

Advertising in the Digital Age. Some Pre-digital Age Issues in Argentina

Roxana Kahale

BERETTA KAHALE GODOY

Sarmiento 580, Piso 4° y 5°

C1041AAL – Buenos Aires

Tel: (5411) 4326-7386 – Fax: (5411) 4326-7396

WWW.BKGFIRM.COM

SOME HISTORY

Introduction

- Prior to 1980, Argentina only had open television.
- All these channels were state owned.
- Transmitted through repetition stations.

SOME HISTORY

- As of 1980 cable television commenced in Argentina.
- Initially there were two major MSOs for the city of Buenos Aires and a myriad of MSOs in the rest of the provinces in Argentina.
- Cable was marketed as a new service that afforded the possibility of overcoming technical difficulties and less advertisements cuts.

SOME HISTORY

The Argentine cable model is quite unique:

- Technically has integrated most of the country and became the adequate carrier of open television.
- Economically it provides a non expensive basic programming of over 70 channels.

What makes this economics possible?

SOME HISTORY

ADVERTISING

SOME LEGAL BACKGROUD

- Broadcasting in Argentina (covering radio, open TV and MSOs defined as supplementary services) is ruled by a law dictated in 1976.
- Cable programmers are not ruled by the Broadcasting Act.
- Regarding advertising the Broadcasting Act established that open TV was allotted a maximum of 12 minutes per hour.
- No regulation in relation to cable.

SOME LEGAL BACKGROUND

In cable television, advertising is placed by the programmers mainly and partially by the MSOs mainly as self promotion of their services.

Given the lack of regulation, cable programmers in Argentina used the 12 minute per hour rule as applicable to each programmer.

SOME CONFLICT

During the 90s, the growth of cable television has been sustained and in terms of ads sales, cable television surpassed the expectations in terms of ads sales.

This triggered a major reaction from open television.

The broadcasting regulator (“COMFER”) immediately became a major party in the issue.

SOME CONFLICT

During December 2003, COMFER enacted a resolution to become effective as of April 1, 2004 prohibiting ad cuts in cable programmers that broadcast movies.

Enforceability?

Major industry reaction from cable programmers, ad agencies, cable advertising organizations and trade organizations. Fear of “contagious risk into the region”

SOME CONFLICT

The regulator settled for three cuts per movie.

Would the regulator go further? Yes.

Authority to do so? Questionable.

What is the industry proposing?

SOME CONFLICT

- Cable programmers are trying to show that advertising is key to their economics and maintaining a service with a great variety of contents at a reasonable price: no advertising = more expensive service.
- Risk of contagious spread in other parts of the region.
- Currently cable maintains a 12 minute per hour advertising time limit. COMFER is expected to regulate on that pending a major reform of the Broadcasting Act.

SOME HOPE?

- No definition yet on triple play system to be adopted.
- Discussion on advertising time allotted to cable and responsibility on contents. MSOs want programmers to be directly responsible, but there is no statutory coverage.
- High concern about the transmission of television contents and advertising through the internet. No serious regulation.

SOME LOOK INTO THE NEAR FUTURE

- It is important that regulators understand the economic equation that lies under advertising and cable tv as a means to providing to consumers a large variety of contents at a reasonable price.
- Acknowledgement of the rapid development of technology beyond legislation.
- Importance of serious self regulation by the involved parties and continuous interaction with regulators to assist them in understanding the complex technological and business issues of the industry.

End of Presentation

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