[HU] Decision of the Competition Council on the Conditions of the Distribution of TV2

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In December 2008 the Hungarian Competition Council delivered a decision on the pricing policy of MTM-SBS. This company, which since 2007 has been a subsidiary of the ProSiebenSat1 Media AG, broadcasts TV2, one of Hungary's two national commercial terrestrial television channels. TV2 has one of the largest audience shares in the country. Although broadcast primarily on analogue terrestrial frequencies, the channel is also available on various analogue and digital programme distribution networks.

Until 2006 MTM-SBS granted the right to distribute TV2 for free to platform operators. However, in that year it decided to change this policy and the company began to charge fees for the distribution of the channel.

The motives behind this change of policy can be traced back to changes in the programme distribution segment of the Hungarian media market. In 2006 a number of new digital platforms appeared (most notably DigiTV, a digital satellite DTH service and some new IPTV services). As a consequence the analogue terrestrial mode of reception rapidly began to lose its significance. This also led to a more or less parallel decline in TV2's audience share. The introduction of the programme distribution fee was a reaction of MTM-SBS to these market developments.

This change in the pricing policy by MTM-SBS affected first of all the new entrants to the broadcast distribution market. In an enquiry launched in January 2007 the competition authority analysed whether the practice of MTM-SBS as described above is discriminatory towards these new entrants. In its decision completing this enquiry the Competition Council came to the following conclusions:

- MTM-SBS is not a vertically integrated actor of the Hungarian media market. As a consequence it is not in the company's interests to limit the competition in the programme distribution segment;

- the fee requested by MTM-SBS is approximately 2 % of the total revenue of the programme distributors affected. This portion, in itself, is not significant enough to create distortion on the market;

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- during the period of the enquiry the programme distribution segment developed significantly. New entrants appeared and they were able to reach significant increases in subscriber numbers within a relatively short period of time. No sign of a significant obstacle to entry into the programme distribution market could be observed.

As a consequence the Competition Council concluded that there is no evidence for any market distortion related to the conduct of MTM-SBS.

Gazdasági Versenyhivatal Versenytanácsának Vj-7/2007/42. számú végzése

http://www.gvh.hu/domain2/files/modules/module25/71429D8873EE8613.pdf

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