2.2.4 Media Ownership and Concentration in the Nordic Nations

Robert G. Picard
Professeur en économie des médias
Jönköping International Business School
Jönköping University, Suède

The Nordic nations – Denmark, Finland, Iceland, Norway and Sweden – have highly developed and well-funded media markets that are characterized by high levels of cross-media activity, consolidation and concentration. Media activities are primarily domestic and the majority of ownership is domestic, although some Nordic companies have crossed Nordic borders in recent years. Non-Nordic ownership is small, with the exception of SBS (Luxembourg) and NRJ (France), which are active in the commercial radio markets. All the Nordic nations have strong well-attended public service broadcasters.

The Nordic nations are highly developed economically, technologically advanced, democratic nations, and have histories of international trade and strong social welfare systems. The populations have high educational levels and high literacy levels by both European and world standards.

The region has a total population of approximately 24 million people, with 5.4 million in Denmark, 5.2 million in Finland, 4.5 million in Norway, and 8.9 million in Sweden. Iceland has a population of approximately 285,000. The small size of the national markets and the presence of strong domestic firms have generally made media in the region less attractive for foreign media company investment.

The media markets are increasingly competitive, however. Public service broadcasting monopolies in radio and television have disappeared and the broadcasting environment in all the nations now includes commercial channels. Domestic and trans-national satellite television and cable services are providing additional programming choices. Nordic nations are world leaders in the use of new media.

The Nordic region is characterized by high levels of media availability, resulting from a great deal of regional production as well as importation, and it has high levels of media consumption. Existing media are technologically advanced and good telecommunications infrastructures help serve broadcast and new media as well as print media. Media are well distributed throughout the nations and consumers have access to local, domestic, regional, European, and global media. Media are well supported by advertising, and the nations rank among the top in advertising spending per capita in Europe.

Advertising expenditures in the region are approximately 5.4 billion Euros annually. Expenditures in Denmark are 1.2 billion Euros, advertisers spend 1.1 billion Euros in Finland, in Norway that figure is 1.1 billion Euros, and advertisers expend 2 billion Euros in Sweden. A strong upward trend of real increases in advertising expenditures has been underway for 4 decades.

Print media are the primary recipient of advertising expenditures. 75.3 percent of all expenditures go to print media in Denmark. The share in Finland number is 74.5 percent, in Norway it is 70.3 percent, and in Sweden it is 68.5.

Problems in newspaper competition have been recognized for four decades. The nations had a tradition of multiple newspapers in towns and regions and these were traditionally associated with political parties. During the last half of the twentieth century, the number of newspapers in each town diminished because of economic forces, leading to a variety of types of state intervention in an effort to save remaining papers (Gustafsson, 1995; Picard, 1985 and 1988). The strongest press support systems were established in Sweden and Finland.

The press support system established in the 1970s by the Swedish parliament was intended to provide additional financial resources to economically weak newspapers as a mean of maintaining more than one newspaper in Swedish cities. These subsidies today account for about 3 percent of the overall turnover in the Swedish newspapers, but they provide a substantial amount of the income for many papers. Subsidies provide more income than that from circulation and advertising combined for some papers (Picard, 2003). That intervention has not been highly successful, but the continued strength of regional and national newspapers has kept local papers from gaining a full monopoly on news production and distribution.

The subsidy system established in Finland at about the same time, for the same purposes, has failed to save party newspapers. The amount of aid has declined in the past decade and the means of distribution have resulted in papers supporting the dominant political parties receiving the bulk of the support. Only about 10 percent of total newspaper circulation is subsidized today (Picard & Grönlund, 2003).

2.2.4.1 The Top 20 Firms in the Nordic Nations

The media markets in the Nordic nations are dominated by 2 major commercial domestic firms with a secondary tier of 2 to 3 important domestic players. The major Danish firms are Egmont and Aller, with TV2/Danmark, Politiken and Jyllands-Posten in the second tier of firms. In Finland, the leading companies are SanomaWSOY and Alma Media, with secondary players including TS-Group and Otava-Kuvalehdet. The Norwegian media scene is led by Schibsted and Orkla Media, and A-pressen and TV2 Group, The primary Swedish Firms are Bonnier and Modern Times Group (MTG), with TV4 and KF Media, and Tidnings AB Stampen as secondary players. In each of the countries the public service broadcasters are important second-tier media firms and are increasingly active in a variety of media activities in addition to broadcasting.

The top six firms by revenue are SanomaWSOY (Finland), Bonnier (Sweden), Egmont (Denmark), Schbsted (Norway), Orkla Media (Norway), and Modern Times Group (Sweden). These are well developed media conglomerates active in print, broadcasting, and new media in both their domestic markets and foreign markets (Table 2). The second-tier players tend to be active only in the domestic market and tend to operate fewer types of media than those in the topic tier.

The economic power of the 6 leading players is illustrated by the fact that their combined income (8.3 billion Euros) is nearly double that of the combined income of the remaining media firms in the top 20 list (4.6 billion Euros).

Although they have been large media firms – based primarily on ownership of the leading national daily newspapers in the Nordic nations – for a century, a number of the firms began to change their strategic outlooks and goals during the last two decades. Fundamental to this change was the belief that the business aspects of media were not in place primarily to facilitate the operations of the media, but that the business aspects made media investment vehicles that would be used to generate profit, to expand the scale and scope of the firms, and to increase shareholder value.

Table 2

The 20 Largest Nordic Media Firms and Turnover in 2002 (in million Euros)

Rank	Company	Turnover	Country
1	SanomaWSOY	2,358	Finland
2	Bonnier	1,910	Sweden
3	Egmont	1,230	Denmark
4	Schbsted	1,048	Norway
5	Orkla Media	943	Norway
6	Modern Times Group	826	Sweden
Second-Tier Companies			
7	Alma Media	486	Finland
8	Aller	469	Denmark
9	Norsk Rikskringkasting (NRK)*	451	Norway
10	Sveriges Television (SVT) *	411	Sweden
11	Danmarks Radio (DR) *	402	Denmark
12	Yleisradio (YLE) *	375	Finland
13	A-pressen	322	Norway
14	TS Group	293	Finland
15	TV 4	248	Sweden
16	Sveriges Radio (SR) *	234	Sweden
17	TV2/Danmark	223	Denmark
18	Otava-Kuvalehdet	219	Finland
19	Politiken	215	Denmark
20	TV2 Group	208	Norway

* Public service broadcaster

2.2.4.2 Descriptions of the Dominant Companies

Private media companies have grown significantly in the past two decades, adopting business growth strategies and techniques used in other firms. Changes in policy and technology led to the growth of commercial broadcasting and the introduction of cable and satellite services. Public offerings of shares brought new capital to the major media firms and that capital was used for mergers and acquisitions and expansion of the number of media types that the major firms provide and the markets in which they are active.

All of the top-tier companies are regional players with activities in Denmark, Finland, Norway and Sweden. None of the major players have activities in Iceland because it is perceived as too small a market and returns on investments would be better in other Nordic nations and other parts of Europe and the world.

Bonnier

The company's roots were in book publishing and it expanded into newspaper and magazine publishing in the early twentieth century. Today, however, Bonnier is active in more types of media and media activities than any other Nordic firm. The current company was created in 1998 when minority owners of the publishing firm Marieberg were bought out and that firm merged with other Bonnier media holdings.

The company owns the leading Swedish general circulation newspaper Dagens Nyheter and the tabloid Expressen. It is part owner and provides management for the leading national television channel TV4, and owns the leading financial daily Dagens Industri, which now has expanded publication into a half dozen Baltic states and East European countries.

Bonnier owns magazine and book publishers in Denmark, Finland and Norway and owns one-third of the Finnish media conglomerate Alma Media, which owns the leading commercial television channel as well as Finland's second largest newspaper. Bonnier was the leading Nordic media conglomerate until SanomaWSOY seized that position in 2002.

Egmont

This Danish magazine and book publisher became a major Nordic media firm when it purchased the motion picture company Nordisk Film in 1992. Today it is co-owner of the commercial TV channel TV2 in Norway along with the Norwegian media giant Schibsted and A-pressen.

The company does not own newspapers and has limited activities in radio. Much of the company's financial strength comes from its publishing and television production efforts, which are spread throughout the Nordic nations and in other European and Asian nations.

Modern Times Group

This firm developed when the manufacturing firm Kinnevik decided to invest in media activities. It began with satellite television activities and is now Sweden's second most important commercial television broadcaster. The firm's Viasat operations serve Sweden, Denmark and Norway, the Baltic States, Hungary and Russia and it has moved into television channel operations in the Eastern European countries.

Modern Times Group pioneered the concept of the free distribution daily newspaper with the establishment of Metro in Stockholm in 1995. It now operates similar papers in more than two dozen cities worldwide. The firm also owns book publishers, radio stations, and television production firms.

Orkla Media

Part of a diversified industrial and consumer goods firm, this Norwegian media company is active in newspaper, magazine, book publishing, electronic publishing and direct marketing.
It purchased the Largest Danish newspaper publisher company in 2000 and operates 15 newspapers in Poland. Orkla has established a separate business unit – Dagpress Øst Europa – to actively manage its strategy and investments in the Baltic states and Eastern Europe. It is part owner of magazine companies in Norway and Sweden that have market leading titles.

SanomaWSOY

The largest of the Nordic media firms, SanomaWSOY is the primary newspaper, magazine, book, television, radio, and film distribution firm in Finland and is active – particularly in the magazine industry – in Denmark, Norway, Sweden and other European nations, including Belgium, the Czech Republic, Hungary and the Netherlands.

The company's roots are in the newspaper industry and grew from its ownership of Helsingin Sanomat, the largest general circulation newspaper in the Nordic countries. The firm then moved into magazine publishing. It is the largest shareholder in Nelonen (the second Finnish national commercial television channel) and owns the dominant film distribution and exhibition firm, the nation's largest bookselling chain, and the largest newsstand chain and distribution system. It owns the country's largest cable television system (Helsinki Television) and is joint owner of a digital terrestrial television sports channel with Alma Media. SanomaWSOY accounts for 25 percent of newspaper circulation in Finland.

The Sanoma company was the region's second largest firm in terms of income (behind Bonnier) but its 1999 mergers with the leading book publisher WSOY and a leading magazine firm Helsinki Media Company and its subsequent listing on the stock market allowed it to grow until it become the leading firm.

Schibsted

This Norwegia-based newspaper publisher transformed itself into a major player after purchasing the Metronome film and film exhibition company 1996 and becoming a joint owner of the Norwegian commercial TV channel TV2 with A-pressen and Egmont. It owns VG, the largest circulation newspaper in Norway, and the tabloid Aftonposten.

In the early 1990s, sensing opportunities in the Baltic states, it moved into Estonia and has since become the leading media firm there with television, newspaper, magazine and radio operations. It expanded into Sweden through the purchase of the largest tabloid, Aftonbladet in 1996, and it later acquired the second largest national general circulation newspaper, Svenska Dagbladet.

Capitalizing on the Modern Times Group's idea of free distribution daily newspapers, Schibsted created its own brand – 20 minutes – which it has progressive launched in cities worldwide.

2.2.4.3 Media Ownership Regulation

Concerns over the growth of large media companies in the Nordic region have led to calls for controls on media ownership. These echo concerns across Europe calling for increased emphasis on competition regulation and specific ownership limits for individual media and cross-media holdings (European Commission, 1992; European Parliament, 2002; Sánchez-Tabernero & Carvajal, 2002).

There are significant divisions within the Nordic government over the development of large media firms, however. Three different policy perspectives regarding the media are creating conflicting approaches to media ownership developments.

First, policy makers can use competition law to protect competition and halt acts that disadvantage competing firms and consumers. In the Nordic countries, however, no significant efforts to halt or reduce concentration using competition law have been launched.

Second, governments work to promote the development of media technologies and media businesses and to help domestic firms grow and increase their competitiveness. Efforts by the ministries of trade and industry to promote developments in new media have brought benefits to leading media companies in the Nordic region and efforts by ministries of communication to establish new television channels in the 1980s and 1990s favored large domestic players over smaller firms or foreign firms.

A third policy theme related to ownership is that ministries of culture and communication seek to promote the preservation and enhancement of culture, the promotion of secondary languages and subcultures, and development and maintenance of diversity in content.

The application of these competition, industrial, and cultural policies to the development of large media firms is schizophrenic at times. The development of large, dominant media companies, for example is problematic from the competition policy perspective because it can harm competition and consumers. But little use has been made of this regulatory approach. From the industrial development perspective, creation of those firms is seen as advantageous because it allows wealth generation and investments that create new types of media, and creates domestic firms with resources that can compete against foreign firms. Even within the cultural perspective, there is a significant goal schism: big firms are seen as dominating content choices and limiting diversity, but because they are large domestic firms – especially in small nations – they are seen as important because they can develop domestic content that is preferable to foreign content.

The combined effects of these different perspectives are conflicting rhetoric and policies. When significant conflicts have required that specific choices be made among the approaches and policies in recent decades, there has been a tendency in the Nordic nations for the industrial development approach to be given more weight when media are involved.

2.2.4.4 Media-Specific Ownership Regulations in Nordic Nations

It is also possible for parliaments to create media-specific ownership laws and regulations to address issues related to consolidation and concentration. Denmark, Finland, and Sweden have not enacted such legislation.

Norway was the first Nordic country to create media ownership limits. In 1998, the Norwegian Parliament enacted legislation designed to limit cross-media ownership concentration. The regulations have not been used to reduce existing concentration but may prevent further consolidation. Under the regulations no media company will be allowed to own more than one-third of the total newspaper and broadcasting market.

The law on acquisition in the daily press and broadcasting companies created a media ownership oversight agency that can intervene if an acquisition is seen as gaining a significant position contrary to the intent of the law at the national, regional, or local level. The law requires that a negotiated settlement be first attempted, but provides ability to block the acquisition, force divestiture, or impose other conditions if no agreement is reached (Nordic Media Policy, 2004).

The law is not completely clear on the concept of “significant position,” but the Ministry of Culture has indicated that the one-third share of the markets is the level. The authors of the legislation also argued in political debates that joint ownership between two firms with 10 percent of the market should be considered to have reached the threshold. The Media Ownership Authority is to consider the effects of acquisitions on a case-by-case basis rather than merely acting when a threshold has been reached.

The Ministry of Culture recently proposed raising the national ownership threshold from one-third to 40 percent and to remove the agency’s authority over local media concentration. It has also proposed legislation to limit newspaper firms with a third of the national daily circulation from acquiring channels serving more than 20 percent of the national broadcasting market and new rules when a firm has activities in more than two media types. The proposals are designed to simplify some regulation but to progressively increase enforcement when ownership of multiple media outlets are involved (Nordic Media Policy, 2004b)[1].

2.2.4.5 The Contested Media Ownership Regulation Efforts in Iceland

Iceland has had no specific media ownership limitations, but a hotly contested effort to create such a provision due to high industry consolidation is currently underway.

After mergers in early 2004, Prime Minister David Oddsson argued that single ownership of newspapers, magazines and television/radio had reached unaccepted levels, a conclusion agreed upon by a parliamentary committee. On May 25, Parliament passed a bill ("Media Bill Passed through Parliament," 2004) and it was approved by the cabinet and prime minister ("Government Passes Media Ownership Bill," 2004). President Ólafur Ragnar Grímsson, however, opposed the bill and vetoed it on June 2 ("President Vetos the Media Bill," 2004). A poll conducted after indicated 62% of Icelanders agreed with the veto, that 30.5% disagreed and 7.4% were undecided ("Poll: 62.1% Agree with Presidential Decision," 2004).

The prime minister has since decided to call for a citizen's referendum on the bill ("Prime Minister Will Send the Bill Home," 2004) and passage would override the president's veto. The timing for this next confrontation over the issue is not yet determined.

The effort to regulate media consolidation was prompted by the growth of the Baugur Group, which owns significant newspaper, radio and television holdings in Iceland through its Nordurljós (Nordic Lights) conglomerate. Nordurljós merged in February with Frétt, which publishes DV and Fréttabladid. Baugur also owns the record label Skífan, a publishing company, and music and entertainment retail outlets, and grocery stores and the television station Stöd 2.

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1. Note de l'éditeur : La *Media Ownership Act* a été effectivement modifiée après la rédaction de ce texte et prévoit maintenant des seuils précis. À l'échelle nationale, la part de marché d'une entreprise qui n'est active que dans un secteur (quotidiens, télévision ou radio). est fixée à 40 %. Si une entreprise est présente dans deux secteurs, la limite est de 30 % dans un secteur et de 20 % dans le second. Si elle est active dans les trois secteurs, ses parts de marché ne devront pas dépasser 20 % dans chacun. Il n'y a pas plus de restriction à l'échelle locale, mais à l'échelle régionale une limite de 60 % de parts de marché est introduite pour les quotidiens. Source : *Nordic Media Policy*, vol. 4, 2004, <www.nordicmedia.info/mine/min4e-04.htm#me> (consulté le 28 juillet 2005).

Under provisions of the legislation, a company that own a controlling share of one industry could not buy into a media company and broadcast licenses would not be awarded to firms if 25% of their shares are owned by another company or conglomerate.

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