

"THE MATURING OF THE MEDIA: THE RISE, DEVELOPMENT, AND EXPANSION OF THE GERMAN TV MEDIUM"

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ABSTRACT

The maturing of the German TV medium was the result of both the monopoly mentality of the public broadcast networks and the creative energy of the private sector.

INTRODUCTION

The maturing of the German TV medium can be seen in the changes in the German society which were partially the result of the changes in the German media environment and visa versa. While the media environment matured during the last decade, the German society likewise matured and contributed to the growth of the private broadcast market. However, the dynamic society can by no means be limited to a single aspect. Many different causes, such as the increase in the foreign population living and watching television in Germany, political changes, the booming economy, and the foreign influence upon German TV stations, especially the U.S., contributed largely and helped establish the private, commercial stations.

The change in the German viewer is interconnected with the changes in the broadcast environment and the German society. Television has changed over the past decades and with it the demands and needs of the viewer. A more open minded, better educated society has come a long way with its demands over the past ten years. Due to the larger channel and program variety, today's audience expects more from television. While the television audience in Germany was formally seen as one large group of people with similar interest, network executives have realized that this group can be subdivided into many segments, each with individual needs and desires. Private channels were the first to realize this significant change in the viewers and structured their programming in order to target the "new" markets. As more specific channels and programs were offered, more groups crystallized in the general pool of viewers, and they became more demanding. The TV audience was no longer satisfied with the broad and inflexible programming of governmentally subsidized public TV stations. Through the maturing of the German society a greater awareness and interest in other cultures was created which caused the viewer to demand a more targeted, tailored and diverse programming than previously offered by the public broadcast networks.

BACKGROUND

It was in the 1980's that visual technology became so advanced with the advent of cable and satellite, that it completely transformed TV as a media vehicle. TV in Germany went from a restrictive and monopolistic medium dominated by the public/government channels to one that was competitive and privately controlled. Now TV could take its place as a dynamic medium. With private TV (cable and satellite) advertisers were now free to move away from functional ads to ones that were more creative and emotional. With the advertising industry prospering and the market enlarged by reunification, the amount of agencies increased as well as the trend towards mergers. A most important consequence for German advertising has been the increased competition for German ad agencies accompanied by a great number of mergers and acquisitions as well as the moving to pan European strategies with a single creative approach.

This paper begins with a discussion of the German media market prior to the mid-1980's which was dominated and monopolized by the two public broadcast giants ARD and ZDF, and concludes with the new environment that emerged to transform the German media scene, and create the mature media that is emerging today.

The continuous growth of privately owned and operated television stations drastically changed the broadcast media market in Germany during the last decade. Since the mid-1980's, the commercial television industry, consisting of privately owned and operated television stations, not only experienced tremendous growth in the number of increasing stations, but also in financial power.

The two governmentally subsidized TV networks, ARD and ZDF, founded in the 1950's experienced significant losses in advertising revenue, market share and audience ratings. From the 1950's until the mid - 1980's, the German television environment constituted a monopoly financed mainly by the German government. However, the monopoly ended in 1984 when SAT.1, envisioned as a business opportunity in the German broadcast industry, became the first commercial television station. The financial success of the new station not only opened the market to the competition, but also created a trend. Today, the German TV market is becoming more and more commercialized, similar to the United States and other European countries. Private commercial TV stations are the main competitors to the public service broadcast networks in Germany.

The continued success of the commercial stations can be attributed to three major changes in the German media market. The change in the German media environment, the change in the German society and the change in the German viewer.

The additional channel availability resulted in more diverse and specialized programming, offering the viewer a large variety of material from which to choose. Naturally, the growing competition also decreased viewer interest and market share of the networks subsidized by the German government. The commercial stations further eroded the domination of the governmentally subsidized networks by offering better programming and introducing new quality standards. The increase in television channels also affected the revenue governmentally subsidized networks received from limited advertising. Local, as well as national advertisers, now had a large market vehicle to advertise their products to the consumer. In light of the new competitive environment, the governmentally subsidized television networks have begun re-defining their current programming, marketing, and advertising strategy in order to stay competitive and survive into the next century.

The focus in this section of the study is on the "*Zweites Deutsches Fernsehen*" (ZDF), an example of a governmentally subsidized TV network struggling to survive in the newly competitive media market. ZDF, which translate into "Second German Television Network", is one of the two oldest and largest public TV networks in Germany. The ARD was founded before the ZDF but the problems of this oldest television facility are similar to the ones of the ZDF. The growing threat of private, commercial television stations in Germany today affects both public broadcast networks.

HISTORY AND DEVELOPMENT OF THE GERMAN BROADCAST MARKET

Media was used by Adolf Hitler and his political party in his rise to power and as a powerful war propaganda tool. A new broadcast era started after the end of World War II, when Allied Forces set rules and guidelines for restructuring and rebuilding Germany's badly damaged political and economic system, as well as the media environment. As a result of that a new broadcasting policy was put into effect by the Western Allies which guaranteed that television, as well as radio broadcasts, would be free of governmental, as well as individual influences in the future. Before the reunification of East and West Germany in 1989, Germany was divided into 11 federal states, called "Länder" with almost every state having its own small broadcast organization.

The need for a unified working organization became evident and the ARD, a joint working group of German broadcasters, was created in the beginning of 1950, televising regional, cultural, political, and various other kinds of programming (ZDF International, 1994). For almost 10 years, the ARD was the only public service television network in Germany supplying the German public with broadcasting events. In the beginning of the 1950's, inspired by the increase in private, commercial television stations in surrounding European countries and the United Kingdom, the German government, as well as the German public, demanded more variety in television. Consequently, plans for an alternative television network were made. In 1960, the German Television Company, "*Deutschland Fernsehen GmbH*" was formed, to broadcast noncommercial, as well as private, commercial information. (ZDF International, 1994)

However, the broadcasting corporations in the federal states saw their independence threatened and took the case to the Federal Constitutional Court, the highest form of jurisdiction in Germany. In 1961, the original broadcasting policy changed slightly through the ruling of the Constitutional Court in Karlsruhe, Germany. The verdict known as the "*First Karlsruhe Decision*" rules that the federal states are legally entitled to operate television corporations within their territories. As a result of that, eleven federal states agreed to form a single centrally located, independent public TV network under the administration of the individual states, similar to the ARD. This agreement is commonly referred to as the Federal State Treaty of 1961 and states in Article 1, paragraph 1: "In order to broadcast the second television channel, the Länder shall establish a non-profit entity under public law, which shall be called "*Zweites Deutsches Fernsehen*". (ZDF International, 1994)

As a result of that agreement, the ZDF was formed in 1961 to create a second option of television broadcasting for the German public as a balance against the ARD. ZDF started its regular broadcast service in 1963 and has been one of the leading broadcast operations in Germany for more than 20 years. ARD, as well as ZDF are both financed through the revenue coming from license fees (ZDF German, 1994). The amount of the monthly license fee for radio and television is fixed by the prime ministers of the various federal states and ratified by the parliament. Every household in Germany is required to pay the broadcast license fee if a radio or television set is used.

The total broadcasting license fee in 1992 was DM 23.80 per month, which includes the TV fee of about DM 13.84. The amount that the ZDF receives through the TV license fees is not enough to cover the operating costs of the network. The public service network is therefore bound by the Inter-State-Agreement to raise additional funds for ZDF's operation through television advertising. (ZDF German, 1994). Approximately 70% of the ZDF budget comes from money generated through the license fee and about 21% is allocated through television commercials, leaving an approximate 9% of the operating budget created through sales and the leasing of equipment to production companies or organizations not related to ZDF. (ZDF International, 1994)

The main reason why the two major public service TV networks are having serious financial problems today is the fact that significant changes within the broadcast market have taken place during the last decade seriously threatening the position and ultimately the existence of the public service television providers. Changes in the German broadcast media environment itself, as well as changes in the German society and viewers, have contributed to today's financial crisis at ARD and ZDF.

ZDF EXPANDS INTO NEW MARKET AREAS

In January, 1993, an independent organization, ZDF Enterprises was formed to take over most of the network's acquisition and licensing affairs concerning programming. The organization had its main office inside of the broadcast center in Mainz, Lerchenberg, handling the network's European involvement in production, sales, purchases, and licensing of programs.

In order to counter declining sales and profits as well as market share, starting in 1993 ZDF put into place a recovery plan. With the broadcast market in Germany opening up and offering more options to the marketers, ZDF had soon outgrown its capabilities in the productions and acquisitions sector and was looking for a new and better way to conduct its business. In order to stay competitive with the private market, the program division of the ZDF took on more and more responsibility, increasing both the programming related business and the number of employees working in that department. Consequently, ZDF Enterprises was formed in 1993 to act on behalf of the ZDF in programming needs. However, it is important to mention that ZDF Enterprises is dealing not only with the responsibilities concerning co-productions, programming, acquisitions, and licensing, as mentioned above, but also supervised the station's involvement in videos, books and music based on the ZDF's programming needs and demands. (ZDF German, p. 38) With programming becoming one of the most significant aspects in today's rivalry between the governmentally subsidized television stations and the privately owned and operated TV facilities, ZDF Enterprises represented an important organ of the ZDF.

In March of 1993, ZDF Enterprises purchased the television rights to several Rosemunde Pilcher books, which the ZDF planned to co-produce with a German movie company and other international production partners. (Daily Variety, March) With the purchase of the book material, ZDF Enterprises job is far from over. The sister organization (ARD), of ZDF is also in charge of locating and contracting production partners, nationally, as well as internationally. Future involvement of ZDF Enterprises in this project will include sales, licensing, and distribution of the material to other TV facilities. (ZDF German, p. 38)

Since October 1993, the American network, NBC, has actively been involved in German and European broadcasting, supplying a "new" market with news and entertainment originating from the USA. In March 1994, ZDF and NBC SUPER CHANNEL joined forces to enable the European television market to broadcast a multi-language program. This was a new experiment for the ZDF which traditionally televised their programs primarily in German (NBC). The new approach in 1994 saw joint programming by the SUPER CHANNEL with program parts throughout the day in German and English. The London based SUPER CHANNEL, with its German office in Munich, Bavaria, primarily aired programs in English. (Hollywood Reporter, 18 March) Successful American NBC productions such as the "TODAY SHOW," the

"TONIGHT SHOW," and other programs of that channel are televised in their original version. Some of the news and magazine style shows offered interesting and important information to many German and international businesses, while other parts of the programming were purely entertainment. (Hollywood Reporter, March)

Towards the end of 1993, ZDF Enterprises and Hearst Entertainment, a sub-organization of the American Hearst Corporation announced a production agreement. The contract between the two large media organizations included future cooperation, on the actual production of the material, as well as the distribution to broadcast facilities in the U.S., South America, and Europe. The deal contained video rights, licensing of the co-produced material to third parties, such as other television stations or networks, as well as no restraints on re-runs of the jointly created programs. (Hollywood Reporter, Nov.)

In 1993, ZDF discovered yet another new area of revenue through selling programs produced by ZDF to its competitors. Since then, previously produced programs, as well as material which is currently being broadcast, have been successfully sold to the financially strong private television stations. Programs sold through ZDF Enterprises became available as single productions and program packages, and included a wide variety of material. RTL 2, a sister station of RTL, had purchased over 100 hours of ZDF programs. However, RTL 2 is not a primary competitor of the ZDF. Therefore, the material purchased is not believed to directly compete with ZDF's own programming. There are no signs indicating that the ZDF would be likely to join forces with its main private rivals, RTL and SAT 1, in the future. (Screen Digest, Nov.)

Towards the end of 1993, ZDF extended its sales and profits through entering a new line of business. For the first time since ZDF was founded, the network began expanding its business into product merchandising. ZDF started a joint venture with the video division of the Bertelsmann Music Group (BMG) to advertise video productions in the video sell through business. ZDF and BMG created "ZDF VIDEO," a new division responsible for the marketing and sales of the pre-produced VHS video cassettes. (Reuters)

TV merchandising has proven in other countries, such as the U.S. to be a very profitable market and offered great possibilities for organizations such as ZDF, which can produce video copies in their own broadcast facility at a very reasonable price. Due to the large variety of ZDF programming, the network had access to a large variety of different genres, such as entertainment, documentaries, to only name a few. Most of the revenue in the video business in recent years came from renting video cassettes. (Screen Digest, Dec.)

ZDF is not the first TV network tapping into this new lucrative video sell through market. Other TV stations in Germany have been successfully using the industry as one way to gain additional revenue and as a way to compensate for the increasing cost of productions. Special interest programs, travel, nature, sports, and children programs lead the list in high demand. Other specialized programming such as cooking, gardening, and home improvement, could be part of the TV merchandising market in the near future. (Hollywood Reporter, Oct.)

THE FUTURE FOR PUBLIC BROADCAST

Cluster ownership in broadcasting, as well as in print media, is seen by many people as a potentially dangerous development in a democratic system which has had problems in the past with individuals or powerful interest groups misusing the media as a tool to influence people. While the public service networks were restricted through the Broadcast Policy and could be monitored and controlled by supervisory bodies of the government, the private competition has found a way around these limitations.

Private cluster ownership was made possible because the Broadcast Policy did not control private competitors in the same fashion it did the public sector in Germany. The continuous growth of commercial TV facilities in recent years allowed media giants with their own stations to become more influential and powerful. It also provided them with influence and control over some smaller TV competitors in the market. Leo Kirch, a media mogul, for example owns large movie libraries and broadcast licenses which gives him monopoly status, financially and economically, as far as programming is concerned. This powerful position allows Kirch to put tremendous pressure on other private competitors including the public service TV networks with their desire for a well balanced, high quality programming. (Streitfragen)

Many broadcast media specialists share the opinion that the growth of the private TV industry in Germany needs to be controlled and monitored to some degree to guarantee the future existence of the public service television networks

ARD and ZDF and to maintain a healthy balance in the dual broadcast environment in Germany in the years to come. (Streitfragen)

Other countries, such as the United Kingdom are dealing with the same issue of commercial and public competitors they have managed to prevent the extinction of the public television providers and further the expansion of both sides. The German government is planning to restructure the media regulations within the next few years, which would ultimately allow for a better control of the private television sector. (Streitfragen) However, new regulations would likely not have a large effect on existing broadcast facilities, their structure or ownership. It might be difficult to prevent, in 1996, growth and ownership that should have been better monitored and controlled a long time ago.

Complicating the situation, digital television is scheduled to be available in Germany in 1996, with an estimated 150 TV channels, enriching a broadcast market that many TV viewers believe is already saturated. In a few years it could be almost impossible to save the position of ARD and ZDF, especially given the fact that at the end of 1994, the government and other supporting bodies funding their operation were questioning the feasibility of ARD and considering possible termination of the network in its current form and structure. (Streitfragen)

THE MEDIA SCENE IN THE 1980'S AND THE MATURING OF GERMAN MEDIA

Beginning in the mid 1980's, the media scene in Germany began to change. This was made possible through a reformation of TV regulations and the availability of new technology, such as satellite TV and cable, which allowed private channels to take off. With the arrival of RTL+ and SAT1, private channels started to offer alternative TV ad packages including more entertainment programming targeted to demographic groups. The new competition thus opened up advertisers to the concept of buying TV time and lead to a substantial growth in TV advertising as a percentage of overall advertising. (Farrel, 1992)

The media trends that seemed to coalesce in this period were the advances in technology that provided for more media, which in turn permitted for a more liberal use as the movement from function to emotion; the merger and acquisition movements enhanced by reunification; and the Pan European strategy in advertising. These forces combined to transform German media.

GERMAN ADVERTISING REGULATIONS AND CONSUMER PROTECTION LAWS HINDERED THE MATURING PROCESS PRIOR TO MID 1980's

Comparative advertising, which is very common in the U.S., is not explicitly prohibited, but it is strictly limited in Germany by the Law Against Unfair Competition. This law refers to claims made in packaging and promotion, as well as in print and electronic media. Interestingly, strong opposition against comparative advertising does not only come from the government, but also from the Central Association of the German Advertising Sector (ZAW), whose members include manufacturers and media, as well as ad agencies. (Business Europe, 1992)

According to a Federal High Court decision, the practice of comparative advertising is only allowed if it is necessary to inform consumers on product details. (Business Europe, 1992) The difficulty of this interpretation of the law can be illustrated by the example of the automakers in Germany. They may quote a magazine test that says their automobiles have the fewest mechanical failures, but the ad may not mention other auto brands by name. However, when some years ago a German carmaker advertised the cold starting abilities of its cars, showing in picture of an automobile's windshield covered with local newspaper from its competitors production sites, the car company had to withdraw the ad.

Promotion in Germany is also highly regulated. A great deal of these regulations involving promotion are also based on the same 80-year-old Law Against Unfair Competition, the "Gesetz gegen unlauteren Wettbewerb (UWG)". Businesses are prevented from offering all sorts of incentives to lure customers. They can't make claims that cannot be substantiated (the best, the softest . . .), and they can't give the old (higher) and new (lower) sales prices. Most incentives that target specific groups of customers are illegal, as are most offers of gifts. Enterprises may not offer price cuts of more than 3% of a product's value. Only twice a year, in January and August, and only for a limited time, can shops put more than a fraction of their stock on sale. (Economist, 1993)

FROM FUNCTION TO EMOTION IN ADVERTISING

Functionality embedded in emotionally appealing ads, which was approved by the government regulators, started in the late 1980's with the increase in private media and ad agencies causing the advertising environment to become more competitive.

German consumers, as other European consumers, respond most favorably to emotionally appealing ads built around a product personality. To create a product personality, a marketer has to give both information on the product functionality and deliverance of a specific product message. More than consumers from other countries, Germans want to be informed about how a product works. German packages of detergent, for example, contain a great deal of information with such details as chemical actions and how the detergent actually works. Hence the importance of functionality, but up to the mid 1980's at the expense of emotion and creativity.

Since Germans place more emphasis on inner values, such as harmony, truth, and safety, and an emotional balance that is inner directed. When, for example, Colgate Germany marketed a new body lotion to the German market, it used the creative concept of Colgate Australia as a basis. This concept had to be modified in a way that the outer directed elements, such as trees, birds, and sunshine, had to be replaced by the more inner directed values, such as family and harmony. (Pride, 1993)

Interestingly Germans have a strong preference for local commercials though they are more likely to buy brands from other countries. (Giges, 1992) This fact seems to limit the possibilities to standardize creative concepts.

INCREASING IMPORTANCE OF TV

The trend toward the increasing popularity of TV as an ad medium continues to grow and began in the 1980's. However, media experts predict that Germany will remain, at least for awhile, a print oriented country. Today, Germany shows a great variety of TV channels serving a diverse audience. Much more ad time is available now, and advertising can be used to target different consumer segments. First, there are the two governmental TV stations ARD, with 11 regional feeds, and ZDF. Secondly, there are various private TV channels. Private TV channels are the fastest growing segment and are dominated by the two media groups that started private TV. First, there is the group headed by Leo Kirch and the Axel Springer Verlag GmbH. Having started with SAT1 they are now the main shareholders of SAT1, PRO7, and der Kabelkanal. The second group is dominated by the German Bertelsmann Verlag AG and Luxembourg company CLT. This group is offering RTL+, RTL2, and RTL4. Both groups also have minor shares in other TV channels. News oriented consumers can be reached through Vox and n-tv. Sports fans are targeted by Eurosport and the Deutsches Sportfernshen (DSF), while Turkish foreign workers are targeted through a Turkish channel. The only pay TV channel is PREMIERE. (Amdur, 1993)

PAN EUROPEAN MEDIA

Paralleling the growth of TV channels as well as the movement away from functionality toward creativity, pan European media and ad concepts began finding their way into German advertising in the late 1980's. Standardization of ad strategies are becoming more common as pan European media have been growing in numbers and in reach for about a decade, and following closely the pattern developed in the U.S. During 1992, for example, at least 7 new TV services have come on line in Germany. Time Warner and CNN are the primary shareholders in the 24-hour national news channel n-tv. In the music channel niche, MTV announced plans to launch a special program of its pan European satellite channel to Germany. This plan aims to fend off a threat from VIVA, a new German music channel. (Amdur, 1995) Sport fans in Europe are provided with information by the sportschannel Eurosport. English-speaking consumers in Germany can be reached through BBC and CNN.

Even the governmental broadcasting stations are also looking beyond national borders. The public TV-channel 3SAT tries to appeal to the German speaking audience in Europe and is jointly broadcasted by the German TV stations ARD and ZDF, the Swiss TV station DRS, and the Austrian ORF. The bilingual public culture channel "arte" is jointly offered by ARD and ZDF and the French TV5, and is planned to be expanded on a country-by-country basis. Both public channels "arte" and 3SAT target the highly educated, and culture oriented segment.

FIERCER COMPETITION FOR GERMAN AGENCIES AS THEY SEEK TIES WITH INTERNATIONALS

As a consequence of the proliferation of TV channels and ad agencies; and the increasing use of creative concepts; along with the rise of pan European media; and the enlarged market resulting from reunification; there was a growing demand for German ad agencies on the part of the transnationals. The maturing of the German ad agencies can also be seen in their desire to make strategic alliances with the internationals.

As cross country, and particularly pan European advertising strategies have been made easier, both German and other ad agencies have been looking beyond national borders because this is where the future business lies they believe. For German agencies, this leads to both new chances through new markets and increased competition through a greater number of competitors. The pressure that is now on European ad agencies can be exemplified by the agency CDP-Europe that has started looking for a new German agency after Springer & Jacoby, Hamburg broke off its 3½ year affiliation with CDP. As accounts are increasingly assigned on a Europe wide basis, large clients can only be attracted if the agency possesses a European network. (Crumley, 1991)

Also, German agencies have been looking for international partners. Top leaders of the German group, Gesellschaft Public Relations Agenturen e.V., for example, travelled to the U.S. in June 1993, to promote their burgeoning practice at home and make contacts with U.S. practitioners they hope to work with in the future. (Shell, 1993) As a consequence of these changes, and since the reunification of Germany has created one of the largest ad markets in Europe, German ad agencies have strengthened their competitive situation at the expense of European and especially British agencies. (Wentz, 1991) German ad agencies are also widening their range of services, such as market research and the promotion of fairs. The German based Debris Marketing Services (DMS), for example, represents a substantial alternative to traditional ad agencies. DMS does not only offer advertising and media buying services like traditional agencies, it also does audio visual fairs and exhibitions. (Yovovich, 1992)

INCREASING NUMBER OF MERGERS & ACQUISITIONS

In many cases, the increased international cooperation has led to mergers and acquisitions. Mergers and acquisitions of European and American ad agencies, in particular, have proceeded at record pace through the late 1980's and the early 1990's. (Cook, 1992) The concentration in the advertising field coupled with cross border media efficiencies, particularly European satellite television, are changing the traditional agency client relationship.

The number of ad agencies in Germany has been reduced through mergers and acquisitions. Agencies face the new problem of having multiple clients in a given industry and having to choose between long held clients. This has led to agencies handling competitive accounts (a common practice in Japan).

Furthermore German ad agencies are becoming more focused on managing a client's business on a brand basis, rather than on a regional one. (Kaplan, 1994) This is due to the increasing pan Europeanization of advertising. Additionally, multinational companies are assigning European general managers with specific responsibilities for product categories, whereas before marketing was done solely by the national manager. The fiercer competition also makes agencies bear a greater burden for a product or service's performance, and, as pan European assignments are increasing, ad agencies are also more and more involved in European and global television programming and syndication. (Wentz, 1991)

MOVING TO PAN EUROPEAN STRATEGIES WITH A SINGLE CREATIVE APPROACH

Perhaps the most significant trend that has started in the mid 1980's is the increased alignment of advertising on a pan European basis. Multinational corporations are viewing Europe more and more as a single market. To achieve greater efficiency they are rationalizing their brand portfolios and concentrating resources behind a single pan European creative approach possibly underpinning advertising in every country. For example, Nike recently pushed a \$15 million advertising campaign across Europe, using the slogan "Just do it", that has been the brand's hallmark in the U.S. for four years. (Grimm, 1993)

The advantage of these harmonized approaches are cost reductions through economies of scale, and reductions in planning and control as well as lower ad production costs, and the possibility to create a consistent European brand and/or company image. (Belch, 1993) However, advertisers must still be sensitive to local customs and culture when creating pan

European advertisements.

As already mentioned, "Europeans buy outside goods, but like local ads." A content analysis of the Vogue editions of the UK, Germany, France, Spain, and Italy revealed significant differences in picture, size, color, general layout, slogan, and copy. (Seitz, 1993) Some authors even suggest that no ad scheme is likely to turn the European Community into a harmonized market, despite the uniform laws. (Oster, 1993)

CONCLUSION

The public TV stations ARD and ZDF are at a cross road. They are attempting to improve their financial situation caused by years of neglecting to market their operations. They are in the 1990's trying to diversify into adjacent horizontal market areas to bolster sales and profits.

Before 1985, ARD and ZDF equally shared the German television audience. During recent years, more and more viewers switched from ARD and ZDF to the various private channels. The commercial stations' popularity has to do with the diverse programming and the targeting of different audiences and age groups, with different program structure. For many viewers, especially the younger generation, this new variety of channels offered a refreshing change from the rather conservative programming of ARD and ZDF.

The establishment and growth of the private TV industry in Germany, started in 1985 as well as the other trends discussed in this paper are the reasons why ARD and ZDF are no longer dominating the TV market. During the last ten years the private TV competitors have continuously increased their audience share and advertising revenue.

The trend toward an increasing popularity of TV as an ad medium continues. Today, Germany shows a great variety of media, with satellite and cable TV channels serving different markets. Much more ad time has become available, and advertising can be used more than ever before to target different consumer segments.

These changes were made possible through the reformation of TV regulations and the availability of new technology, such as satellite TV and cable, which allowed private channels to take off in the late 1980's. Simultaneously, pan European media have been growing in numbers and in reach for about a decade. Standardization of ad strategies have been and will therefore be more likely.

The trend toward merger and acquisition in the German advertising industry began in the mid 1980's as well. This trend was given its original impetus by the development of private TV, through cable and satellite, and propelled by the reunification creating one huge market.

Perhaps another significant trend is the increased alignment of advertising on a pan European basis. Multinational corporations are viewing Europe more and more as a single market. To achieve greater efficiency they are rationalizing their brand portfolios and concentrating resources behind a single pan European creative approach possibly underpinning advertising in every country.

Thus the media milieu of the mid 1980's, the converging of diverse forces, caused German media to go from an environment of monopoly and restriction dominated by the government to one that was more competitive and private. This process can be called the maturing of the German media.

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