity of PTV’s offerings. Still another major reform, following the model of MTV3, was the introduction of a daily early-evening soap opera in 1994. However, being forced to escape face-to-face competition with MTV3’s The Bold and the Beautiful, PTV’s Paradise Beach, later on Santa Barbara, suffered from major seasonal variations in its starting time.

It seems that the channel’s interest was to create an even more standardised programme schedule than the one it finally did create. PTV was handicapped by the strength of the three broadcast channels, which prevented it from operating independently and compelled it instead to search for possible weaknesses and simply fill the gaps left by the other channels. The strongest attractions in its offerings were provided by American films, including both recent releases and film classics, which it inherited from Viihdekanava, the pay-TV service closed in 1994. The movies were effectively placed to compete for viewers on Tuesdays, Thursdays, Fridays, Saturdays and Sundays at times when MTV Finland, the principal commercial competitor, was providing either domestic popular programmes or foreign series.

With newscasts playing a role in the schedule only for the early years and documentaries and current affairs programmes being almost non-existent, and with its personal-interest shows being consistently consumption-oriented (fashion, travelling, skiing, pets), PTV can be labelled as a channel focusing on popular programme categories only. This can be considered a general strategy of complementary programming, since both YLE and MTV Finland appeared to satisfy the demand for informative categories. In other words, PTV aimed neither at providing a ‘full service’ nor at inviting habitual viewing of the channel as such.
Instead, the development of its schedules suggests that the company wished to create habitual viewing of individual series and serials, as well as provide attractions for those viewers who were looking for a popular, entertainment-based programme option.

*Experiments with a commercial formula.* - Similarly to PTV, Kolmostelevisio, operating on Channel Three, was for a long time not only available to too few people but also too dependent on others to be able to operate truly independently. However, the reasons were different than in the case of PTV. Kolmostelevisio was more or less bent to the will of its owners, YLE and MTV Finland, thus not having a full chance to exploit vertical scheduling. For example, although it was the first channel in Finland which had an opportunity to compete with YLE’s main newscast, it was not allowed to confront it aggressively.30

However, it seems safe to say that the channel clearly aimed at creating a fixed pattern for its programming. Although competition with TV1 and TV2 was in many ways restricted, Kolmostelevisio applied stripping and other measures of standardisation extensively, thus running important experiments on commercial programming formulas.

For example, the autumn 1988 schedule of Channel Three included a short afternoon/early evening newscast *Täntään* [Today], starting at 4.55 pm, children’s animated series, such as *He-Man* or *Muppet Babies*, starting at 5 pm, followed by a current affairs programme *Täntään tääsä ja nyt* [Here and now today], all of them on a daily basis, except for weekends. This fixed opening was followed by a sequence of foreign series and serials, personal-interest programmes and quiz and game shows until 9 to 9.30 pm, when programming was closed in order to avoid competition with the owners on Channel One and Channel Two. However, on Tuesdays Kolmostelevisio supplied a movie starting at 9.30 pm, and on Thursdays a US American series. Both on Saturdays and Sundays the channel was opened with sports in the afternoon, while the early/mid-evenings were programmed by a movie, which on Sundays was a classic. The gaps were filled by game shows and series. Sports was also provided on Wednesday mid-evenings. The composition of the programme output aimed at a ‘commercial-type’ of variety, appealing to different ‘wants’ of the audience, typical of a commercial channel.

Although the company revised starting times and replaced series and shows by

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30Heikki Lehmusto, interview. - Until the end of 1989 *Uutiset ja söö* was broadcast on both TV1 and TV2 at the same time, 8.30 pm. Since 1990 the programme has been shown on TV1 only.
new ones, the schedule remained rather stable until 1990, when MTV Finland, the new principal owner of Kolmostelevisio, cancelled Tänään tässä ja nyt and introduced its breakfast TV show Huomenta Suomi [Good morning Finland] and the daily newscast Uutisruutu [News screen], subsequently Seitsemän uutiset [News at seven]. Instead of cartoons, the evening was now opened at 5.30 pm by youth-oriented magazines or series, and followed at 6.30 pm by a daily quiz show. After the newscast, the schedule was again filled with a varying sequence of series and serials, personal-interest programmes and entertainment shows. The movie slots on Tuesday, Saturday and Sunday were supplemented by a new slot on Thursdays.

These changes anticipated the 1993 channel reform. In particular, the pattern of the early evening offerings became established. A major contribution to this was made by the daily soap opera at 5.35 pm, introduced in autumn 1992. Quite unexpectedly The Bold and the Beautiful managed to gradually bring forward the beginning of the peak viewing hours on Finnish television.

Kolmostelevisio took determined steps towards a full-service commercial channel, providing not only popular, but also informative, categories, including news. Towards the end of its semi-independent era, Channel Three increasingly applied both horizontal and vertical measures of scheduling. While providing both breadth in its offerings and complementing other channels, it was able to address the audience as a competitive alternative to TV1 and TV2.

Towards a full-service commercial schedule. - What turned out to be important in the 1993 channel reallocation, bringing the rest of MTV’s supply onto Channel Three, was that it kept most of MTV’s top programmes on their established days and programme slots, although on a new channel.

These programmes directly inherited by Channel Three included Kymmenen uutiset [News at Ten] (earlier broadcast on Channel Two) every day at 10 pm, the musical entertainment programme Seppo Hovin seurassa [An evening with Seppo Hovi] (from Channel One) on Mondays at 7.30 pm, the Monday evening blockbuster movie (from Channel One) at 9.20 pm, as well as the domestic serial Ruusun aika [The time of the rose] (from Channel Two) on Tuesdays at 7.30 pm. On the other hand, a long-time favourite quiz show Kymppitonni [Ten grand] (from Channel Two) was moved from Thursday to Tuesday evening, whereas another evergreen, the popular game show Napakynppi [Dating game] (from Channel Two) continued on Saturdays but was scheduled at 8.30 pm instead of its earlier 9 pm. At the same time, certain programmes of TV3 were maintained on MTV3, including the daily mid-evening news Seitsemän uutiset, the domestic comedy series Hyvät herrat [Gentlemen!] on Tuesdays at 8.55 pm, the US drama serial L.A. Law on
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Wednesdays at 9 pm, the TV-kitchen programme *Teijan keittiössä* on Thursdays at 7.30 pm, as well as the quiz show *Megavisa* on Mondays, Tuesdays and Wednesdays at 6.25 pm.

As a result, MTV3 inherited a standardised schedule, compiled from the ‘best’ of the company’s offerings on the three channels. The mornings were opened at 6.28 am by *Huomenta Suomi*, including six newscasts. The evenings were built around three newscasts, the first of which, at 5.30 pm, provided only headlines, whereas *Seitsemän uutiset* at 7 pm and *Kymmenen uutiset* at 10 pm were ambitiously developed to compete with the quality of YLE’s news service, although placed to complement the rival newscasts. At 5.35 pm it was time for *The Bold and the Beautiful*, which was followed by a daily quiz show, either *Megavisa* [Mega quiz] or *Onnenpyörä* [Wheel of fortune] at 6.25 pm. The mid-evening between 7.30 and 9 pm was mainly filled with domestic series, personal-interest programmes, game, variety or talk shows, and supplemented with imported comedy series, while at 9 pm foreign series, such as *Northern Exposure, L.A. Law* or *Melrose Place*, had their turn. After the second newscast, more series or talk shows or a movie followed.

During weekends, breakfast television was replaced by an extensive supply of children’s cartoons, whereas the rest of the Saturday and Sunday mornings and afternoons were filled with personal-interest programmes, imported series and, in particular, sports. With the exception of the two newscasts, the weekend evenings were dedicated exclusively to series, entertainment programmes and movies.

The mid-evening popular offerings were strengthened by introducing, in 1994, a domestic, twice-a-week serial *Blondi tuli taloon* [A blonde in the house] starting at 7.30 on Wednesdays and Fridays, which was succeeded by a three-times-a-week serial, *Ihmeidentekijät* [The miracle workers], supplied also on Mondays. Other mid-evening attractions, important for the overall share of the channel, included game shows, such as *Speden spelit* [Spede’s games] on Thursdays, and a domestic comedy series *Hyyttyyt yhteens* [Flat mates] on Tuesdays, as well as a TV-kitchen show and other personal-interest programmes.

The basic pattern of MTV3’s schedule remained stable, although in 1994 breakfast television was extended to start at 6 am while new afternoon and late-night programme blocks were also introduced. Afternoons were dedicated to children’s programming such as *Tiny Toons* and *Smurfs*, and youth-oriented series such as *Baywatch* or *Blossom*. The company also experimented with an afternoon soap opera, the German *Marienhof*, but replaced it after two seasons by domestic personal-interest shows. An important invention was the introduction of *Jyrki*, an 85-minute music-oriented youth magazine, which since 1995 has become the
highpoint of MTV’s afternoon offerings. After Jyrki the focus was shifted to the general audience. Similarly to the afternoons, late evenings also focused on target audiences. The slot beginning at 10.30 pm became a starting time for American action films, series such as X Files or NYPD Blue, and provocative talk shows such as Hyvät, pahat ja runat [The good, the bad and the ugly], whereas the slots around midnight were dedicated to even more exclusive programming such as thriller or horror films, erotic, action or science fiction series and recycled cult series.

The analysis suggests that MTV3 decisively developed a standardised programme schedule which was intended to guarantee both horizontal regularity and a steady, vertical audience flow, as well as to serve both the general audience and special target groups. As Mr Jorma Sairanen, ex-head of programming of MTV Finland, explains:

[the idea of programme flow was given a central role. Basically, it was a question of how to fill the time between seitseman uutiset [News at seven] and kymmenen uutiset [News at ten]. Generally, the rule was that domestic entertainment shows were scheduled for between half past seven and nine o’clock, and foreign series for between nine and ten. [...] In terms of volume, this automatically guaranteed that the top viewing figures were reached between seven and nine, since domestic entertainment always did better [than foreign series]. After nine, when ratings came down a bit, we shifted to target groups.31

While the mid-evening offerings were designed to provide a considerable variety, in order to allow the general audience to flow from one programme to the other, the targeted programmes of the afternoons and late nights appealed to a narrower but loyal viewership. For example, the late-evening talk show Hyvät, pahat ja runat gained huge popularity among young, urban men in particular (Näränen 1997), not to mention the exclusively fan-based viewing of X Files, the science fiction series.

The horizontal regularity was guaranteed by applying stripping, i.e. scheduling the same programmes, or programme types, to start at the same time every day. This intention was more explicit in the schedules of MTV3 than it was in Kolmotelevisio’s or PTV’s supply. As for MTV3, the viewers were served with a clear programming profile for each time of the day and even for each slot. In spite of this, there also existed some degree of day to day variety, even during the crucial mid-evening hours between 7.30 pm and 10 pm.

31Jorma Sairanen, interview.
Mixed sharing of slots. - Until 1993, both YLE’s and MTV Finland’s scheduling efforts on TV1 and TV2 were hampered by the complicated sharing of slots. However, the new era of scheduling had already begun in 1990, when TV2 was released from the burden of broadcasting YLE’s main newscast, simultaneously with TV1, at 8.30 pm. In principle, this released YLE’s two units to develop complementary scheduling, while it also allowed MTV Finland on TV2 to compete on Tuesdays with YLE’s TV-uutiset ja sää.

Similarly to MTV3, YLE’s offerings were also built around newscasts. Since 1990, the first had been broadcast at 5 pm on TV1, the second at 6.30 on TV2, the third at 8.30 on TV1 and, finally, the late-night news at around 11 pm on TV1. In addition, there were two Swedish-language newscasts, either on TV1 or TV2. Until 1993 the schedulers were also restricted by MTV’s Kymmenen uutiset, broadcast at 10 pm on TV2. Other major determinants of scheduling included the Swedish-speaking blocks of Tuesday nights and Saturday afternoons on TV1 and Monday nights and Sunday afternoons on TV2, as well as the educational programming in the morning, both regarded as a part of YLE’s special obligations.

The number of weekly hours allocated to MTV Finland had already stagnated at around 20 hours per week by the mid-1980s, and by the beginning of the 1990s MTV’s blocks were fairly equally shared between Channel One and Channel Two (see Joukkoviestintätilasto 1993: 136). Although the placement of the slots, annually agreed upon between the companies, was once a matter of continual dissension, YLE’s tactical interest, due to financial reasons, was ‘to guarantee sufficient audiences for MTV rather than to suffocate it to death’, as it has been put (Hellman 1988: 71).

Accordingly, the larger part of MTV’s supply was scheduled in prime time, while the rest of the slots were placed either in the early evenings, i.e. between 6 and 7 pm, or the late nights, after 10.30 pm (Hellman and Sauri 1988). In fact, MTV had good mid-evening slots everyday on one of the two channels. In congruence with this collaboration, YLE avoided direct confrontation with MTV’s slots while, conversely, MTV’s slots were not allowed to challenge YLE’s main programmes. Mr Mauri Soikkonen, a head of programming responsible for coordination until 1992, described these scheduling principles as follows:

For example, we avoided scheduling current affairs programmes face-to-face. Even the movies were coordinated, in order to avoid overlaps between the channels. [...] On the other hand, it was possible to broadcast entertainment at the same time, but [...] it was only imported, American, [series or films] which were allowed to compete with domestic entertainment, in particular during weekends. There was a tendency to protect
expensive domestic programmes.\textsuperscript{32}

In practice, this meant that when MTV supplied domestic series or entertainment on Channel One on Mondays, followed by a recent movie, YLE provided Swedish-speaking programmes on TV2. Or, when MTV offered domestic entertainment or series on Channel Two on Tuesdays, YLE scheduled imported features and documentaries on TV1. On late-Saturdays, MTV’s conspicuous domestic entertainment programmes on Channel One were complemented by imported films on TV2.

The same principles of avoiding overlaps and providing complementary programming were valid for YLE’s two units, too. Paradoxically, it seems that conflicts in programme coordination were often more serious within YLE than between YLE and MTV. Whereas MTV’s programme blocks tended to remain stable, also in terms of content, YLE’s TV2 ‘tended to rebel against its traditional role as a “secondary” unit’, as Mr Soikkanen puts it.\textsuperscript{33} This confrontation was greatly provoked by YLE’s organisation, which promoted the autonomy of TV1 and TV2.

On weekdays these conflicts were best avoided during mid-evenings, when it was mainly MTV’s programmes which overlapped YLE’s offerings on either TV1 or TV2. On Mondays, TV1’s block of news and current affairs was protected by providing Swedish-speaking programmes on Channel Two, while on Tuesdays TV2’s branded current affairs magazine Ajankohtainen kakkonen was effectively shielded by FST’s offerings on Channel One. The slots most vulnerable to competition between TV1 and TV2 were placed between 8.30 and 10 pm on Wednesdays, Thursdays and Fridays. For example, on Wednesdays TV2 confronted TV1’s block composed of TV-uutiset ja sää, A-studio and a foreign series by providing both foreign and domestic drama series, as well as documentaries.

During weekends it was the mid-evenings which invited internal rivalry within YLE. While TV1 on Saturdays supplied Avara luonto [Unbounded nature], a popular nature documentary, followed by domestic entertainment, TV2 responded by offering popular foreign series and a talk-show-type current affairs programme. On Sundays, the imported quality series starting at 7.30 pm on TV1 were

\textsuperscript{32}Mauri Soikkanen, interview. - Interestingly, Channel Three, although owned by YLE and MTV Finland and represented in the coordination committee, was hardly taken into account in coordination: ‘During its early years it was accepted that we ignore coordination principles in the case of Channel Three’, says Soikkanen.

\textsuperscript{33}Ibid.
complemented by TV2’s provision of domestic entertainment.

Before the channel reform, it was the MTV blocks which contributed greatly to the audience flow from programme to programme on Channel One and Channel Two. Since MTV Finland had broadcast time on both of the channels every day except for Mondays and Tuesdays, the daily schedules had a ‘sound’ and balanced vertical structure, as was also indicated by the analysis of programme range in Chapter 19. In other words, the division of labour between the companies, based on the mixed sharing of channels, resulted in vertical scheduling, which tended to encourage the viewer to stay on a channel. Evidence suggesting that the mixed schedules worked is provided by Nurmi’s (1997) study, according to which channel-based viewing loyalty had already existed before the channel reallocation.

Towards competitive scheduling. - Though efficient in vertical terms, horizontal scheduling, for example stripped programming, could not be effectively employed under the circumstances of mixed shared channels. In fact, newscasts represented the only category with fixed daily broadcast times. Hence, the channel reform granting YLE two channels, offered the company completely new opportunities to develop its scheduling.

In order to increase the regularity of its both daily and weekly schedules, TV1 chose stripped programming as its main strategy. The new current affairs/personal-interest magazine Suomen Televisio [Television Finland], broadcast daily between 6.05 pm and 7.30, and a revised news programme Uutistunti [News hour], beginning at 8 pm, were the two main attractions intended to guarantee a large and loyal audience on the channel, particularly since domestic entertainment programmes were regularly scheduled between these two ‘flagships’. The reform also highlighted TV1’s status as a news channel. The first of its six newscasts, the English-language Euronews, was served at 4 pm, the second at 5 pm, the third at 6 pm, and the last one at around 11 pm. Except for Mondays, the channel also provided Swedish-speaking late-night news. The late-afternoon slots, providing children’s magazines, comedy series and personal-interest programmes, were standardised to serve school-aged children and families. The rest of the daily schedule was less standardised. On Mondays the late nights were dedicated to domestic drama, arts and other personal-interest programmes, while Tuesdays belonged, following an old tradition, to Swedish-speaking programmes, including current affairs, documentaries and fiction. Wednesday-nights were dedicated to documentaries, Thursdays to foreign series, and Fridays to movies and foreign series.

During weekends, only three newscasts were broadcast, the first at 4 pm and
Uutistunti at 8 pm, supplemented by the Swedish-speaking TV-Nytt. While the early afternoons were dedicated to movies and documentaries, the late afternoons were allocated to FST’s Swedish-speaking service and personal-interest programmes. On Saturdays, nature documentaries and imported series filled the rest of the early and mid-evenings, while the late evenings were dedicated to entertainment programmes and films. Sundays largely repeated the pattern of Saturdays, except that the nature documentaries were replaced by children’s animated series and other documentaries and the entertainment block of the late evening was replaced by a documentary.

While TV1 made its major investments in the early and mid-evenings, TV2’s focus was on the late evenings. In spite of this, standardisation concerned the late afternoons and early evenings in particular, while TV2 provided blocks for both Swedish and Finnish-speaking children’s programmes followed by both Swedish and Finnish news at 6.10 and 6.30 pm respectively. The early evening was closed by a regional current affairs programme, Kotimaan katsaus [Home review]. The mid-evenings between 7 and 9 pm were dedicated to varying offerings. Mondays were mostly allocated to FST, as, partly, were Fridays too. On Tuesdays TV2 provided a domestic film, on Wednesdays entertainment and imported series, and on Thursdays features and sports. As to the late-evenings, Mondays were Swedish speaking, while Tuesdays provided Ajankohtainen kakkonen, the current affairs magazine, followed by entertainment and foreign mini-series. Wednesday late-evenings were dedicated to domestic drama serials, such as Metsolat [The Metsola saga], as well as domestic entertainment and imported documentaries. Both Thursdays and Fridays offered domestic entertainment at 9 pm, but while the family game show Tutu juttu [It’s all familiar] of Thursdays was followed by an ambitious documentary block, labelled as Dokumenttiprojekti [Documentary project], and a foreign film, the variety entertainment shows of Friday evenings were supplemented by Poliisi-TV [Police TV], a crime-watch programme, and American series.

During weekends, the late afternoons on TV2 were allocated to sports. Saturday evenings provided a sequence of a quiz show, a domestic comedy series, such as Reinikainen, a talk show Yhdenillan pysäikki [One night stop], two imported series, one of which was a German detective story, either Der Alte or Derrick, both long-time favourites in Finland. The late Saturday evening was filled with a movie block, titled Kymppin elokuva [Movie at ten]. Sunday evenings, then, provided a varying menu of documentaries, domestic entertainment, imported series, quality drama and popular concert events. A 10-minute newscast was broadcast at 6 pm both on Saturdays and Sundays.

The problem with the reformed YLE schedules was that the ‘flagships’ of TV1 were not ‘seaworthy’, as was described in Chapter 7. This resulted in a series of
revisions as early as spring 1993. While the elements of *Suomen Televisio*, partly compiled from established programme titles, were again split into several feature or personal-interest series, the main newscast, too, was split, and the three established programme titles, *TV-uutiset ja sää* for news, *Urheiluruutu* for sports news, and *A-studio* for current affairs, returned to their traditional broadcast times. The daily schedule of TV1 was now built upon four newcasts, the first at 5 pm, the second, in Swedish, at 6 pm, the main newscast at 8.30 pm, and the fourth one at around 11 pm, which also followed the traditional pattern. In contrast, TV2 managed better in its scheduling strategy and was not forced to make any major changes.

*Compromises over standardisation.* - The development of YLE’s schedules after the channel reform suggests that the company was forced to search for remedies for its bad performance and develop its programme choice day by day, thus trying to respond to MTV’s superiority in most of the slots. As a result, TV1 in particular went through several revisions towards the end of the research period. At the same time, the tendency towards stripped programming in its daily schedules was drastically reduced, whereas the high degree of regularity in the weekly schedules was preserved.

For example, the drama block, labelled as *Kotikatsomo* [Home auditorium], of Monday late nights was maintained, as well as the slot starting at 6.30 allocated to drama series for the young, but the mid-evenings became a proving ground for musical entertainment, such as *Neljän tuulen tiellä* [On the road of four winds], talk shows, such as *Haastattelijana Mirja Pyykkö* [Interview by Mirja Pyykkö], as well as features and documentaries or foreign series. In the same way on Thursdays, TV1 made efforts to guarantee the audience flow of its mid-evenings by testing with several documentaries and foreign series, as well as with personal-interest programmes and musical entertainment shows, until, in autumn 1994, it managed to establish *Lista* [Chart], a domestic Top 40 music chart show, and, a year later, *Kotikatu* [Home street], a long-lasting domestic serial. The late-evening was first built upon foreign series or documentaries and arts-oriented personal-interest programmes, until in 1995 it was dedicated to arts and culture, with *Valopilkku* [Bright spot], an arts magazine, opening the provision followed by arts documentaries and experimental films.

Wednesday mid-evenings, were first dedicated to domestic films, but in 1995 *K. Tervo*, a current affairs interview show, and *Prisma*, a science documentary series, replaced movies, whereas the late evenings were provided with documentaries, foreign films and sports, which took turns in the schedule. The Friday mid-evenings went through a series of experiments with imported series and domestic
entertainment, while the late evening offered first the established *Haastattelijana Mirja Pyykkö* together with imported films, but after Mrs Pyykkö’s talk show was rescheduled for Mondays, TV1 started to provide two movies, separated only by late-night news. It was perhaps Tuesday evenings which showed the most persistent pattern of programming, composed of an established personal-interest programme *Kuningaskuluttaja* [The king consumer] and features and documentaries in the mid-evening followed by Swedish-speaking programmes in the late evening.

During the weekends too, the schedule of TV1 remained rather stable. Saturdays provided a steady service of children’s programmes and *Kukkokiekuu* [Cock-crow], a personal-interest discussion programme in the morning, a youth-oriented movie, documentaries and FST’s programmes in the afternoon, and the established nature documentary *Avara luonto* and a British detective series, such as *Lovejoy*, in the mid-evening. The entertainment block started at 9.15 pm, followed by a foreign quality series, such as *Cracker* or *Absolutely Fabulous*, while the evening was closed by either a popular music concert or a foreign film. Sundays, too, were opened with children’s and personal-interest programmes in the morning, but adult education was also scheduled regularly, while the afternoons offered concerts of classical music, documentaries, imported drama series and a Swedish-speaking block. The early and mid-evening was dedicated to children’s drama or cartoon series, such as *The Moomins*, a current affairs programme and quality drama series, such as *Middlemarch*. The late evening, then, was mainly divided between a branded documentary and a quality film, usually originating from Europe or exotic countries such as Russia, Iran, China or Japan.

Naturally, newscasts maintained their position as the cornerstones of scheduling. Since autumn 1993, the first news on TV1 had already been served at 1 pm, while the other newscasts maintained their broadcast times. Another regularly stripped element in the schedule was provided by *Urheiluruutu*, a sports news programme at 8.55 pm, as well as *A-studio*, the current affairs magazine at 9 pm, with its profiled variations.\(^3\) Both were established as fundamental parts of TV1’s offerings.

TV2 maintained its secondary role as a provider of news, since the only regular newscasts on the channel since autumn 1993 had been the 6.30 pm *TV-uutiset* broadcast on a daily basis and the Swedish-speaking *TV-Nytt* at 10 pm on Mondays. The early evening news was followed by *Kotimaan katsaus*, the current affairs programme focusing on regional matters, except for Sundays, when it was replaced

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\(^3\) These included features broadcast under the headline *A-raportti* on Tuesdays, the economy-oriented *A-plus* on Thursdays, and the more relaxed and provocative *A-Bros* on Fridays.
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by an environment-oriented current affairs programme Ympäristötuulet [Environmental news].

While the late afternoons and early evenings on TV2 were permanently allocated to imported series, such as The Lucy Show, and children’s programming, including the almost classic daily magazine Pikku kakkonen [Tiny two] on weekdays, the mid-evenings experienced several changes, except for Mondays, which remained allocated to FST. On Tuesdays the mid-evenings of TV2 experimented with game shows, imported drama series and American films, while in 1996 personal-interest shows were also introduced. On Wednesdays, personal-interest programmes, such as Hyvää pataa, a TV-kitchen show, or Akuutti [Acute], a health-oriented magazine, came to compose the basis of mid-evening offerings, surrounded by imported series, documentaries and game shows. Thursdays, too, went through several changes, as Hugo, the game show, and documentaries were replaced by personal-interest programmes, foreign series and, later, with movies. Domestic films were first transferred from Tuesdays to Fridays, but in 1996 the Friday mid-evenings were allocated to documentaries and personal-interest shows, while the Finnish film classics were given a new slot on Sunday afternoons.

As to the late evenings, Tuesdays were dedicated to Ajankohtainen kakkonen, the current affairs magazine, and domestic entertainment, such as Kummeli, while they were concluded by foreign series or movies. While domestic drama series, such as Elämän suola [The spice of life], maintained their popular slot on Wednesdays beginning at 9 pm, the rest of the evening was first dedicated to varied programming, until in 1995 Dokumenttiprojekti with its highly-rated documentaries, both domestic and foreign, was awarded a featured role. Thursday nights, too, offered one ‘steadyseller’, as the family game show Tuttu juttu kept its starting time at 9 pm. After Dokumenttiprojekti was moved to Wednesday in 1995, the rest of the evening became filled with series, such as repeats of Hill Street Blues. On Fridays, the late evening was first opened with a domestic comedy series and followed by a personal-interest show and a documentary, but soon they were replaced by an entertainment show, such as Naurun paikka [Laughing matter], and personal-interest programmes, imported series and films.

The weekend offerings of TV2 were extended by first introducing children’s cartoons and children’s series into the early Saturday afternoons, until FST’s Swedish programmes replaced them. Otherwise, Saturdays maintained their established pattern with a sports block, providing for example English Premiere League football matches, and Yhden illan pysäkki, the talk show, dominating the mid-evening and a German detective series and a late-night movie closing the day. The gaps were filled with documentaries and variety entertainment. Sundays were
opened with personal-interest programmes, including a broadcast church service, and children’s programmes, while the afternoons offered a varying sequence of movies, drama series and documentaries, etc. In the mid-evenings, TV2 experimented with features and personal-interest shows, as well as domestic comedy series, until a Swedish serial Rederiet [Shipping company] gained an established position. The late Sunday evenings were allocated to variety entertainment, such as Kansanhuvit [Popular entertainment], American series and popular music concerts. Domestic drama was also employed on Sundays.

Although programming hours both on Channel One and Channel Two had increased by a quarter (and YLE’s offerings by almost 50 per cent) since 1992, much of this growth was covered by scheduling repeats of in-house-produced current affairs magazines, personal-interest magazines and documentaries for afternoons on both channels. Repeats of drama productions and series were used in peak-viewing hours, too.

Contrary to the general trend, YLE was forced to relax its efforts towards stripped programming. It seems that TV1’s experiment of 1993 with the creation of a fully standardised daily schedule was a step which turned out to be too long. It did not guarantee a daily audience flow on the channel but, instead, drove the viewers away. In order to correct its error, YLE chose to compromise between variety and standardisation by safeguarding high regularity in its weekly schedules but profiling each day of the week individually.

In fact this seems to have been the only chance for YLE, since it was MTV3 which, in terms of viewing shares, was now the market leader. Being challengers, YLE’s both channels focused on creating branded programme titles which could attract the audience. Or as director of TV2, Mr Hoffrén, explains the intentions of his channel:

[we] do not try to supply everything to everybody but, instead, something for everybody, as one of our slogans says, too. We wish to build our evenings to provide a kind of a mosaic [of offerings]. We are not trying to appeal to the audience which starts with The Bold and the Beautiful and then stays on the channel the whole evening.35

Thus, instead of habitual watching of the channel, typical of MTV3, both TV1 and TV2 seemed increasingly to appeal to habitual viewing of their regularly scheduled programmes. As Nurmi (1997) has demonstrated, the committed viewers of TV1 and TV2 tended to watch very selectively, choosing individual series and titles on

35 Arto Hoffrén, interview.
From Companions to Competitors

these channels.

The analysis of the development of YLE's, MTV's, Kolmostelevisio's and PTV's schedules generally support the expectation that programme schedules have become more standardised during the research period. Standardisation took place both vertically, in the daily flow of programmes, and horizontally, in the weekly offerings. However, for example, systematic stripping of programmes was applied to a lesser extent only, principally for the placement of news and current affairs programmes and, in particular by MTV Finland and PTV, soap operas. Not even a systematically stripped scheduling of programme types was common, since the broadcasters seemed to favour some degree of variation between their daily schedules. However, while suggesting that standardisation was more widely used by PTV and MTV Finland than YLE, the data also lends support to the assumption about distinct differences the broadcasters, reflecting their degree of commercialism.

20.3 Complementary Programming v. Counterprogramming

*Competition programme options.* - In theory, the more aggressive the competition between channels, the more clearly are simultaneous programmes also set to struggle with each other. This should result counterprogramming, i.e. in situations in which similar type of programmes are duplicated, i.e. news v. news, or a domestic serial v. another domestic serial. In contrast, if the channels tend to avoid strict juxtapositions, this should favour complementary programming. (E.g. Barwise and Ehrenberg 1988.) Since the Finnish channel reform, as well as the launch of PTV, promoted rivalry between the broadcasters, a growing tendency towards aggressive counterprogramming should be discerned.

Analysis of rivalry between programme options can be started by referring to Table 20.1, which shows the average number of alternative programme categories per slot over the research period. As already observed in Chapter 19, the number of simultaneous options increased due to the entry of PTV but then generally remained at the same level during the 1990s. However, a more detailed analysis indicates that alternatives tended to be most generously supplied between 7 and 7.30 pm, as well as between 8.30 and 9.15 pm and 10 and 10.30 pm, whereas a minimum of options was available between 9.30 and 10 pm, as well as from 10.30 pm onwards.

How should these figures be interpreted? In principle, the stronger a programme
**TABLE 20.1** Programme options per slot, 1988-96

<table>
<thead>
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<td>3.21</td>
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<td>2.68</td>
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<td>2.39</td>
<td>3.07</td>
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<td>2.61</td>
<td>2.71</td>
<td>2.82</td>
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<td>8.00 pm</td>
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<td>2.96</td>
<td>3.00</td>
<td>2.36</td>
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<td>2.68</td>
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<td>2.86</td>
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<td>2.36</td>
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<td>3.14</td>
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<td>9.00 pm</td>
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<td>3.04</td>
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<td>2.07</td>
<td>1.79</td>
<td>1.86</td>
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<td>2.32</td>
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<td>2.31</td>
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<td>3.04</td>
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<td>1.75</td>
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<td>2.29</td>
<td>2.29</td>
<td>2.39</td>
<td>2.36</td>
<td>2.25</td>
<td>2.20</td>
</tr>
</tbody>
</table>

**Note:**

The figures indicate the average number of alternative programme types available during 15 peak-time slots between 7 pm and 10.30 pm. For the analysis, the categorisation scheme has been reduced to six options: (1) NEWS + CURR, (2) PERS + DOCU + EDUC, (3) FILM + SERI + DRAM, (4) MUS + GAME + TALK + VARI, (5) SPOR and (6) CHIL + OTH. For 1988 and 1989, only three channels (TV1, TV2 and TV3) were analysed.

on one channel, the more obvious it is that other channels try to complement it with completely different kinds of programmes. Conversely, the less superior a programme is compared to offerings on other channels, the more obvious it is that programme duplication occurs, i.e. the channels compete with similar programme categories.

The above analysis illustrates this rationale well. The slots ‘protected’ best were devoted to news, i.e. *Seisemän uutiset* on Channel Three at 7 pm, *TV-uutiset ja sää* on Channel One at 8.30 pm and *Kymmenen uutiset* on Channel Three at 10 pm. Since each of these newscasts averaged almost one million viewers, other channels chose to provide complementary programming. The explanation for the low number of options at 8.30 and 8.45 pm in 1988-89 is that YLE’s main newscast was broadcast on both TV1 and TV2 until the beginning of 1990. Interestingly, MTV’s
Seitsemän uutiset [News at seven] also managed to rapidly establish a slot with such a wide variety of complementary offerings.

The times which provided the lowest number of alternatives fall on slots between the three newscasts and, in particular, on late evenings. This is an indication of fierce competition for viewing shares. For example, just before Kymmenen uutiset [News at ten] began on Channel Three, all channels were mainly providing either drama (FILMSEIDRAM) or entertainment (MUSIGAMETALKVARI), whereas after the late evening news the channels concentrated on movies and foreign series. During the vied-for slots of mid-evening from 7.30 to 8.30 pm, a considerable number of alternative programme types were provided, with information (PERSDOCUEDUC), drama (FILMSEIDRAM) and entertainment (MUSIGAMETALKVARI) competing for the audience.

In almost all one-option situations in the sample, the viewers were provided only fiction (FILMSEIDRAM), whereas slots providing only information (NEWSCURR or PERSDOCUEDUC) were non-existent. Typically, the one-option situations were scheduled for the late evenings, when the broadcasters tend to focus on target audiences instead of the general audience. Contrary to expectation, it appears that counterprogramming was not used very aggressively in Finland, not even towards the end of the research period. Instead, the number and variety of programme options remained moderately high. Nevertheless, I will continue the analysis by focusing on how certain key programmes were complemented, or counterprogrammed, by other channels.

Complementing the main newscasts. - In Finland, there is no single programme title other than YLE’s main newscast, TV-uutiset ja sää, which could boast about its established position in terms of ratings and viewing loyalty. Although its average number of viewers dropped dramatically during the 1990s (see e.g. Nurmi 1993), it could be sure of achieving a certain rating, while other channels were forced to consider their counterprogramming tactics.

For instance, programme director Äijälä of MTV Finland confirms that ‘YLE’s newscast at 8.30 pm is a decisive moment for our scheduling’. Such a strong programme on a competing channel had to be countered either by scheduling a complementary programme which starts considerably earlier than YLE’s news, or by scheduling a programme which is strong enough to challenge it.36 How did this work in practice?

PTV, with its low viewing share, provided only targeted and low-priced

36 Tauno Äijälä, interview.
programmes to face YLE’s TV news. At the beginning of the 1990s sports dominated its complementary scheduling on two or three evenings a week, but the role of imported series grew to the extent that, finally, *TV-uutiset ja sää* was complemented by American serial dramas, such as *Star Trek* or *Murder She Wrote*, on five evenings a week. Since Kolmotelevision was not allowed to compete aggressively with YLE’s main newscast, its strategy was to provide complementary programmes only, i.e. imported series and movies, while once or twice a week sports was also supplied. The company also experimented with talk shows, personal-interest programmes, music entertainment, etc., thus, similarly to PTV, issuing only a minimal challenge to YLE.

Before the channel reform, MTV Finland had a simultaneous block with *TV-uutiset ja sää* only on Tuesdays, when it broadcast imported series such as *Dallas* on TV2, beginning at 7.55 pm. Nevertheless, this was only a moderate challenge to YLE, since these series were not necessarily top attractions. Since 1993, having moved to MTV3, the company has had an opportunity to introduce more aggressive measures of counterprogramming but, for one reason or other, did not take it. On Wednesdays, Thursdays and Saturdays the company chose to compete with YLE’s principal product by supplying popular game shows, such as *Gladiatőrít* (Gladiators), *Speden spelit* (Spede’s games) and *Napakymppi* (Dating game), only the last-mentioned of which was an equal match for the news, although it represented a contrast. On other nights, talk shows or variety entertainment and, in particular, foreign series were employed, which suggests that in order to avoid risks MTV favoured low-priced programming. Mondays provided an exception, since MTV supplied, first, domestic single dramas, but changed them in 1994 to domestic serials, both appealing to the general audience and representing high production values. This is how Mr Sairanen, MTV’s ex-head of programming, assesses these efforts:

> We supplied normal programming [as against YLE’s main newscast]. We did not make any special efforts. [...] Honestly, it’s been one of the deepest disappointments to me that the news at 8.30 pm was so hard to beat. That MTV, from year to year, was so weaponless against it. [...] The only programme which could challenge it regularly was *Napakymppi*.37

Interestingly, MTV’s method of challenging *TV-uutiset ja sää* was to schedule its simultaneous programmes to start earlier, thus avoiding overlapping starting times:

---

37Jorma Sairanen, interview.
From Companions to Competitors

**TABLE 20.2  Counterprogramming YLE’s main newscast, 1988-96**

<table>
<thead>
<tr>
<th>Category</th>
<th>TV2</th>
<th>TV3/MTV3</th>
<th>PTV</th>
</tr>
</thead>
<tbody>
<tr>
<td>NEWS</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>CURR</td>
<td>1.0</td>
<td>0.8</td>
<td>-</td>
</tr>
<tr>
<td>PERS</td>
<td>13.3</td>
<td>2.4</td>
<td>11.7</td>
</tr>
<tr>
<td>DOCU</td>
<td>15.3</td>
<td>5.2</td>
<td>1.0</td>
</tr>
<tr>
<td>EDUC</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>DRAM</td>
<td>2.6</td>
<td>0.8</td>
<td>-</td>
</tr>
<tr>
<td>FILM/domestic</td>
<td>7.1</td>
<td>-</td>
<td>0.5</td>
</tr>
<tr>
<td>FILM/imported</td>
<td>3.6</td>
<td>8.0</td>
<td>1.5</td>
</tr>
<tr>
<td>SERI/domestic</td>
<td>5.1</td>
<td>7.2</td>
<td>-</td>
</tr>
<tr>
<td>SERI/imported</td>
<td>34.7</td>
<td>31.9</td>
<td>43.9</td>
</tr>
<tr>
<td>MUSI</td>
<td>1.5</td>
<td>3.6</td>
<td>0.5</td>
</tr>
<tr>
<td>GAME</td>
<td>3.1</td>
<td>20.3</td>
<td>4.6</td>
</tr>
<tr>
<td>TALK</td>
<td>2.0</td>
<td>5.6</td>
<td>-</td>
</tr>
<tr>
<td>VARI</td>
<td>5.1</td>
<td>5.2</td>
<td>1.0</td>
</tr>
<tr>
<td>SPOR</td>
<td>5.6</td>
<td>9.2</td>
<td>31.6</td>
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<tr>
<td>CHIL</td>
<td>-</td>
<td>-</td>
<td>2.0</td>
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<tr>
<td>OTHET</td>
<td>-</td>
<td>-</td>
<td>1.5</td>
</tr>
</tbody>
</table>

| Total %       | 100.0 | 100.0 | 100.0 |
| Cases         | 196   | 251   | 196   |

**Notes:**
*The analysis is based on the sample weeks used in this study, and indicates the proportions of programme categories used by other channels to complement YLE's TV-uutiset ja sää at 8.30 pm on TV1. During the spring sample weeks of 1993 YLE’s newscast was scheduled at 8 pm.

TV2 is included in the analysis only for the years 1990-96, since up until the end of 1989 YLE’s main newscast was broadcast simultaneously on TV1 and TV2.

PTV is included in the analysis only for the years 1990-96.

The rule of thumb was that between 7.30 and 8 pm we placed half-an-hour series, while between 8 and 9 pm we mainly scheduled one-hour programmes such as foreign series. The idea was that stories with a plot might capture the audience and prevent it from switching to TV news.\(^{38}\)

For obvious reasons, YLE’s TV2 also countered TV-uutiset ja sää lightly armed. First, foreign series predominated, but later documentaries and domestic films, too, were used. After the channel reform, game or variety shows and, in particular,

\(^{38}\)Ibid.
personal-interest programmes were also employed to provide complementary programming against the newscasts. In 1993 and 1994, domestic series too could be seen on TV2 during the news on TV1, but since they were provided in Swedish by FST, they hardly issued a major challenge to TV-uutiset ja sää.

How YLE’s main newscast was faced by other channels is presented statistically in Table 20.2. It shows that all channels heavily employed foreign series, whereas Channel Three/MTV3 also used game shows, while PTV scheduled sports, perhaps due to their low cost per hour. Generally, the analysis suggests that all three channels were moderate in their efforts to challenge TV-uutiset ja sää. While it was clear that YLE’s TV2 provided complementary programming, thus consciously avoiding competition with its sister channel, it is a surprise that MTV Finland did not develop new measures to confront the programme.

A parallel analysis can also be made for MTV’s main newscast. The history of scheduling Kymmenen uutiset is quite complicated, because it has been broadcast on all three channels. The results shown in Table 20.3 suggest that the measures to compete with the programme differed somewhat from those used against YLE’s TV-uutiset ja sää but were not necessarily any harsher.

Imported series were most extensively used by PTV, particularly up until 1993, since it had a regular slot for series starting at 9.15 pm. Since 1994, the channel had increasingly replaced them with US movies, often TV premieres, scheduled to start either at 9 or 10 pm on four nights a week. It also experimented with talk shows, game shows and personal-interest programmes. Imported series and films were also heavily used by Channel Three between 1988 and 1992, when Kolmostelevisio on certain evenings competed with its owner, MTV. First it had a film block on Tuesdays and a series block on Thursdays, but in 1991 films conquered the Thursday nights, too, while series, such as Thirlysomething, were moved to Saturdays and a sports programme, Sporttisputti, was introduced on Fridays. The next year a Monday talk show, Hyvät, pahat ja rumat [The Good, the bad and the ugly], as well as a Wednesday-night personal-interest show, dealing with buying and selling residential property, were also added to the menu. Nevertheless, none of the offerings directly competed with Kymmenen uutiset.

The fact that YLE’s offerings during MTV’s news were so widely distributed across several categories suggests that the company had no specific counterprogramming strategy in mind but, instead, was sticking to its normal programme supply. On Channel One, YLE’s foreign films were scheduled for Friday and Sunday nights, whereas before the reallocation it was MTV itself which on Mondays was forced to compete with the newscast against its own movie block. On Thursdays YLE’s TV1 provided domestic dramas, a major attraction, against.
From Companions to Competitors

**TABLE 20.3** Counterprogramming MTV’s main newscast, 1988-96

<table>
<thead>
<tr>
<th>Category</th>
<th>TV1</th>
<th>TV2</th>
<th>TV3</th>
<th>PTV</th>
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<td>CURR</td>
<td>13.6</td>
<td>3.1</td>
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<td>-</td>
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<td>-</td>
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<td>FILM/imported</td>
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<td>51.5</td>
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<td>3.9</td>
<td>-</td>
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</tr>
<tr>
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<td>3.9</td>
<td>-</td>
<td>3.6</td>
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<tr>
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<td>SPOR</td>
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<tr>
<td>OTHE</td>
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<td>-</td>
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Total % 100.0 100.0 100.0 100.0
Cases 236 128 65 169

Notes:
1. The analysis is based on the sample weeks used in this study and indicates the proportions of programme categories used by other channels to complement MTV’s *Kymmenen uutiset*. Until the end of 1992, the programme was scheduled daily at 10 pm on TV2, except for 1988-89 when the newscast on Saturdays and Sundays was on TV1. From 1993 on, the programme was scheduled at 10 pm on TV3, except for Mondays, when it was scheduled at 9 pm.
2. Up until the end of 1992, MTV on TV1 was forced on Mondays to counter its own news programme broadcast on TV2. In 1988-89, the programme was scheduled for Sundays on TV1.
3. Up until the end of 1992, the programme was scheduled on TV2, except for Sundays in 1988-89, when *Kymmenen uutiset* was on TV1.
4. TV3 is included only for the years 1988-92. Since 1993, *Kymmenen uutiset* was broadcast on Channel Three.
5. PTV is included in the analysis only for the years 1990-96.

*Kymmenen uutiset*, and after the channel reform YLE’s current affairs magazine, *A-studio*, was placed regularly on Mondays to compete against the newscast.

YLE’s TV2 could not compete with *Kymmenen uutiset* until 1993 and, similarly to TV1, it chose to employ documentaries and foreign films most extensively. The documentaries were generally included in the series *Dokumenttiprojekti*, scheduled
at first on Thursdays but, from 1995, on Wednesdays, while TV2’s evening movie block was moved to Saturdays. Personal-interest programmes and variety entertainment, too, were pitted against *Kymmenen uutiset*. The high proportion devoted to sports programmes may be due to a slight bias in the sample.\(^5^9\)

The analysis generally suggests that, similarly to YLE’s *TV-uutiset ja säär*, MTV’s main newscast was not aggressively challenged during the research period either. Instead, the rival channels generally competed complementarily by providing programmes that were either narrowly targeted, such as personal-interest programmes or sports, or required programme-based loyalty, such as imported series. Also non-serialised programmes, such as documentaries or foreign movies, tend to require of the viewer a special interest in the topic, actors, etc., thus not competing directly with a general interest news programme.

The result does not support the expectation that, as a result of competitive scheduling, aggressive counterprogramming should also emerge in the data. Quite the opposite, it seems that YLE and MTV not only subscribed to a certain division of labour in the placement of their newscasts but also, with few exceptions, tended to leave each other’s flagship programmes in peace.

*Counterprogramming entertainment shows.* - As was shown in Chapter 12, domestic game and quiz shows often belonged among the most popular programmes in Finland. How did the competing channels challenge, if at all, each other’s top entertainment shows? As examples, I will use the dating game show *Napakymppi* of MTV and the family game show *Tutti juttu* of YLE’s TV2.\(^6^0\)

MTV’s show had already been introduced in the 1980s, while *Tutti juttu* was launched in 1992. Whereas TV2’s show has had a regular block on Thursday nights at 9 pm, MTV’s show has gone through several changes. *Napakymppi* has been a permanent constituent of MTV Finland’s Saturday offerings, but while in 1988-89 it was scheduled at 9.30 pm on Channel One, and moved in 1990 to Channel Two, starting at 9 pm, the channel reform transferred the show to start at 8.30 pm on MTV3.

\(^{5^9}\)The sports programmes supplied by TV2 to compete with *Kymmenen uutiset* included broadcasts from, for example, the Winter Olympics, but also FST’s regular sports newscast, *Sportmagasinet*.

\(^{6^0}\)Both programmes were well-established and took good positions in the weekly top-ten rating charts. For example, the highest rating of *Tutti juttu* in 1996 was 31 per cent, while *Napakymppi* had reached a 32 percent rating two years earlier (*Joukkoviestimiet* 1998: 142; *Joukkoviestintätätilasto* 1995: 80).
From Companions to Competitors

Resulting from its regular placement, Tutu juttu, had regular rivals, too. In 1992, Channel Three scheduled a travel-oriented personal-interest programme MTV World Club against it, but from 1993 on MTV3 provided foreign series on Thursdays at 9 pm. During the sample weeks of this study, the scheduled series was Northern Exposure. At first, PTV supplied local programming to compete with TV2’s game show, and also tested whether a quiz show could challenge it. However, since 1994, it has chosen to use imported series to fill the block. YLE’s TV1 systematically countered Tutu juttu with an economy-oriented current affairs programme.

Before the channel reform, Napakymppi, of MTV, was scheduled face-to-face with Urheiluruutu, YLE’s popular sports news magazine on TV1 and a foreign series, such as Bergerac, following it. From 1993 on, the rivalry for viewers became fiercer, since the programme was scheduled to compete with YLE’s main newscast. As already observed above, this was a conscious move by MTV to challenge YLE’s TV-uutiset ja sää. As to TV2, it clearly chose to compete neither with Napakymppi nor the newscast, thus providing a broad mix of programme types against them, varying from foreign series to documentaries. PTV regularly competed with MTV’s top game show by providing foreign series, such as Moonlighting, except for one season when it experimented with a music-oriented quiz show. Before the channel reform, Channel Three never competed with Napakymppi, since the channel closed its daily supply so early.

The examples suggest that, with few exceptions, the rival channels competed complementarily with the top entertainment shows. This lends scant support to the assumption about aggressive counterprogramming.

Counterprogramming serial drama. - Still another central field of popular television is domestic serial drama, which regularly tends to appeal to an exceptionally large audience. In the sample of this study two serials of long duration by YLE, Kotikatu [Home street] (since 1995) on TV1 and Metsolari [The Metsola saga] (in 1993) on TV2, and four serials by MTV, Ruusun aika [Time of the rose] (1991-93), Puhtaat valkeat lakanat [Clean white linen] (1994-95), Blondi tuli taloon [A blonde in the house] (1994-95) and Ihmeidentekijät [Miracle-workers] (1996), can be used as examples of counterprogramming strategies.

Metsolari, the series which at its best reached up to nearly two million spectators (Hietala 1996; Tääräsaari 1996), followed the efforts of the Metsola family in the Northern province of Kainuu to preserve its rural way of life in the late 1980s. The programme was scheduled for Wednesdays at 9 pm, which provided it with an ideal opportunity to attract audience. TV1 first scheduled documentaries against it but,
after having revised its news block in spring 1993, shifted them to a current affairs magazine. The response of MTV3 was *L.A. Law*, an American series, which clearly addressed a different audience, whereas PTV provided local programming followed by an American series.

*Kotikatu*, on TV1, was introduced during the autumn season of 1995 and continuously improved its ratings, being followed by some 0.8 to 0.9 million viewers weekly. The series, scheduled for Thursdays at 7.40 pm, is focused on two families living in central Helsinki struggling with everyday problems of work, marriage and parenthood. TV2 countered the programme with a foreign movie, whereas MTV3 provided a TV-kitchen programme, both obviously appealing to a slightly different audience from that of the domestic series. However, in autumn 1996 MTV commissioned a domestic comedy series to challenge *Kotikatu*, which signals a more aggressive approach. PTV at first supplied an American comedy series parallel to YLE’s serial, but changed it in 1996 to *Paalupaikka* [Pole position], a motor racing programme.

Of MTV’s family sagas, *Ruusun aika*, the last episode of which was watched by 1.8 million Finns, followed the life of an upper-middle class family living in a Helsinki suburb. The serial was first broadcast on Saturdays at 9.30 pm and then on Tuesdays at 8.20 pm on Channel Two, until the channel reform transferred it to MTV3, scheduled on Tuesdays at 8.30 pm. While YLE on Channel One faced it first with foreign series, but later with its main newscast, TV2 challenged it by providing a domestic film simultaneously, both appealing to the general audience. Channel Three and PTV, with their foreign series, supplied narrowly targeted programming parallel to *Ruusun aika*.

*Puhtaat valkeat lakanat*, reaching at its best almost 1.6 million viewers, depicted the entrepreneurial Raikas family through the 1960s and early 1970s. Being scheduled for Mondays at 8 pm on MTV3, it did not face such a formidable challenge as *Ruusun aika*, since TV1 provided a talk show *Haastattelijana Mirja Pyykkö*, TV2 Swedish-speaking programmes of FST, and PTV *Star Trek*, the science fiction series, against it. Of these only the talk show represented general interest programming.

Being scheduled either two or three times a week respectively, the domestic soap operas *Blondi tuli taloon* and *Immeidentekijät* could never face systematic counterprogramming, although both were viewed regularly by more than one million spectators. In order to counter these serials, both TV1 and TV2 used a wide variety of programme types, including documentaries, domestic films, personal-interest programmes, foreign series, music programmes and variety entertainment. PTV’s offerings were not necessarily more challenging, but more systematic, as it
supplied imported series, which soon were changed to personal-interest programmes dealing with cooking, fashion, etc.

This excursion into the counterprogramming of popular TV serials suggests that they, too, were seldom aggressively challenged by rival channels. Rather, in some cases, these domestic serials were used to shake the established position of some other programmes, as the example of MTV’s *Ruusun aika* being scheduled against YLE’s main newscast indicates. As far as aggressive counterprogramming existed in Finnish television, it was not used to compete against ‘flagship’ programmes. Generally, the analysis lends hardly any support to the expectation that clear signals of competitive counterprogramming should be found in the Finnish data.

20.4 Serialisation

Serialisation of programming represents a horizontal measure of scheduling intended to bring about regularity in the programme flow. Broadcasting series instead of individually titled programmes aims at reducing risks of both production and consumption. It is a way of cutting down the average costs of programming, as well as being a method for developing predictable viewing behaviour by creating loyalty among the audience. Hence, increasing serialisation of programming can be expected to have taken place in Finland during the research period, particularly on commercial channels.

The degree of serialisation can best be analysed by calculating the share of single programmes by broadcaster and by channel. As explained in Chapter 17, the sampled programmes from 1988 to 1996 were classified for this purpose into six groups, of which SPEC and ENTI represented single programmes and TITL, EPIS, SERI and CONS serialised programming.\(^4\) Table 20.4 shows that, as expected, the overall share of single programmes decreased significantly, from 36.1 per cent in 1988 to 24.5 per cent in 1996. Interestingly, the most drastic drop took place on Channel One. Channel Three also shows a major decrease, whereas Channel Two maintained its considerably high proportion of single programmes in its offerings. Surprisingly, PTV was the only channel to increase its offerings of non-serialised

\(^4\)SPEC refers to single programmes, while ENTI signals a programme entity that is broadcast in two or three parts. TITL refers to programmes with an umbrella title, such as *Avata luonto*, the nature documentary series on TV1, whereas EPIS refers to episodic TV series such as *The Bill Cosby Show*, and SERI to continuous serials such as *Dallas*. Finally, CONS signals constant programmes broadcast daily, such as regular newscasts. Movies, for example, although usually regularly scheduled, are regarded here as single programmes.

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Programme Output

**TABLE 20.4** Share of single programmes by channel, 1988-1996

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>TV1</td>
<td>42.0</td>
<td>38.9</td>
<td>33.1</td>
<td>33.5</td>
<td>39.3</td>
<td>24.1</td>
<td>29.8</td>
<td>25.1</td>
<td>28.4</td>
<td>32.7</td>
</tr>
<tr>
<td>TV2</td>
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<td>33.5</td>
<td>28.0</td>
<td>32.4</td>
<td>31.7</td>
<td>35.7</td>
<td>34.4</td>
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<td>30.1</td>
<td>32.4</td>
</tr>
<tr>
<td>TV3/MTV3</td>
<td>29.1</td>
<td>30.3</td>
<td>21.4</td>
<td>16.8</td>
<td>20.7</td>
<td>20.8</td>
<td>18.3</td>
<td>20.0</td>
<td>20.0</td>
<td>21.9</td>
</tr>
<tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>0.5</td>
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<td>7.8</td>
</tr>
<tr>
<td>YLE*</td>
<td>41.8</td>
<td>39.3</td>
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<td>29.0</td>
<td>31.5</td>
<td>27.9</td>
<td>29.1</td>
<td>33.9</td>
</tr>
<tr>
<td>MTV*</td>
<td>19.5</td>
<td>20.5</td>
<td>21.1</td>
<td>17.9</td>
<td>21.4</td>
<td>20.8</td>
<td>18.3</td>
<td>20.0</td>
<td>20.0</td>
<td>19.9</td>
</tr>
<tr>
<td>All channels</td>
<td>36.1</td>
<td>35.2</td>
<td>26.3</td>
<td>25.2</td>
<td>27.8</td>
<td>24.0</td>
<td>24.8</td>
<td>24.4</td>
<td>24.5</td>
<td>27.7</td>
</tr>
</tbody>
</table>

Notes:
*Includes YLE’s programming on TV1 and TV2.

programmes, which seems to be due to its growing emphasis on movies.

On the other hand, the public-service YLE still supplied a significantly larger share of individually titled programmes than the commercial channels, thus providing a slightly less regularised and standardised programme schedule than its competitors. While more than 80 per cent of the offerings of MTV Finland or PTV were serialised, the share of serial programming for YLE was roughly 70 per cent.

The result suggests that to a great extent the broadcasters fulfilled their policy of increasing the regularity of their programme offerings. Nevertheless, there is reason to believe that this development also served the viewers, since it helped them to make choices among the increasing offerings. If as much as 42 per cent of the programmes on a channel (I am referring to the situation on TV1 in 1988) are individually titled, separate entities, it requires an enormous effort on the part of the viewer to orientate and choose correctly. On the other hand, preserving an opportunity to watch non-serialised programmes allows the viewer to make discoveries and to come up with something unexpected, thus representing an ‘everyday extravagance’.

Considering the Finnish four-channel system of the 1990s, it is acceptable that, on an average, every fourth programme provided was a ‘special’, not packaged under any series title. On YLE’s channels, the proportion was even higher.
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Obviously, the large percentage devoted to single programmes is made possible by introducing regularity into the schedules by other means, i.e. by providing certain kinds of programme categories at certain times of the day, as the descriptive analysis above suggested.

Generally, as expected, the serialisation of programming increased during the research period, reflecting the emerged ‘schedule orientation’ among broadcasters. On the other hand, the data also lent support to the expectation that distinct differences between the public-service YLE and the commercial broadcasters should still have been maintained.

20.5 Programming the Prime Time\textsuperscript{42}

Programming emphases at the system level. - As observed above, the broadcast hours supplied by the Finnish television system almost doubled during the research period, since new programme blocks were opened both in the mornings, afternoons and night-time. However, since the changes in the overall distribution of output across the programme categories remained largely the same, there is reason to expect that competition for viewers during prime time should have become fiercer. This should have emerged as an increasing emphasis during peak-viewing hours on popular programming on the one hand, i.e. feature films, series and serials and entertainment genres, including sports, and on the most ‘competitive’ programme categories on the other, i.e. news, feature films, series and serials and entertainment (see e.g. Hellman and Sauri 1988 and 1989).\textsuperscript{43}

This can be claimed to be due to a ‘structuring effect’ of prime time (Hellman and Sauri 1994: 62-63), as a result of which the peak viewing hours have become a set of rules that constrain both the programme mix and viewing behaviour. Prime time has taught the audience to expect certain kinds of programmes as a natural part of the TV evening, while it has also forced broadcasters to concentrate to some extent on the most popular programme categories. The special role of prime time results from the time-use patterns of the audience, which strongly concentrates television viewing on the few evening hours. As the audience peak is, in a way, readily at hand, prime time has become the main arena for competition between

\textsuperscript{42}The results of this section of the study have partly been published earlier (see Hellman and Sauri 1996a, 1996b).

\textsuperscript{43}The distinctive feature of the most ‘competitive’ programme categories is that their demand/supply ratio is positive.

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broadcasters providing the most attractive programme mix. (See also Cantor 1980, Gitlin 1983, Krüger 1991; Richeri 1985.) Although the audience peak, at least in Finland, has become lower and broader, as was observed in Chapter 12, the significance of prime time has not been challenged.

Analysis of the prime programme structure (see Appendix 3) reveals that series and serials (SERI) together with feature films (FILM) dominate the prime-time offerings with their combined share of up to 40 per cent. Whereas the share of series and serials has remained almost stable, movies have experienced major fluctuations. Other popular genres too, including entertainment (GAME, TALK and VARI) and sports (SPOR), account for a 20 to 30 percent share of the prime-time offerings, displaying a slightly growing tendency, whereas informative categories (NEWS, CURR, PERS and DOCU) would have lost their stake had personal-interest programmes not gained new ground. Not surprisingly, educational programmes (EDUC) and children’s programmes (CHIL) were almost non-existent during prime time.

Compared to Finland’s prime-time programme structure between 1970-1986 (see Hellman and Sauri 1988), popular categories grew significantly in importance during the 1990s, the period of emerging competition, whereas the informative categories suffered. While the average share for informative categories between 1970 and 1986 was 43.4 per cent, their stake dropped to an average of 30.3 per cent between 1988 and 1996. Respective figures for popular categories were 49.0 and 61.4 per cent. (Op.cit.: 53-55.) Hence, informative programming lost ground slightly more than the popular categories managed to gain, which is explained by a reduction in the share of ‘marginal’ programme types such as children’s programmes or single dramas.

Compared to the programme output of the earlier decades, series and serials in particular among the popular categories, and personal-interest programmes among the informative categories, proved successful during the research period. Whereas series and serials were accorded on average 18.8 per cent of prime-time offerings in 1970-1986, they accounted for a 26.7 percent share in 1988-1996. The entertainment categories, including game, talk and variety shows, have slightly improved their combined share, as has sports also. Interestingly, in spite of the increased offerings of news by MTV, the overall share of newscasts dropped from an average of 13.1 per cent in 1970-1986 to 8.9 per cent in 1988-1996. This was due to an increase in the channel options and rearrangements in the scheduling, with PTV providing no news service at all and TV2 also having become almost a non-news channel. Features and documentaries in particular seemed to lose positions at the expense of personal-interest programmes, but the exact effect of this tendency

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is difficult to define, since the categorisations used in the study by Hellman and Sauri (1988) do not necessarily match those used in this study.

The data suggests that popular programming tightened its grip on the prime-time offerings. Obviously, this is a consequence of increased channel capacity, Channel Three and PTV in particular, which introduced a new programming concept, as revealed in Chapter 18. Whether and how their prime-time programme supply supported this trend will be analysed below. On the other side of the coin, news programmes, expected to have increased their stake due to their favourable demand/supply ratio, did not show any improvement. This may signal a new kind of a division of labour between the broadcasters in which channels such as PTV deliberately chose not to compete with YLE and MTV Finland in this costly field of programming, while within YLE too, TV1 and TV2 divided their responsibilities in this genre.

Generally, the evidence supports the expectation that increased ‘schedule orientation’ should be reflected as an increasing emphasis on popular programming during prime time.

**Prime time v. overall offerings.** - In order to detect in more detail how prime time deviated from the programme supply as a whole, Table 20.5 shows the differences per programme category. The differences are derived by subtracting the percentages of time per programme category (see Table 18.3) from the percentages devoted to these categories during prime time (see Appendix 3, Table 3.1). In other words, if prime time favours a category, this is indicated by a plus sign in the table. Conversely, if the difference is negative, it means that the category is allocated less time during prime time than in the overall output.

The analysis reveals that prime time tended to promote newscasts, series and serials and, to an increasing degree, feature films and variety entertainment, all representing programme categories with a positive demand/supply ratio. Game shows and talk shows were also slightly favoured during the peak viewing hours as compared to the offerings of the whole day. In contrast, current affairs programmes, educational programmes, children’s programmes and, increasingly, personal-interest programmes proved to be categories which suffered from the structuring effect of prime time. The result generally supports earlier evidence provided by Hellman and Sauri (1988), with the exception that during the 1990s current affairs programmes lost their preferential treatment. This is explained simply by the introduction of breakfast television, which shifted the balance of current affairs programming heavily towards the mornings.

Compared to the era of established duopoly, the period of emerging competition,
TABLE 20.5 Deviation between prime-time and overall supply of television programme categories, 1988-1996 (%)

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<tbody>
<tr>
<td>NEWS</td>
<td>+5.6</td>
<td>+4.8</td>
<td>+1.2</td>
<td>+1.9</td>
<td>+2.4</td>
<td>+2.2</td>
<td>+1.9</td>
<td>+2.4</td>
<td>+3.0</td>
<td>+2.8</td>
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<td>-3.5</td>
<td>-3.9</td>
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<tr>
<td>PERS</td>
<td>-3.9</td>
<td>-3.7</td>
<td>-1.8</td>
<td>-1.4</td>
<td>-0.9</td>
<td>-3.1</td>
<td>-3.6</td>
<td>-4.7</td>
<td>-5.7</td>
<td>-3.2</td>
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<td>DOCU</td>
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<td>-2.7</td>
<td>-2.9</td>
<td>-0.7</td>
<td>-2.3</td>
<td>-0.7</td>
<td>-0.9</td>
<td>-0.7</td>
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</tr>
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<td>EDUC</td>
<td>-3.7</td>
<td>-4.4</td>
<td>-3.7</td>
<td>-3.0</td>
<td>-3.2</td>
<td>-4.5</td>
<td>-5.0</td>
<td>-5.5</td>
<td>-3.9</td>
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<td>DRAM</td>
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<td>+0.4</td>
<td>+0.5</td>
<td>+0.3</td>
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<tr>
<td>FILM</td>
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<td>+2.7</td>
<td>+3.8</td>
<td>+2.5</td>
<td>+2.9</td>
<td>-0.4</td>
<td>+4.4</td>
<td>+7.0</td>
<td>+5.1</td>
<td>+3.4</td>
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<td>SERI</td>
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<td>+5.8</td>
<td>+9.0</td>
<td>+9.4</td>
<td>+5.6</td>
<td>+8.1</td>
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<td>+5.3</td>
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<tr>
<td>MUSI</td>
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<td>+0.1</td>
<td>+0.1</td>
<td>-0.2</td>
<td>0.0</td>
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<td>-0.7</td>
<td>-0.4</td>
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<td>GAME</td>
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<td>+0.9</td>
<td>+0.7</td>
<td>-0.5</td>
<td>+2.0</td>
<td>+3.2</td>
<td>+2.4</td>
<td>+3.4</td>
<td>+3.1</td>
<td>+1.8</td>
</tr>
<tr>
<td>TALK</td>
<td>-0.2</td>
<td>+0.3</td>
<td>+1.1</td>
<td>+0.3</td>
<td>+2.0</td>
<td>+1.8</td>
<td>+0.3</td>
<td>+1.4</td>
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<td>+0.9</td>
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<tr>
<td>VARI</td>
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<td>+2.0</td>
<td>+0.1</td>
<td>+1.0</td>
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<td>+3.5</td>
<td>+3.1</td>
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<td>SPOR</td>
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<td>-2.2</td>
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</tr>
<tr>
<td>OTHE</td>
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<td>+0.1</td>
<td>+0.9</td>
<td>+0.8</td>
<td>+0.5</td>
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<td>+0.2</td>
<td>+0.2</td>
<td>+0.9</td>
<td>+0.2</td>
</tr>
</tbody>
</table>

Deviation\(^b\) 0.37 0.32 0.37 0.34 0.34 0.41 0.44 0.48 0.42 0.39

Informative categories\(^c\) -3.3 -3.1 -10.4 -9.2 -7.1 -11.2 -11.7 -13.5 -8.0 -8.6
Popular categories\(^d\) +9.8 +7.8 +14.3 +11.8 +8.4 +13.5 +16.2 +18.0 +15.5 +12.8

Notes:
\(^a\)Includes all programming starting between 6.55 and 10.05 pm on TV1, TV2, TV3/MTV3 and PTV during the sample weeks.
\(^b\)Indicates the sum of absolute differences. The measure is equal to the Deviation Index applied earlier in the study.
\(^c\)Informative categories include NEWS, CURR, PERS, DOCU and EDUC.
\(^d\)Popular categories include FILM, SERI, GAME, TALK, VARI and SPOR.

from the late 1980s on, increased the preference by the broadcasters for popular categories during prime time, while it drastically decreased the position of informative categories (see op.cit.: 55-58). Also, the Deviation Index shows an increasing trend, suggesting that the discrepancy between prime time and whole day tended to grow, although not dramatically, during the research period. On the other hand, while the average deviation for 1970-1986 was 0.40 (see op.cit.: 122), the respective figure for 1988-1996 was at the same level, 0.39, thus suggesting that
From Companions to Competitors

**TABLE 20.6** System diversity of prime-time programme output, 1988-1996

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Prime-time offerings deviated only moderately from the overall programme supply. In other words, prime-time programme structure of the Finnish channel system, to a large extent, reflected the overall programme supply, with a moderate 'bias' towards the popular categories.

Generally, the evidence lends only partial support to the expectation that programme offerings of the peak viewing hours should differ from the overall output.

*Prime-time diversity.* - Prime-time offerings can also be analysed in terms of their programme range. Due to the structuring effect of the peak viewing hours, it can be expected that system diversity during prime time is lower than for the overall programme supply (see Hillve et al. 1997; Ishikawa et al. 1996). Table 20.6, comparing the Relative Entropy Index values for prime time and the whole day, suggests that, while both showing a decreasing trend, the discrepancy between them has not increased. On the other hand, although prime time significantly deviated from the overall offerings, almost all programme categories, except for educational programmes, were supplied during prime time too. The variety of prime-time offerings remained very high. Interestingly, the highest measure is for 1992, whereas since the channel reallocation the diversity index values have dropped significantly.

The data support only partially the assumption about a discrepancy between prime time and overall offerings. Since the programme diversity during peak viewing hours remained high, this suggests that the structuring effect of prime time on the variety of programme supply was not as drastic as expected. For example, compared to figures for Sweden (see Hillve et al. 1997: 307), the Finnish channel system provides an extraordinarily high diversity of programme output, even in prime time.
TABLE 20.7 Deviation between prime-time and overall programme supply by channel/broadcaster and programme category, 1988-1996

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<td>PTV</td>
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<td>0.14</td>
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YLE\(^a\)  0.47  0.51  0.43  0.47  0.49  0.45  0.43  0.46  0.39  0.45
MTV\(^b\)  0.25  0.31  0.52  0.47  0.38  0.63  0.79  0.76  0.84  0.55

Notes:
\(^a\)Includes YLE’s programming on TV1 and TV2.
\(^b\)Includes MTV’s programming on TV1 and TV2 (1988-1992) and on TV3 (1990-1996).

Prime time by channel/broadcaster. - How did public service and commercial channels differ from each other in their prime-time offerings? How did YLE manage to take advantage of the new peak-time slots left by MTV on its two channels? How did MTV’s programme output change, when it brought its offerings from three channels onto one? It could be expected that, in order to secure the best possible audience figures and the highest possible advertising rates during the most time slots facing the fiercest competition, Channel Three and MTV3 and, in particular, PTV, should focus aggressively on prime-time, concentrating their most popular programmes on the few evening hours, whereas the public-service YLE should not demonstrate a similar tendency of exploiting peak viewing hours.

Table 20.7 summarises how the prime-time offerings of each channel and each broadcaster deviated from its overall supply.\(^44\) It shows that while Channel One and Channel Three, as well as MTV, on average, show a moderate difference between their whole-day and peak viewing hours, the prime-time offerings of YLE, Channel Two and, in particular, PTV differed only marginally from their overall programme supply.

For YLE, deviation between prime time and whole day dropped from 0.47 in 1988 to 0.39 in 1996, suggesting that the combined output of its two channels

\(^44\)The distribution of prime-time programming across the programme types per channel and per broadcaster is presented in Appendix 3.
during peak viewing hours closely reflected its overall output. On YLE’s TV1, preferred categories included, in particular, current affairs programmes (reaching a top share of 22.5 percent of its prime-time offerings in 1996) and series and serials, while feature films, news and even sports also tended to be scheduled for prime time. Categories pushed aside, then, included educational programmes, personal-interest shows and children’s programmes. On TV2, not displaying as clear differences between prime time and whole day, game shows and, increasingly, variety shows and series and serials were scheduled for the evenings, whereas sports and children’s programming in particular suffered during peak viewing hours. Educational programmes, too, were systematically scheduled outside prime time. As to newscasts, they appeared to lose their earlier predominance as a prime-time attraction, which, however, is due to the division of labour introduced in 1990 between the two units.

In contrast, and as a result of introducing new broadcast hours, MTV Finland shows a drastically increasing discrepancy between its whole-day and prime-time offerings, with the Deviation Index measure ranging from a minimum of 0.25, indicating low deviation, in 1988 to a maximum of 0.84, indicating a high deviation, in 1996. This suggests that MTV was increasingly vulnerable to the structuring effect of prime time. Categories favoured in its prime-time output included series and serials, game and variety shows, as well as news. From 1990 on, it was MTV, and not YLE, that supplied two prime-time newscasts daily. In 1996 the top five categories, i.e. series, feature films, news, game shows and variety entertainment, accounted for more than 85 percent of MTV3’s output during peak viewing hours. At the same time, children’s programmes and, increasingly, personal-interest programming tended to be scheduled outside prime time, as were current affairs programmes, too, reflecting the launch of *Huomenta Suomi*, the breakfast television show.

Similarly to Channel Three/MTV, PTV focused strongly on films and series, which, together with sports, accounted for three quarters of its prime-time offerings. However, among the three broadcasters, it was PTV which displayed the lowest discrepancy between its whole-day and prime-time offerings. This reflected the fact that the majority of PTV’s offerings were scheduled for prime time, whereas on other channels less than one third of programming was broadcast during the peak viewing hours.

It was observed above that informative programming suffers to some degree while popular programming benefits in prime time. Tables 20.8 and 20.9 confirm that the channels greatly resemble each other in their treatment of informative and popular programmes. All broadcasters tended to emphasise popular categories.
**TABLE 20.8** Share of informative programme categories by channel during prime time and whole day, 1988-1996 (%)

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*Note:* Informative categories include NEWS, CURR, PERS, DOCU and EDUC.

during peak time, whereas information categories suffered. However, the data display striking differences, too.

While the average share of information on TV1 during prime time was 42.5 per cent, the respective figure for MTV was 27.6 and for PTV 12.9 per cent. Conversely, YLE did not devote more than an average of 47.6 per cent to popular categories, whereas on MTV popular programming accounted for 67.3 per cent of its peak time output, while on PTV, showing a systematic growing tendency in its popular offerings, the figure was 74.2 per cent. Generally, an increase in popular programming during prime time did not necessarily result in a decrease in informative categories, but occurred at the expense of ‘marginal’ programme categories such as drama, music and children’s programming.
TABLE 20.9 Share of popular programme categories by channel during prime time and whole day, 1988-1996 (%)*

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**Note:**
*Popular categories include FILM, SERI, GAME, TALK, VARI and SPOR.

However, two radical changes in post-channel-reform television must be emphasised. First, YLE drastically redesigned its prime-time programme output. The share devoted to popular programming increased dramatically from an average of 40.9 per cent in 1988-92 to an average of 56.0 per cent in 1993-96, whereas the share devoted to informative programming decreased during the same period from an average of 47.4 to 37.8 per cent. This seems to be due to the new, more popular, profile of TV2, whereas YLE's TV1 still served as the flagship of information. As a matter of fact, the balance between information and popular categories remained almost stable on Channel One, which suggests that YLE managed to fill the gaps left by MTV with a broadly similar programme output, whereas the prime-time schedules of Channel Two became even more popularly
TABLE 20.10 Channel diversity during prime time and whole day, 1988-1996

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oriented than before. Second, the reform clearly increased the informative output of MTV and Channel Three. In the offerings of the company, the share of informative categories increased from the average of 23.7 per cent in 1988-92 to an average of 32.5 in 1993-96. During the same period, the time devoted to popular categories during prime time changed less radically, however.

How did these developments influence the programme range of the channels? As observed above, the system diversity during prime time was moderately lower than during the whole day. Due to the structuring effect of prime time, it can be expected that all channels were inclined towards a decrease in diversity, while YLE's TV1 and TV2 should be more versatile than the two commercial channels.

Indeed, as Table 20.10 shows, YLE, as well as TV1 and TV2, provided a very high broadcaster diversity, with an average Relative Entropy Index value of 0.86 over the research period, whereas the broadcaster diversity of MTV was, on average, 0.74, and the channel diversity of Channel Three 0.69 and of PTV 0.65,
all three showing a medium degree of diversity during prime time. YLE, as a company, provided a marginally wider range of programming than either of its channels, TV1 and TV2 (0.85 and 0.83 points, respectively). This indicates again that programming on two channels can contribute positively to the overall variety of offerings. Interestingly, YLE’s diversity index was higher than the points for TV1 and TV2 even before the channel reform, suggesting that, in spite of the division of labour between YLE and MTV, the heavy concentration of the latter on few programme categories only tended to decrease the diversity of TV1 and TV2.

The channel/broadcaster diversity measures for prime time show few clear tendencies. The figures for YLE and TV1 fluctuated moderately during the research period, whereas MTV and Channel Three performed better before than after the reform. Also, TV2 has shown a decrease in its diversity since the channel reallocation, whereas the drop in the diversity of PTV is best explained by the cancelling of its local prime-time newscasts. Except for MTV, the diversity of prime-time programming did not differ much from the overall output. In other words, on PTV as well as on TV1 and TV2, prime time often provided as much diversity as the overall offerings of these channels.

The comparison suggests that the sharp distinction revealed in the prime-time offerings of YLE and MTV in the 1970s and early 1980s (see Hellman and Sauri 1988: 69-84) had levelled out since the end of the decade. While the Deviation Index between the companies for 1970-1986 was measured at an average of 0.97 points, indicating a high deviation, the average index value for 1988-1996 was not more than 0.77, demonstrating a medium degree of deviation. At the same time, both companies continued to ‘streamline’ their prime-time output, i.e. to concentrate on certain ‘strategically’ important programme categories such as news, series and serials, feature films and entertainment shows, which appeared to fit best the requirements of prime time (cf. Hellman and Sauri 1994). For example, while the share allocated to popular programmes by YLE tended to decrease between 1970 and 1986, it definitely grew in the 1990s, thus indicating a convergence of the company towards the commercial model. This suggests that the structuring effects of prime time constrained not only the commercial MTV Finland but also the public-service YLE. On the other hand, the data indicates that the companies still distinctively differed from each other, with YLE generally showing a growing variety of offerings during prime time.

The results support the expectation that distinct differences between Finland’s broadcasters in their prime-time scheduling should be discerned. Indeed, MTV not only focused more on popular programmes and provided a narrower mix of programming, but was more dependent on the structuring effect of prime time,
demonstrated as a concentration on certain programme categories and an increasing discrepancy between prime time and whole day. On the other hand, while TV2 increased its popular programming and demonstrated a decreasing diversity, and while MTV on Channel Three had provided a growing share of information and a high degree of diversity since 1991, the data also lend partial support to the assumption about convergence between public and commercial/hybrid channels.

20.6 Summary

1. A major standardisation of programme schedules took place during the research period. This did not result in stripped programming on a daily basis but, rather, in a dramatically increased regularisation of weekly schedules.

2. The commercial broadcasters in particular, MTV Finland, Kolmostelevisio and PTV, were active in creating regular programme blocks and experimenting with stripping, whereas YLE’s partial failure in the channel reform forced it to draw back to some degree.

3. Aggressive counterprogramming was not commonly used by the Finnish broadcasters. Instead, the number and variety of simultaneous alternatives remained considerably high, even during prime time.

4. Serialisation of programming increased significantly during the research period. YLE, in particular, reduced its share of single programmes, whereas PTV increased their proportion.

5. On YLE’s channels, single programmes still accounted for a significantly greater part of the output than on MTV3 or PTV.

6. Due to the structuring effect of prime time, popular programming gained an increasing stake at the expense of informative and ‘marginal’ programme categories. Although the discrepancy between prime-time and whole-day offerings increased, the variety of prime-time offerings remained high.

7. Although all channels tended to emphasise popular categories during peak time, the structuring effect of prime time fell harder on commercial channels. However, YLE too was forced to increasingly favour the popular programme categories.

8. Generally, YLE managed to preserve its high share of information and a very high diversity, even during prime time, whereas the commercial PTV and the hybrid MTV3 provided a clearly narrower and more popularly ‘biased’ programme output.
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CONCLUSIONS AND DISCUSSION

The proceeding of the study. - The purpose of this study was threefold: to investigate and understand (1) how Finland’s broadcasting market has changed since the mid-1980s; (2) how the broadcasters adapted their programming policies to these changes; and, finally, (3) how the broadcast programme output developed as a result of these changes. Programming policies and programme output were analysed as a function of the changing television marketplace. The approach chosen for this examination was that of a case study, realised as an extensive utilisation of various data and methods.

While broadcasting was analysed as an industry, the analytical framework of the study was based on a modification of the Industrial Organisation Model. According to the framework applied, the broadcasters operate in a multiplicity of markets, representing industry arenas, in which they seek viability and legitimacy - the technological market, the political market, the business market, the professional market and the popular market. In all these arenas, they are constrained by industry-specific structural and institutional factors such as market size, market structure and industry organisation, constituting the industry structure level of the framework. Industry conduct, then, was represented by programming policy, expressing an active adaptation of a broadcaster to both the multiple market and the structural-institutional requirements. Finally, programme output represented industry performance, indicating how the broadcasters finally responded and performed.

Theoretically, the study drew from three major sources: broadcasting policy studies, critical theories of media economy, and microeconomic theories of competition within the media. These conceptual tools were introduced and discussed in Part I of the study. As a result, the changes in the marketplace, as well as in programming, were interpreted in the context of two major sets of constraints, those of ‘structure’ and those of ‘institution’.

The analytical distinction between the five markets provided the basis for the historical and structural examination of Finland’s broadcasting industry, presented in Part II. Although the principal attention was paid to the developments of the late 1980s and the 1990s, the detailed investigation of each market could not avoid travelling back in time to the formation of Finnish television, since its early history in many ways accounts for the exceptional organisation of the industry in Finland and provides the functional basis for the present day solutions, too.

Part III was dedicated to the analysis of programming policy, representing the
industry conduct and illustrating the ways in which the Finnish broadcasting sector adapted to the changes in the markets. The shifts, as well as continuities, in the programming policies of the broadcasters were investigated and compared on the basis of documentary analysis and interviews.

Finally, Part IV focused on programme output, representing the industry performance and illustrating how the programming policies were implemented. The examination of the programme output was based on a quantitative and qualitative analysis of programme schedules from sample weeks in 1988-1996. Employing multiple measures developed for this study, as well as adapting some from earlier studies, programme output was studied at three complementary levels: (1) programme structure, or the composition of programme output by type and origin, (2) programme range, representing the variety of offerings, and (3) scheduling, indicating the strategies of programme placement.

The main results of this study can be summarised as follows:

1. The changes in the Finnish television broadcasting marketplace were evolutionary rather than revolutionary.
2. The broadcasters adapted to these changes principally by increasing the degree of economic pragmatism of their programming policies, but also by diversifying and targeting their services.
3. Programme output, characterised by a high share of informative and domestic programmes, extraordinarily high variety of offerings and only a moderate use of aggressive counterprogramming strategies, remained surprisingly stable over the research period.

In other words, nothing dramatic happened in the Finnish television sector - or did it? Although the change was 'only' evolutionary, and not revolutionary, there is no reason to underestimate the significance of these parallel and simultaneous shifts in the broadcasting marketplace. Therefore, the results must be reviewed once more and interpreted in the light of the analytical framework of the study.

*The Finnish model in transition.* - Although the huge developments in television technologies are often highlighted when discussing the recent developments in the broadcasting industry, the Finnish case demonstrates only a moderate change in the technological market of television. In Finland, the most dramatic shifts had already taken place by the mid-1980s, i.e. when cable and satellite channels, the VCR and Channel Three were introduced, whereas what happened later, in the 1990s, caused only minor rearrangements in the configuration of existing television technologies.
Conclusions and Discussion

The opening-up of frequencies was strictly regulated, but well-timed, thus managing to prop up the established YLE/MTV duopoly. The research period can be characterised as the 'second coming' of broadcast television, whereas the new video media remained as functional complements to it. The decision of 1996 to launch Channel Four and to pave the way for digitalisation, then, heralds a new stage of development, the impact of which, materialising during the first years of the next millennium, will most obviously be revolutionary.

As to the political market, the research period seemed to provide a more profound change while, at the same time, the long tradition of pragmatist media policy, defined as the 'policy of structure', was preserved. An important amendment to this political and economic pragmatism, which aimed at serving the interests of all 'social partners' and celebrated the feasibility of operations as its main goal, was that it was supplemented by a new doctrine of 'cultural nationalism', representing a hybrid of interests of party politics, economic policy, competition policy, technology policy, and even cultural policy. This doctrine, being imposed a task of consolidating the domestic basis of the industry, promoted a controlled liberalisation of the television sector. Continuing the established tradition, commercial television was not considered an enemy of public broadcasting but recognised as its ally and funding base. The present dual order of broadcasting, created by the new legislation on YLE and newly defined licensing policy for commercial broadcasters, both introduced in 1993, is a direct, and the most important, result of this shift in the political market of television. The dual order, based on two parallel administrations, one for public-service broadcasting and the other for commercial broadcasting, serves as the administrative basis for the digital era, too, since the new broadcasting legislation of 1998 seems to cement it. Increasingly, the role of the political market is in providing the prerequisites for the broadcasting industry, not in erecting barriers against it.

During the research period, the business market of television remained firmly under the command of the YLE/MTV coalition. Major changes took place, however. It was not only that MTV Finland was allowed a greater independence. YLE also introduced business-like practices but, even more importantly, the broadcasting industry became 'industry proper', with huge business expectations being focused on the sector. This was made possible by the liberalised licensing policy, opening the political gates for new entries, as well as by the digitalisation option, providing a future perspective for investors. Also, struggles surrounding MTV's ownership and Channel Four both serve as indications of a strategic contest for the industry leadership. Naturally, day-to-day competition for viewers and talent also became fiercer, whereas a true rivalry for advertisers never emerged during the
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research period.

In the professional market, monopolised for decades by YLE and MTV, new production cultures were introduced, thanks to the increased externalisation of productions. Though frustrating many of the established in-house production teams both in YLE and MTV, it also consolidated the trade by introducing new flexibility as well as specialisation. Television professionals, earlier protected from competition, were now forced to step into the marketplace, learn to tailor programmes in order to appeal to scheduled target audiences, as well as to study the rudiments of competitive bidding and the grammar of ratings discourse. Naturally, this development put pressures on the traditional programming traditions, as well as on the standards of craft and artistry. However, it seems that the operative management of the broadcasting companies needed independent producers to break the established professionalism within their organisations. As a result of the new 'schedule orientation', a programme idea is often a response to audience goals and cost limits defined by the scheduler, and a result of a 'producer's choice' between competitive bids from both inside and outside the company.

Although earlier studies provided evidence of increasing audience segmentation, representing the emergence of 'taste publics', as cultural studies would call them, also the large, considerably homogenous 'mass audience' still seemed to exist in Finland. Certain top favourite programmes, such as broadcasts of the Independence Day reception, main newscasts and major winter sports events, as well as certain domestic entertainment programmes and drama serials, are perhaps the best indication of a nationally shared 'common culture'. The Finnish television system, with its moderate channel choice, managed to meet the popular demand, since no rival services in Finnish were available. On the other hand, evidence suggests that in the popular market there existed an 'insatiable demand' for both entertaining general interest programmes and specialised targeted programming. It seems that both of these demands were at least partially met with the channel reallocation. The viewers responded to the increasing viewing options of the 1990s by watching television 40 to 50 per cent more than earlier. Increasing channel-based and programme-type-based loyalties anticipate a further fragmentation of viewing habits, although it is questionable whether it will result in a gradual crumbling of general interest TV channels.

The analysis suggests that shifts in the multiple market of television in Finland were, perhaps, less dramatic than in most European countries (see e.g. Blumler 1992a; Siune and Truetschel 1992). Except for a few breaches, the two established broadcasters and the national TV networks maintained their leading position just as well in business terms as in terms of technological development,
political legitimacy, professional standards, and audience figures. Obviously, this was a consequence of the persistent 'policy of structure', which favoured broadcast television, protected the business interests of YLE and MTV Finland and promoted domestic programme production, thus contributing to the popularity of broadcast channels. It was also thanks to the active intervention of the political market, exerting influence over the other four markets, that the Finnish broadcasting industry survived serious structural constraints, such as the limited opportunities to use economies of scale.

Although the policies applied do not always seem planned and consistent (indeed, the developments took place in a jerky fashion!), analysis shows that the multiple marketplace was liberalised with due consideration for the interests of the industry core. No competitive fringe was allowed - except for PTV, whose challenge potential, however, was severely restricted by its dependency on cable distribution. The 'policy of structure' was motivated on economic grounds, since a more radical marketisation of the broadcasting sector would have threatened YLE's financial basis. The case of Finland seems to support the argument by Humphreys (1996) that in small states, the advantages of liberalisation are far fewer than in larger states. It was economically pragmatic to favour the public-service arrangement and the slow pace of structural reforms.

The inquiry also suggests that the regulation of the institutional organisation of broadcasting was the principal measure of implementing the 'policy of structure'. Although new networks were launched and the business market partly opened for new entries, the private sector was closely involved in supporting the public-service television system. Characteristic of Finland, the 'hybrid sector' was not defined by strict programme regulations but by force of money. This redefined 'social partnership' between the state, YLE and MTV Finland continued the pragmatic tradition, and while guaranteeing YLE's economy, it also served to consolidate MTV's legitimacy. Although the companies were formally turned from companions into competitors, it was hardly 'competition proper' which was involved here. Rather, the Finnish television system, even after the entry of Ruutunen on Channel Four, remained 'domesticated', semi-protected and semi-competitive. However, considering the size of the market, the system providing three (or four) channels with an obligation (although a weak one) to complement each other appears functional.

In spite of considerable changes on the surface of the multiple market of broadcasting, the fundamentals of the Finnish system remained untouched. The public-service oriented organisation of television survived the decade of threatening upheavals. No less, the re-regulated Finnish television system appears to have been
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a success at least in some important respects. First, the ‘nationally sponsored commercialism’, as McQuail (1986: 174) would call it, managed to revitalise the programme production industry and encourage TV advertising during a period when the rest of the media sector was stagnating. Second, there is reason to believe that the semi-liberalised broadcasting system enjoys a considerably high social acceptance, as is manifested by its high viewing share.

_Dualism in programming policy._ - Programming policy, understood as a conscious measure of adaptation to multiple market requirements, shows contradictory lines of development. Although an increasing economic pragmatism was revealed, the study also found a growing reliance on public-service based conceptualisations, promoting diversity of programme output, informative genres and even quality productions. What the analysis suggests is that these two complementary, or even conflicting, tendencies indicate a genuine dualism in the programming policies of both YLE and MTV Finland. While it aims to meet the demands of the business market (efficiency) and the popular market (popularity), it also tries to fulfill the requirements of the political market (diversity, domestic content, public responsibility) and the professional market (quality).

This dualism is reminiscent of the ‘dual strategy’ Syvertsen (1992b) found in her analysis of the Norwegian public-service broadcaster NRK and its British fellow corporation, the BBC:

The corporations’ need for social legitimacy has implied that commercialisation could not be the only answer to their problems; indeed [...] both corporations have employed a dual strategy: On the one hand they have attempted to improve their financial balances and adapt to market-standards, whereas on the other they have strengthened their commitment to some of the areas which they believed were crucial to their legitimacy as ‘public service’ broadcasters. (Op.cit.: 334.)

In Finland, the state-owned YLE redefined its traditional public-service approach and complemented it by adapting to market standards, whereas the privately owned MTV Finland experienced a reverse development: in addition to market standards it also learned to adapt to the requirements of public responsibility and social legitimacy. Similarly to the cases of Norway and Britain, commercialism was not the only answer to the problems of the Finnish broadcasters.

Naturally, the policy choices by broadcasters reflect their adaptation strategies to the market situation. In the Finnish case, pragmatism was dictated by the limited size of the market and the narrow capital base of the industry. The urgency of lighter productions, careful targeting, standardisation of schedules and a more
business-like decision-making was accentuated by the liberalisation, doubling TV programme supply within a decade. ‘Ratings discourse’ became an inseparable element of programming policy in all companies, as did the careful calculation of programme costs for each slot too.

The economically motivated pragmatism allowed other, more ideal, goals of programming policy to flourish, too. It was not until the late 1980s that the ‘public service’ duties of YLE were explicitly defined for the first time, and soon MTV Finland also wished to be included in the ‘public-service system’ of Finnish television. The emphasis on public responsibility was, on the one hand, imposed by the ‘policy of structure’, which protected YLE and MTV from the most brutal forms of external (as well as mutual) rivalry. On the other hand, it also served as a comfortable legitimation strategy for the companies, seeking to maintain the political support for their privileges, while also providing a genuine differentiation strategy vis-à-vis emerging competitors in the business market and the popular market.

In spite of the YLE act of 1993, the very concept of public service remained vague - but convenient. For example, MTV could claim to provide a public service, since it supplied a recognised, comprehensive news service. Similarly, YLE learned to differentiate between the duties of ‘public service proper’ and other, more pragmatically oriented activities, enabling it to define its obligations at the same time in terms of ‘what the audience needs’ and ‘what the audience wants’. A programme wanted by a few could also be justified if it was needed by many. Similarly, a programme not fulfilling the definition of ‘what-the-audience-needs’ could be approved if it could demonstrate a firm audience demand.

By behaving ‘correctly’ in programming policy terms, and serving the needs of the multiple market, YLE and MTV Finland wished to consolidate the established industry structure and dual order of broadcasting. This shows that, unlike the typical Industrial Organisation model suggests, the relationships between industry structure, firm conduct and firm performance are not one-way only but involve interplay, negotiation and even persuasion. It is not only that industry structure determines firm conduct but that firms, by their conduct, can affect the industry structure.

Differentiation of the programme output. - Perhaps the most surprising result of the programme output analysis is that radical leaps in programming had already taken place in 1990 (and not only in 1993), when MTV acquired the majority of Kolmostelevisio and PTV was launched. These parallel developments seemed to encourage both YLE and MTV Finland to perform better than before and to
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develop their schedules. Although the analysis of the programme output generally found considerably stable patterns of programme structure and programme range and scheduling, three tendencies seem indicative.

First, the broadcasters clearly aimed at differentiating their channels and offerings. Following the channel reallocation, YLE developed two distinctly different channels complementing each other, while MTV3 and PTV provided independently compiled commercial alternatives to YLE’s TV1 and TV2, thereby clarifying Finland’s television landscape. In spite of certain tendencies towards convergence between, for example, YLE and MTV Finland, the companies, as well as the channels, were increasingly profiled and differentiated. An indication of this was that aggressive counterprogramming remained rare, whereas complementary programme placement, reflecting the established division of labour between YLE and MTV Finland, predominated.

This tendency towards differentiation did not occur at the level of programme types only but, as it seems, at the level of programme placement, the general ‘image’ or style of programming, and at the level of individual programmes, too. Although, for instance, YLE’s TV2 and MTV3 approached each other in terms of programme structure and diversity of output, they also appeared to maintain distinct differences. While MTV3 developed a schedule based on a highly standardised pattern of regular series and shows, TV2 remained much more loosely compiled and less standardised. While both channels allocated similar shares of programme time to personal interest shows and series and serials, for example, they showed different profiles in these domains. However, the analytic tools of this study did not allow a proper examination of this tendency, requiring detailed textual analysis and comparison of individual programmes representing the same genres.

The second tendency is that, similar to Hillve’s et al. (1997) finding about Swedish television, Finland’s four TV channels, all representing general interest programming, tended to aim at an ‘ideal degree’ of variety. In other words, although the companies demonstrated different values of the Relative Entropy Index, it seems that, generally, ‘variety pays’. Increasing programme hours released MTV Finland and PTV in particular from the ‘straitjacket’ of prime-time type programming and enabled them to supply a growing range of programmes. As for YLE, the effect of expanding broadcast time was less dramatic - perhaps it already provided a maximum degree of comprehensiveness in its offerings.

An indication of this tendency is that, contrary to popular myth, both informative categories and domestic programming strengthened their stake in the offerings of the public service YLE and the hybrid MTV. This shows that popular programming, understood as an emphasis on fictional and entertaining genres, was
not the only recipe for success in the marketisation of Finnish television. On the contrary, informative supply, particularly news, current affairs programmes and personal-interest shows remained as the second pillar of successful programming.

Another indication is that Finnish television provided an extraordinarily high variety of offerings, both at the channel level and at the system level. MTV Finland in particular significantly increased its diversity, approaching the diversity standards of YLE. Although the programme variety across the channels did not increase during the research period, two of the four channels improved significantly in terms of variety, while two channels suffered only slightly. This suggests that variety of offerings, understood either as a principled goal, as in YLE, or as a result of demand-based product differentiation, as perhaps in MTV and PTV, was recognised as a central goal of broadcasting by all broadcasters. While YLE remained a genuine generalist in the market, MTV Finland, earlier a ‘semi-generalist’, adopted a role of a generalist proper, whereas PTV remained a ‘semi-specialist’.

What are the implications of variety and comprehensiveness being so universally recognised and highly esteemed by the broadcasting industry? This may safeguard the existence of general interest broadcasting services, characterised by a wide and balanced range of programme types offered. Since digitalisation enables the broadcasters to divide their offerings between two, three or even more channels, general interest channels will obviously be supplemented by other, more specialised ones. An early example of this division of labour within a broadcasting company is provided by YLE’s TV1 and TV2, which complemented each other, thus providing together a wider variety of programmes than either of the channels alone did.

The third major tendency of programme output was towards standardisation in scheduling. Standardisation did not only occur in prime-time schedules, where programmes were increasingly treated as ‘modules’, systematically produced or purchased to fit to certain slots, but was perhaps even more typical of extra-prime-time offerings, being developed to serve various target audiences, thus requiring fixed, regular placement. Interestingly, standardisation did not necessarily result in stripped programming, i.e. regular daily broadcasts of the same shows, but occurred in two, less provocative ways. First, it was manifested in the introduction of fixed weekly schedules, i.e. in a regularly repeating weekly pattern of programming. Second, standardisation also resulted in an increased share of serialised programming.

For broadcasters, motivation for growing standardisation and regularisation of their output was obvious: to ease the viewers’ pain of choosing. The more programming and the more channel options were provided, the more necessary it became to guide the audience with regular schedules. Most obviously, the tendency
will become even more pronounced with the expansion of channel capacity. In a multi-channel environment, a regular pattern of programme schedules will serve as a distinguishing characteristic of each channel and as a signpost for the viewer.

Differentiation, variety and standardisation appear as parallel directions of development. In order to differentiate its product from the products of other broadcasters, each broadcaster must provide an ideal degree of variety within the limits of its differentiation strategy, while, at the same time, aiming at standardising its output in order to keep it recognisable. Variety and standardisation are the two sides of the differentiation coin. Variety is needed in order to appeal to a maximum number of viewers and viewing interests, whereas standardisation is needed in order to help viewing interests and viewing options to meet. Specialisation, then, proved to be an inadequate business strategy in the Finnish market, as the failure of PTV in establishing a competitive schedule shows.

The general conclusion is that, contrary to popular myth, the programme supply of the Finnish TV channels did not become more homogenised during the research period, although the overall diversity of offerings was not improved, either. Instead of providing ‘more of the same’, the viewers were served better, since the increased programme supply and the channel reform provided more viewing options and clarified differences between channels. In the Finnish case, the interplay between the industry arenas, industry structure and firm conduct resulted in improved performance of the broadcasters.

Methodological lessons. - While analysing the recent structural transformation of television, broadcasting policy studies have often focused on the impact of either new audiovisual technologies or liberalisation of broadcasting policies. On the other hand, microeconomic approaches to competition in broadcasting have tended to concentrate narrowly on how competition between the firms regulates the industry structure and programme output. But it appears to be less common to try to cover all the forces of the marketplace which contribute to the shaping of the broadcasting industry, including shifts in technology, regulation, business environment, professional culture and audience taste. Also, television broadcasting has been commonly investigated by concentrating on the economico-structural constraints imposed on the industry, or by emphasising the institutional distinction between public and commercial broadcasters. How these constraints relate to each other, and how they reflect on the industry arenas in which the broadcasters operate has been paid less attention.

The purpose of the analytical framework of the present study was to facilitate the understanding of how the broadcasting industry is forced to serve several masters.
at the same time. The principal lesson of this study is that neither any single market requirement nor any structural or institutional logic alone can explain the development of the broadcasting industry. In order to justify their existence, to survive and develop, a broadcaster is forced to negotiate with both the ‘external’ market requirements and ‘internal’, structural-institutional constraints. The various forces are often simultaneous and contradictory.

Whether this approach worked in the present study or not, is for the reader to judge. However, I believe that by providing various parallel aspects to the developments of the Finnish broadcasting industry, the analysis facilitated a broad perspective which pointed to the complexity and complicity of these simultaneous forces.

Although international comparisons provide a valuable approach for analysing broadcasting systems (see e.g. Achille and Miège 1994; De Bens et al. 1992; Hellman and Sauri 1997), the present study recommends strongly that each country should also be analysed separately, as a specific case, in order to fully cover the historical, political, economic and cultural contexts which might explain the policies chosen and operative measures taken by public broadcasters and commercial stations alike. For example, it was the specifically Finnish conditions, including the small population, the large area of the country, the tradition of political coalitions, the fast growth of the economy, the separateness of the Finnish language, etc., as well as the original policy style, which dictated the development of Finland’s broadcasting industry.

Another methodological innovation of the present study was to analyse programme output from several angles complementing each other. By combining measures used by media policy studies, sociology of organisations and microeconomic inquiries into competition, it was possible to provide a more versatile picture of the shifts in programming.

The study claimed that the typical approach of media policy studies, that of using size distributions of the various programme genres as a measure of diversity, is far from satisfactory, since the interpretation of shifts remains extremely difficult and vague. It was suggested that abstract, mathematical, summary indices facilitate a better comparison of trends in programming over time, since they condense and systematise information. Another pitfall of most of the recent studies, often microeconomically oriented, is that, even when employing more sophisticated methods, they tend to rely on one index measure only (either the HH Index, the Relative Entropy Index or the Niche Breadth Index), or focus on one dimension of variety only (the breadth of programming across genres). In order to avoid this, the present study developed parallel measures of programme breadth and difference
between channels/broadcasters. Scheduling was also taken into account, although with less systematic measures, and major attention was paid to the diversity provided by the entire channel system.

Since each one of the designed measures proved functional, I believe that the study has convinced the reader of the fruitfulness of this multiple measure approach. While the analysis of the distribution of programme types revealed that information genres increased their presence in the schedules, the Relative Entropy Index proved that the overall (system) diversity of programming suffered slightly, whereas the channel diversity of MTV Finland increased dramatically. Also, while the Deviation Index suggested that differences between channels grew, the same measure indicated that the programme structures of YLE and MTV converged, whereas the Programme Option Index indicated that the 1993 channel reform did not result in an increased average number of viewing alternatives. These examples indicate that, similarly to the changes in the broadcasting marketplace, shifts in programming are not unilinear and consistent but complicated and often contradictory. It is not only convergence which is taking place between broadcasters/channels - there are also significant signs of divergence and differentiation.

I have a firm belief that diversity studies can prove their use value only if they are able to take into consideration the conflicting tendencies of programming. This is possible by developing methods and measures which can be focused on different aspects of programme diversity. This study was restricted to a few dimensions only, but the measures developed for and employed in it proved useful in describing and analysing the multidimensionality of programme offerings. More sensitive methods should be employed in order to fully understand differences between broadcasters. For example, in which way do serial dramas or entertainment programmes of YLE and MTV Finland differ from each other? However, as this study hopefully shows, even a 'traditional' diversity analysis, based on a rather rude categorisation of programmes, can produce meaningful results and indicate distinct differences in the offerings of broadcasters.

Recently, van Cuillenburg has strongly claimed that diversity studies should not be used for policy purposes:

> Media diversity belongs to the realm of freedom of speech and the press. In civil societies democratic governments should avoid any appearance whatsoever of interference with First Amendment rights. Extensive governmental content analysis of media performance for policy purposes is not in harmony with this premise. (van Cuillenburg 1997: 46.)

According to him, diversity analysis should be extended to the diversity received by
the viewers, thus moving the emphasis of study from media diversity to media access (see also Napoli 1997). Although diversity of media use and accessibility are crucial and welcome dimensions, his argument deserves two comments.

First, diversity analysis does not necessarily involve an interference with the freedom of the broadcasters. Instead, it provides a convenient tool for assessing their performance and measuring the shifts in programming. This may be important not only for the policymakers but for the public, not to mention the broadcasters themselves. Diversity analysis can provide a basis for a self-assessment and self-regulation of the media. Second, since diversity still serves as one of the main principles of broadcasting legislation and operating licences in most Western European countries, it cannot be wrong to analyse how the requirement is being met. Content diversity studies do serve a significant function in democratic societies.
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APPENDICES

Appendix 1: Programme Categorisation

The analysis of the programme output of YLE, MTV Finland, Kolmostelevisio and PTV presented in Part IV of the study was based on a categorisation scheme including 15 main programme type categories and 44 subcategories. Each programme was included in one, and only one, category based on whether its main programme thrust more closely fit category A rather than category B or C. In the case of truly hybrid programmes, it was the form, or genre, of the programme which determined the placement of the programme; for example, a sports documentary was assigned to documentaries instead of sports programmes. An exception was provided by children’s programmes, in which target audience was considered the main criterion.

The main categories can be described as follows:

(1) Newscasts (NEWS) refers both to the main newscasts on each channel/company and other regular newscasts, as well as extra newscasts. In other words, the category included the famous ‘flagship’ programmes such as Utiset ja siitä on YLE and Kymmenen uutiset on MTV Finland, as well as shorter news shows such as Sähkeuttiset on YLE and Seisemän uutiset on MTV. Newscasts included in MTV’s Huomenta Suomi, the breakfast television show, could not be separated, as a result of which the programme was included in the current affairs category.

(2) Current affairs (CURR) mainly refers to regular current affairs magazines as represented by, for example, YLE’s A-studio (on TV1) or Ajankohtainen kakkonen and Kotimaan katsaus (on TV2), as well as MTV Finland’s Sunnuntairaportti. However, Huomenta Suomi, the breakfast television programme, was also included in the category. Certain features and documentaries too, particularly those scheduled regularly under the title Ulkolinja by YLE on TV1, were considered current affairs programmes. Furthermore, election broadcasts and certain live debates on current public issues were included in the category too.

(3) Hobby and personal interest (PERS) is a hybrid of instructional programmes, the focus of which is not on public matters but on private, or human-interest, issues. They also tend to address the viewers as consumers rather than as citizens. The category extended from explicit consumer or health information, represented by Kuningaskuluttaja or Akuu on YLE, to programmes dealing with leisure-time activities and hobbies, such as Bon appetit on MTV or Eräkulilla on YLE, and teleshopping programmes, such as Ostoskanava on MTV. Culturally or otherwise specialised magazines (such as YLE’s Valopilku or MTV’s Jyrki), light studio debates on human-interest issues (such as YLE’s Kukkotiekka), as well as all religious programming (such as Sielun pelli or broadcast church services on YLE) were regarded as personal-interest programmes. However, talk shows with an emphasis on entertaining, sensational and controversial aspects were excluded and dealt with as a separate category. The PERS category could generally be characterised as ‘light information’. In spite of its social interventions, MTV’s Karpolla on asiia was included in the PERS category, as was also YLE’s environment-focused magazine Ympäristöuutiset.
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(4) Features and documentaries (DOCU) refer both to documentary series and the traditional 'one-off' features and documentaries which, however, are often broadcast under umbrella-type titles, such as YLE's *Ykkösdokumentti* or *Dokumenttiprojekti*. This category also included the nature documentaries of YLE’s *Avara luonto* as well as historical and biographical documentaries.

(5) Education (EDUC) covers formal/academic instructional programmes consisting of three principal programme genres: language instruction and other adult education programmes, school television programmes, and professional instruction programmes. However, for example MTV’s *MTV-akatemia* was categorised in personal-interest programmes, since its emphasis is on general knowledge rather than on instructional information.

(6) Drama (DRAM) includes both televised theatre events and narrative films-made-for-TV, but artistically oriented short films too were assigned to this category. Sometimes major investigations were required to decide, whether a film was originally premiered theatrically or on television. TV dramas consisting of not more than two episodes were categorised as dramas, whereas those consisting of three or more episodes were included in series and serials.

(7) Movies (FILM) included feature films originally released theatrically.

(8) Series and serials (SERI) included fictional, anthology-type, series such as *Ruth Rendell's Mysteries*, episodic series such as *Love Boat* or *The Cosby Show*, and continuing serials such as *The Bold and the Beautiful* or *Kotikatu*. Mini-series and TV dramas with more than two episodes were also dealt with within this category. On the other hand, comedy series based on separate comedy sketches without a solid plot, such as *The Benny Hill Show* or *Seitsemän kuolemansyntä*, were not regarded as series.

(9) Music (MUS) covered both musical events and other programmes principally consisting of musical performances. The category referred both to classical and other genres of music. Thus, MUS included the regular concerts broadcast under the umbrella series title *Sinun tehtesi*, the regular top-forty programmes such as *Lista* and *Jyrkä Countdown*, and the special broadcasts of major concerts such as *Sinaitaivas*. Even some entertainment programmes with emphasis on musical performances were assigned to this category; examples are provided by *Seppo Hovin seurassa* and *Levyrauti*, both on MTV, and song contests such as the Eurovision song contest on YLE and *Syksyn sävel* on MTV.

(10) Quiz and game shows (GAME) include a variety of entertainment programmes ranging from family game shows such as *Napakymppi* (on MTV) and *Tutu juttu* (on YLE's TV2) to quizzes such as *Kymppitonu* and *Onnenpyörä* (both on MTV). Game shows in which the various skills of the competitors are tested, such as *Speden spelit* and *Glatiaattorit*, were also included in this category.

(11) Talk shows (TALK) included talk-oriented programmes with an emphasis on private issues with entertaining and sensational aspects. The category covered the seriously oriented in-depth interviews in *Haastattelijana Mirja Pyykkö* on YLE’s TV1 or *Ydeniillän pysäkkä* on TV2, as well as the more ‘tabloid-type’ and controversial chat shows such as *Hyvät, pahat ja runat* or *Hernenin* on MTV3.
(12) Variety shows (VARI) was composed of two principal subcategories: comedy sketch shows such as *The Benny Hill Show* or *Hymyhuulet*, and variety entertainment shows such as the Miss Finland contests. For example, programmes providing circus performances or magicians were also included in this category.

(13) Sports (SPOR) included both sporting events, live or taped, such as the Olympic Games or broadcast icehockey matches, and sports news, such as the long-standing *Urheiluruutu* on YLE’s TV1. Current affairs magazines specialising in sports, such as FST’s *Sportmagasinet*, were also assigned to this category.

(14) Children’s programmes (CHIL) was a category based on target audience rather than form or genre. The category involved programmes which are specifically produced and targeted at children below the age of 15, thus spanning all programme content areas from cartoon series, such as *The Moomins* or *Ducktales*, to children’s magazines, such as *Pikku kakkonen* or *Veturi*.

(15) Other programmes (OTHE) category was the residual for programming which did not fit any of the preceeding categories. It included local broadcasts on PTV, programme information provided by the broadcasters, broadcast lotteries, etc.
Appendix 2: Origin of Programmes

Each programme included in the sample was registered according to a geographical nine-category classification in which EEUR, for example, referred to the ex-Socialist countries of Europe, while SAME included the whole of Latin America, including Mexico. The origin of sampled programmes across the channels is shown in Table 2.1 below.

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*The analysis is based on sample weeks (four weeks per year) and covers TV1, TV2, TV3/MTV3 and, as of 1990, PTV.
### TABLE 2.2 Origin of programmes on YLE, 1988-1996 (%)*

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| Minutes  | 24958 | 24148 | 25013 | 25857 | 27686 | 35719 | 35601 | 39035 | 38779 | 276798 |
| Programmes | 802   | 828   | 874   | 869   | 877   | 1169  | 1146  | 1270  | 1289  | 9124 |

### TABLE 2.3 Origin of programmes of MTV, 1988-1996 (%)*

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| Total    | 100.1 | 100.0 | 100.0 | 100.1 | 100.1 | 99.9  | 100.0 | 100.0 | 99.9  | 100.0 |
| Minutes  | 4450  | 4111  | 17747 | 16812 | 17286 | 18061 | 20470 | 23935 | 26157 | 149026 |
| Programmes | 130   | 180   | 394   | 394   | 409   | 499   | 634   | 750   | 848   | 4230 |

*Includes MTV's programming on TV1 and TV2 (1988-92) and on TV3/MTV3 (1990-96). All programming on Channel Three since 1990 is included in MTV’s figures.

461
### TABLE 2.4 Origin of programmes on PTV, 1988-1996 (%)

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| Minutes  | 5690 | 6025 | 6735 | 7375 | 8715 | 11655 | 12340 | 56535 |
| Programmes| 146  | 171  | 184  | 177  | 179  | 212  | 240  | 1309  |
Appendix 3: Prime-Time Programming

Programming supplied by the three broadcasters during the peak viewing hours, defined programmes starting between 6.55 pm and 10.05 pm, is presented in Tables 3.1 to 3.4. The shares of informative and popular programming were also calculated for each broadcaster, as well as for each channel. These are shown in Tables 3.5 and 3.6.

**Table 3.1 Prime-time programme supply in Finland, 1988-1996 (%)**

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*Includes all prime-time programming on TV1, TV2, TV3/MTV3 and PTV during the sample weeks.
From Companions to Competitors

### TABLE 3.2 Prime-time programme supply on YLE, 1988-1996 (%)

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*Includes YLE's prime-time programming on TV1 and TV2 during the sample weeks.

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<td>7836</td>
<td>8185</td>
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<td>5794</td>
<td>5773</td>
<td>5919</td>
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*Note: Includes MTV's prime-time programming on TV1 and TV2 (1988-1992) and on TV3 (1990-1996).*
### TABLE 3.4 Prime-time programme supply on PTV, 1988-1996 (%)

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<td>-</td>
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<td>CHIL</td>
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<td>5755</td>
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<td>6365</td>
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### TABLE 3.5 Share of informative programming during prime time by channel, 1988-1996

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<tbody>
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<td>TV1</td>
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<td>43.8</td>
<td>36.5</td>
<td>35.0</td>
<td>40.4</td>
<td>50.1</td>
<td>37.9</td>
<td>43.1</td>
<td>50.1</td>
<td>47.5</td>
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<tr>
<td>TV2</td>
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<td>49.7</td>
<td>53.8</td>
<td>39.6</td>
<td>50.0</td>
<td>30.2</td>
<td>30.6</td>
<td>26.6</td>
<td>40.9</td>
<td>40.1</td>
</tr>
<tr>
<td>TV3/MTV3</td>
<td>5.4</td>
<td>4.6</td>
<td>9.7</td>
<td>15.7</td>
<td>21.7</td>
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<td>31.0</td>
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<td>33.8</td>
<td>20.8</td>
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<tr>
<td>PTV</td>
<td>7.9</td>
<td>15.7</td>
<td>17.8</td>
<td>11.8</td>
<td>15.1</td>
<td>10.1</td>
<td>11.6</td>
<td>12.9</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

YLE®

| YLE® | 51.5 | 52.1 | 42.4 | 40.4 | 50.9 | 37.1 | 34.3 | 34.2 | 45.5 | 43.2 |

MTV®

| MTV® | 32.0 | 28.4 | 17.1 | 18.5 | 22.4 | 32.8 | 31.0 | 32.3 | 33.8 | 27.6 |

All channels 35.2 34.6 25.3 26.3 31.8 29.8 28.8 27.7 33.6 30.3

*Includes the following programme categories: NEWS, CURR, PERS, DOCU and EDUC.

**Includes YLE’s programming on TV1 and TV2.

†Includes MTV’s programming on TV1 and TV2 (1988-1992) and on TV3/MTV3 (1990-1996).
### TABLE 3.6  Share of popular programming during prime time by channel, 1988-1996

<table>
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<tr>
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<th></th>
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<th></th>
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<tbody>
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<td>TV1</td>
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<td>43.1</td>
<td>54.1</td>
<td>49.8</td>
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<tr>
<td>TV2</td>
<td>44.5</td>
<td>35.1</td>
<td>44.5</td>
<td>49.7</td>
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<td>64.5</td>
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<td>65.8</td>
<td>57.2</td>
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<tr>
<td>TV3/MTV3</td>
<td>92.1</td>
<td>87.7</td>
<td>88.3</td>
<td>78.5</td>
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<td>63.7</td>
<td>68.8</td>
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<td>75.8</td>
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<tr>
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<td>63.3</td>
<td>67.5</td>
<td>73.3</td>
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<td>74.2</td>
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<tr>
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<td>33.9</td>
<td>45.2</td>
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<tr>
<td>MTV</td>
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<td>56.8</td>
<td>80.2</td>
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All channels 57.6 53.1 61.0 60.7 59.0 62.9 66.2 67.1 64.8 61.4

---

*Includes the following programme categories: SPOR, FILM, SERI, GAME, TALK and VARI.
*Includes YLE's programming on TV1 and TV2.
Heikki Hellman

KUMPPANEISTA KILPAILJOIKSI

Televisiotoiminnan markkinoiden ja television ohjelmiston muutos Suomessa 1988-1996


Yleisradiotoimintaa tarkastellaan tutkimuksessa teollisuutena, taloudellisena toimintana. Julkisen ja kaupallisen sektorin lisäksi siinä erotellaan kolmantena tyyppinä 'hybridisektori', s. o. julkisesti säädellyt mutta kaupallisesti toimivat tv-yhtöt. Tutkimus ammentaa ennen muuta viime vuosien yleisradiopolitiikasta tutkimusvuonna 1990-luvulta (broadcasting policy studies), mutta se käyttää hyväkseen myös mikroekonomistisen kilpailuanalyysin, viestinnän kriittisen politiikan taloustieteiden ja empiristen tutkimusten näkökulmia.

Televisiotoiminnan markkinat jaetaan tutkimuksessa teknologisiin, politiisiin, liiketoiminnallisiin, ammatillisiiin ja populaarimarkkinoihin, joita kutakin analysoidaan erikseen. Teknologisten markkinoiden muutoksen ei juurikaan havaita horjuttaneen tarjontansa tuntuvasti kasvattaneen yleisradiotelevision asemaa Suomessa. Politiissten markkinoiden harjoittajat 'kulttuurisen nationalismin' politiikka on suojannut sektoria samalla kun liiketoiminnallisten markkinoiden tarkoin kontrolloitut liberalisoituminen ja rajoitettu kilpailu ovat turvanneet vakiintuneiden televisiotoimintaa harjoittavien yhdistöiden talouden ja aseman. Merkittäviä muutoksia havaitaan tapahtuneen ammatillisilla markkinoilla, jossa Yleisradion ja MTV:n tuottamonopoli on muuttunut, ja populaarimarkkinoilla, jossa tarjontan lisääntyminen on dramallisesti lisännyt televisiokaluston kertyttyä aikaa ja pirjestön katselutunnutuksia.

Kilpailuun sopeutuminen analyysissä keskitettään tv-yhdistyiden ohjelmapolitiikoihin linjauksiin. YLE:n ja MTV:n edustajakunnat havaitaan muuttuneen aiempaa liiketoimintalääteisemmäksi. Se ilmenee mm. siinä, että parlamentaarisesti valittujen ohjelmaeuvoostojen ja yhdistyiden keskiöiden koordinaatiotoimikunnan tultua lakkautetuksi yhdistyiden ohjelmajohdo päätättää ohjelmistosta aiempaa itseään ja yhdistyksen etunkohtaisia etünäköksiä painottaa. Ohjelmapolitiikasta lausunnoista löydetään neljä hallitsevaa ja osittain ristiriitaita pyrkimystä, joiden merkitys on korostunut 1990-luvulla: (1) yleisölähiöisyys, (2) ohjelmiston taloudellisuus, (3) ohjelmaa kuvion standardisointi ja (4) 'ulkisen palvelun' korostus.

MTV ja kanavista TV3 on monipuolistanut ohjelmistoansa tunnustavasti. Yleisradion ja MTV:n ohjelmistot ovat myös merkittävästi lähentyneet toisiaan etenkin kanavaudistuksen jälkeen. Ohjelmakaavioiden havaitaan standardisoituneen tuntuvasti, mikä ilmenee ennen muuta ohjelmiston kasvaneena sarjoittumisena ja viikkokaavioiden säännönmukaistumisena.