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## **CHAPTER 8 – CONCENTRATION IN THE FRENCH PRESS INDUSTRY: QUANTITATIVE ANALYSIS**

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Badillo P.-Y., Lesourd J.-B. (2010), « Concentration in the French Press Media Industry: Quantitative Analysis. The Case of the French Press Industry », Chapitre 8 in P.-Y. Badillo & J.-B. Lesourd (Eds.), *The Media Industries and their Markets – Quantitative Analyses*, Palgrave, Macmillan, London: 125-140

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# CHAPTER 8 - CONCENTRATION IN THE FRENCH PRESS INDUSTRY: QUANTITATIVE ANALYSIS

by P.-Y. Badillo and J.B. Lesourd<sup>1</sup>

## 8.1 - INTRODUCTION

The recent evolution of the media industry is related to the recent dynamics of the so-called “*knowledge-information society*”<sup>2</sup>, and this modifies radically the situation of this industry worldwide. This concerns both the written press (dailies and magazines) and the broadcast media (radio and television), together with the new web-based media. In a work related to this problem, Downes (2000) refers to a “*new media economy*”. Clearly, we are dealing with evolutions that can be rather different in various developed economies, emerging economies, and developing economies. However, a number of common features can be observed worldwide, as this evolution is *global*. This global evolution is, firstly, a technology-based evolution, and, secondly, an evolution of the regulatory environment. This is because the new information and communication technologies have been submitted to an increasingly fast evolution during the last twenty years. The media industry has also been submitted, during these years, to a deregulation movement which is quite similar to the deregulation movement observed in other industries (such as the electricity industry). While this deregulation movement can differ in various countries, according to national traditions and to the various political and cultural environments, one can identify a global deregulation trend. This global trend concerns geographical areas such as Europe. It also became an object of international

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<sup>2</sup>A number of analyses have been concerned with knowledge-information society (Castels, 2000; Machlup, 1962; Porat, 1986; Webster, 2002, among others). The expression is used here between quotes, since it refers to a rather controversial concept.

negotiations, whether global negotiations such as the ongoing WTO international trade discussions, or bilateral or multilateral negotiations between various countries. The consequences of this evolution are well known, and can be summed up as follows:

- Technological innovations, technological convergence, and economic globalisation lead to the emergence of a mega-industry of communication (in a broad sense), in a number of countries and worldwide, and this mega-industry is subject to an ongoing ebullience ;
- The regulatory evolution concerning this market triggers economic changes in this mega-industry, which are faster and faster: regulation has considerably changed during the last 20 years, first in, the telecommunication industry, and later in the media industry; in the United States, the deregulation process has maintained at a strong momentum since 1996, and, more recently, an even stronger momentum since June 2003.

Here, technological environment is crucial: the boundaries which formerly existed between hitherto distinct industries such as the computer industry, the broadcasting industry, media in general, or the telecommunication industries have almost completely vanished. Telephone operators, computer and software companies, publishers, movie studios and television networks, among many other industries, all use the same information and communication technologies, and they converge towards one and the same industry. Noam, in the case of the United States, uses the expression “*industry meltdown*” (Noam, 2003), referring, in other terms, to the merging of industries which used to be distinct industries. Today, signals related to telephone, television, and to various services related to information processing and transfer are all converted into digital signals which are very similar from a technical point of view. La

Digitalisation of information is thus one of the major innovations in the field of the information and communication technologies. However, digitalisation is only one among many technological changes that go along with the emergence of a mega-industry of communication. Besides changeover from analogical to digitalised transmission, one can observe, for instance, the shift from traditional semiconductors towards microprocessors. The tremendous increase in microprocessor speed (Moore's law) does not only lead to an accelerated reduction in costs; it also leads to the development of new applications in computers and in multimedia systems. Increased possibilities in file compression and decompression, encoding and decoding, transmission and storage, also lead to fast changes in the merging telecommunication, computer and broadcasting industries. In the particular case of media, and, more precisely, of the written press, which is of interest to us, these technological advances certainly can facilitate the entrance in the press industry of actors with strong capacities in the information and communication technologies. In France, the examples of Lagardère controlling Hachette, and of Dassault controlling Le Figaro are quite significant about this phenomenon. In addition, concentration in the media industry in France fuels a vivid debate, similar to debates in several other countries, such as the United States (Kiyindou and Mathien, 2007). Some authors contend that such a concentration threatens press freedom (in the case of the French media, cf. for instance Diard et Goguey, 2005, and Ramonet et al., 2005); for some others, on the contrary, it reflects the lack of dynamism of the French press groups (Eveno, 2005). A media company, just as any other company, however, cannot escape some kind of economic and financial logics (on the specific characteristics of media economics, see e.g. Mathien, 2003, and Sonnac and Le Floch, 2005). However, if one is interested in the phenomenon of concentration in the media industry, one should note that various authors distinguish between economic concentration as such, and concentration on what one might call the market for ideas, referring, more generally, to press and media

diversity. The idea developed by several authors, including Noam (2003, 2004) is that the well known Herfindahl-Hirschman index (HHI) of concentration measures economic concentration and market power, but that a concentration index reflecting the diversity of press titles and of ideas is another matter. Noam (2003, 2004) therefore proposes another diversity-oriented concentration index for the press and media industries that will be discussed later.

This work aims at studying the concentration of the French press industry, using as quantitative benchmarks several concentration indexes, such as the Herfindahl-Hirschman index, and the diversity index adapted to the media sector recently introduced by Noam (2003). This Noam index has, so far, not been used extensively, at least to our knowledge.

Our paper is organised as follows. The second part begins by a media industry-oriented discussion various statistical indexes of concentration, and proposes an application of these various indexes to the case of the French written press. A discussion of the results follows. Finally, the main conclusions of our research are developed.

## **8.2 - THE CASE OF THE FRENCH PRESS**

As has already been discussed in the two previous chapters, there are several market concentration indexes available, which are more or less adapted to a quantitative description of the intensity of market power (or, for very concentrated markets, monopoly or oligopoly power), and are therefore indicators of the intensity of competition on a given market. As discussed above, most of these concentration indexes are related to market shares, as measured, for instance, by shares in global sales. A concentration index which is often used is the concentration ratio, defined as the sum of market shares for a small number  $n < N$  of firms, with usually  $n = 4$  or  $8$ ,  $N$  being much larger than  $n$ . These concentration ratios lead to some problems. It does not describe the whole sample of enterprises, the sum of market shares being truncated at  $n < N$ . This means that if  $n = N$ , our ratio would trivially be equal to

1. A more representative index is the well known Herfindahl-Hirschman concentration index (HHI), defined as the sum of the squares of market shares. If market shares are in %, as often practiced,  $HHI = 10000$  for  $n=1$  (monopoly), while  $HHI = 0$  in the limiting case of infinite  $n$  and zero market shares (perfect competition). In other terms, HHI obeys some pertinent hypotheses regarding the degree of market concentration. American anti-trust law authorities such as the US Federal Trade Commission consider that  $HHI < 1000$  corresponds to low concentration on a market, that  $1000 \leq HHI \leq 1800$  corresponds to moderate concentration, and that, finally,  $HCC > 1800$  corresponds to high concentration. The US Federal Trade Commission also introduced a so-called diversity index (DI) which aims at taking into account the number of distinct media outlets, or “voices” whether they are under one and the same ownership or not. DI is thus defined as formally identical to HHI, but with the audience shares of the various outlets<sup>1,2,---, i,---, m</sup>, if one assumes that there are  $m$  outlets corresponding to  $n$  enterprises in the media industry under study ( $m \geq n$ ). This DI index enables one to distinguish between the diversity of titles, and of radio and TV stations under the control of given owners, and market power, as reflected by a HHI index which takes into account total market shares of all independent media firms. The idea underlying this other NI index is that media groups can own several independent media, competing with each other on a “market for ideas” which is not identical to the market as such. However, as shown by several authors, including Noam (2003, 2004) and Hill (2006), have criticised DI as a pertinent diversity index. In particular, Noam proposes a media-specific diversity index, the Noam index (NI). Let  $m$  be the total number of independent media outlets. Some of these outlets with too small audiences (below a given threshold, for example 1%) are not taken into account. Under these conditions, the Noam index NI is defined as the ratio of HHI to the square root of  $m$  :

$$NI = \frac{HHI}{\sqrt{m}} \quad (8.1)$$

Obviously,  $NI \leq HHI$ , and  $NI = HHI = 10000$  if, and only if, there is only one firm operating only one media outlet. In all other cases,  $NI < HHI$ .

After this preliminary discussion, let us present the situation of the French press, and the recent concentration phenomena to which it has been submitted, are an interesting case. Historically<sup>3</sup>, the 19th century, and the beginning of the 20th century can be considered as a golden age for the French press, which, since the end of the first world war, has entered into a period of relative decline. In 1914, there used to be 322 dailies France, 179 in 1945, but only 66 in 2000. The number national daily newspapers, which used to be 26 in 1945, was only about 10 in 2000. However, besides this decrease of the number of titles, a dramatic decrease in the circulation also did take place. In 1914, one of the main national newspapers, *Le Petit Parisien*, had a daily circulation of about 3 millions copies. In comparison, the two main national dailies, *Le Monde* and *Le Figaro*, have together a daily circulation of about 600000 copies, 5 times less. If the French national daily press undergoes financial problems, however, other press products, which apparently are more profitable, are steadily growing in the French environment. This is the case of magazines, and of the specialised general public press, which has grown from 754 titles in 1985 to 1595 titles in 2001. The professional specialised technical press is another strongly growing segment of the market, from 1109 titles to 1504 titles during the same period.

Over the last few years, there has been an ongoing concentration movement in the French press. A recent example can illustrate this: the takeover of the Socpresse group by the Dassault group, followed by selling L'Express-l'Expansion group to a Belgian media company. In march 2004, the Dassault aerospace group took control of Socpresse, the largest French press group. Socpresse, which stemmed from the Robert Hersant family group,

<sup>3</sup> For an historical analysis, from an economic point of view, since about 1820, see e.g. Eveno (2003) ; for a more recent historical analysis (since 1945) see also Charon (1991).

accounts for about 30% of the French press, with a circulation in million copies of national and regional weekly magazines and dailies. In particular, Socpresse owned 70 publications including the dailies Le Figaro, Paris-Turf, a number of provincial dailies, and the weeklies l'Express, l'Expansion, la Maison Française...). In January 2002, Dassault had already entered in Socpresse's capital with a 30 % stake. In 2004, after reaching an agreement with most of the inheritors of Robert Hersant and his wife, the stake of the Dassault group went up to 82 % of Socpresse's capital. Entering into Socpresse's capital at a 30 % in January 2002 implied for Dassault an investment of about 450 million €. In addition, in September 2002, Socpresse bought the L'Express-L'Expansion magazine group to Vivendi thanks to a short-term loan of 230 million € from Dassault. It was agreed that this loan would be converted into Socpresse shares if it could not be redeemed in cash. Socpresse being unable to redeem its loan, Dassault converted it into Socpresse shares. Recently (2005-2006), however, Dassault sold back the Express-Expansion group to Roularta, a Belgian media group, and its media activities now mostly include Le Figaro group with sales of 630 million €. Another example is the example of the media segment of the Lagardère group (also an aerospace group), which is the largest French media group, with sales in its media activities accounting for 8.032 billion €. Thus, there is, in France as elsewhere, an ongoing trend of takeovers of media companies, often undergoing financial problems, by industrial companies which are, on the contrary, highly profitable.

The weekly magazine Le Point is controlled by the Pinault luxury and department stores group. One can also, finally, refer to the recent purchase of 60% of the Editis publishing group by Wendel Investissement for 660 million € from the Lagardère group. Editis owned a number of French publishers, including Le Robert, Bordas, Nathan, Plon-Perrin, Robert Laffont, Julliard, Nil, Omnibus, La Découverte, Presses de la Cité, Belfond, Pocket 10/18... B. d'Armagnac (2005) explains how various industries and various family investors control



the French press, and attempts at explaining the difficulties of the daily press: *"The 1945 liberation gave rise to a number of newspapers which were founded by individuals or families, under a social agreement with the union of press workers, the syndicat du Livre CGT, on printing and distribution activities, under the control of the French state. This system had for a long time remained at standstill in its after-war configuration. But the general picture of the French press is now on the move and it has not reached its final shape"*.

It is also worthwhile mentioning that the size of the French press groups is much smaller than that of large American and European press groups. For instance, the turnover of the newspaper group Le Monde is smaller than 700 million €; the turnover of Dassault group in the media industry is 1 billion €, while the corresponding figures for Pearson and Bertelsmann are, respectively, 7 billion € and 20 billion €; moreover, the turnover of the press subsidiary of Bertelsmann, Gruner und Jahr, is 3 billion €). The Lagardère media group is the only French multimedia group of international dimension with a media turnover of 8 billion € (including 3.8 billion in the publishing and press activities), and subsidiaries worldwide. One can wonder, therefore, whether the French press, after a period of intense takeovers and mergers from French investors, is not going to be submitted to a further period of in-depth reshaping because of takeovers from transnational groups.

In the case of the financial press, one of the two French financial dailies, Les Echos, used to belong to the Pearson group, a major international actor of the financial information industry, the owner of the Financial Times. La Tribune, the other French financial daily, used to belong to the large LVMH luxury group. However, the Pearson group recently (2007) sold Les Echos to LVMH, while LVMH sold La Tribune to News Participation, owned by Alain Weill, an independent French investor. One can see again that a large French international group, not related to the media industry, is involved in the sector of specialised press.

In order to develop our analysis of the market of the written press in France, we have listed about 20 groups which are involved in the written press and in publishing (Table 8.1). In this table, we sum up the main press firms operating in France, with details on their characteristics and on their owners. We can classify the ownerships of these firms into three main categories:

- First of all, we find firms that belong to large national or international companies, often quoted public international groups with activities in the media industry and in other industries (G category). These are clearly the largest actors.
- Secondly, we find smaller firms under family ownership, often private, family-owned companies, or private companies owned by independent investors such as not-for-profit foundations and religious communities (FI category). These would be very difficult to takeover, at least whenever they are profitable. This is, for instance, the case of Ouest-France, one of the largest provincial newspapers in France: the Ouest-France group is exclusively owned by a foundation.
- Thirdly, we distinguished two actors previously under independent ownership, which underwent significant financial problems, and that are now at least partially owned by large companies, and are recovering in financial terms (category R).

<b>Groups</b>	<b>Owners</b>	<b>Titles (dailies and magazines)</b>	<b>Press Sales<sup>4</sup></b>	<b>Categories</b>	<b>Market shares</b>
Lagardère media segment (Lagardère Active, Lagardère Publishing, Lagardère Services)	Lagardère Group (Aerospatial industry)	La Provence, Nice-Matin, Paris-Match, Elle	1848	<b>G</b>	18.80%
GHM Hersant Media	Hersant Family (Press)	France-Antilles, Paris-Normandie, L'Est Eclair	1060	<b>G</b>	10.21%
Ouest-France	Independent	Ouest-France	1000	<b>FI</b>	9.63%
Roularta France	Roularta (Belgium)	L'Express, L'Expansion	760	<b>G</b>	8.32%
Amaury – Le Parisien – L'Equipe	Amaury Family (75%) (Press)	Le Parisien, l'Equipe	650	<b>G</b>	6.26%
La Vie - Le Monde	PRISA (Espagne), Lagardère group	La Vie - Le Monde, Diplomatique	650	<b>R</b>	6..26%
Le Figaro	Dassault (Aerospatial industry)	Le Figaro, Paris-Turf, Le Progrès, Le Dauphiné Libéré, Le Maine Libre, Presse Océan, Le Bien Public, Le Journal de Saône-et-Loire	630	<b>G</b>	6.07%
Prisma	Bertelsmann (Allemagne)	Capital, Management, Femme Actuelle, Prima, GEO, Télé Loisirs, Télé 2 Semaines	584	<b>G</b>	5.63%
Mondadori France	Mondadori (Italy)	Télé poche, Télé star, Auto plus, Auto journal...	437	<b>G</b>	4.21%
Bayard Presse -Milan Presse	Assomptionist religious community (100%)	La Croix, Côté Femme, Notre Temps, Pomme d'Api, Okapi	433	<b>FI</b>	4.17%
L'Est Républicain DNA	Lignac Family	L'Est Républicain	353	<b>FI</b>	3.40%
Groupe Sud-Ouest	Lemoine Family (80%)	Sud-Ouest, La Charente Libre	325.4	<b>FI</b>	3.13%
La Voix du Nord	Rossel (Belgium)	La Voix du Nord, Nord-Eclair	198	<b>FI</b>	1.91%
DI Groupe –La Tribune	News Participation (Alain Weill)	La Tribune, Investir	168	<b>G</b>	1.62%
Centre France - La Montagne	Independent	La Montagne	162.7	<b>FI</b>	1.57%
Marie Claire	Prouvost Family	Marie-Claire	150	<b>FI</b>	1.44%
Le Nouvel Observateur - Perdiel	Independent (including Claude Perdiel)	Le Nouvel Observateur, Challenges	150	<b>FI</b>	1.44%
La Dépêche du Midi	Baylet Family (67%)	La Dépêche du Midi	146	<b>FI</b>	1.41%
Les Echos	LVMH – Moët Hennessy (Luxe)	Les Echos	126.2	<b>G</b>	1.22%
Le Télégramme	Independent	Le Télégramme de Brest	108	<b>FI</b>	1.04%
La Nouvelle République du Centre-Ouest	Independent	La Nouvelle République, La République du Centre	100	<b>FI</b>	0.96%
Le Républicain Lorrain	Crédit Mutuel	Le Républicain Lorrain	90.6	<b>FI</b>	0.87%
Sud Communication – Valmonde	Pierre Fabre	L'Eveil de la Haute Loire, Valeurs Actuelles	63	<b>G</b>	0.61%
L'Alsace-Le Pays	Crédit Mutuel (80%)	L'Alsace, Le Pays	63	<b>G</b>	0.61%
Le Point-Artemis	Pinault	Le Point	62	<b>G</b>	0.6%
Libération	E. de Rothschild (38,87%), Pathé (10%)	Libération	34	<b>R</b>	0.33%
L'Humanité	Independent : 80%	L'Humanité	29	<b>FI</b>	0.28%

Source : Research Centre of Ecole Supérieure de journalisme, Lille, France, and personal research.

**Table 8.1 – The main titles and groups of the French press**

<sup>4</sup> Sales figures are 2006 sales in € million, or latest available estimate in some cases.

We have here press groups which are still more or less independent, but which are still difficult to manage in financial terms, so that their ownership might change again in the future.

Clearly, larger groups, whether national, international, or global (G) are today very important and even dominant in the French press as they represent more than half of the sales listed in Table 8.1 (62.1%). However, independent groups, some of which are comparatively large, and smaller family-owned firms (FI) still account for a sizable share of the sales (31.3%). Groups in a situation of financial recovery account for 6.6% of our sales.

Finally, we calculated several concentration indexes on the firms listed in Table 1, including the market shares of the largest four, and of the largest ten groups, and the Herfindahl-Hirschman Index for all of them (Table 8.2).

CR <sub>4</sub> (All firms of Table 1)	HHI (All firms of Table 1)
45.0%	791.4

**Table 8.2** - CR4 and HHI concentration indexes for the French press industry

Although, because of the heterogeneous character of the firms of ours ample, and of the approximations in our evaluations of sales, the figured given are only rough orders of magnitude, the discussion of these indicators leads us to some pertinent conclusions. One can see that the largest 4 press firms account for 45% of sales; the HHI of 791.4 leads to the conclusion that the concentration in the French press industry is still low, knowing that, as mentioned above, a high concentration starts at a HHI index of 1800. These estimates can be compared to the C4 and HHI estimated by Noam (2009) for all American printing and publishing media enterprises, which were, respectively, of 38.2% and of 463 for 2006, which are significantly smaller than in the French case according to our calculations.

The number of titles in the French press, which currently is about 4000, leads us to the conclusion that the Noam diversity index (NI) would be even much smaller. With the figures

of Table 1, and a number of titles of 4000, an estimate (again a quite approximate) of NI is 12.5, reflecting the diversity of the French press, not market concentration. However, one should stress again that this estimate is approximate, and corresponds to the aggregation of heterogeneous press products which are not comparable to each other (national dailies, regional dailies, professional and general public journals and magazines...).

An analysis in the case of the French national daily press, which is much more concentrated, perhaps leads to more accurate estimates based on average circulation date, which are comparable to each other and concern a more homogeneous segment of the market. We have therefore restricted ourselves to the French daily national press, with 11 titles (excluding the New York Herald Tribune, published in France, but mainly for an international audience); Table 8.3 gives comparable mean daily circulation figures for 2008.

Titles	Ownerships	Mean daily circulation (2008)
Le Figaro	Socpresse	319996
France-Soir		23934
Paris Turf		68930
Aujourd'hui – Le Parisien	Amaury	512539
L'Equipe		311443
Le Monde	La Vie - Le Monde	300522
Libération	Libération	123327
Les Echos	LVMH	137448
La Croix	Bayard	94963
La Tribune	Alain Weill	75480
L'Humanité	L'Humanité	49061
Total		2017643
H4 %		82.33
Herfindahl-Hirschman Index in %		2434.2
Diversity Index in %		1495.9
Noam Index in %		451.0

Source : OJD.

**Table 8.3** – Evaluations of HHI and of NI on the French national daily press (2008 figures)

The Herfindahl-Hirschman index is found to be equal to 2434.2 in 2008, a quite high figure, reflecting a strong concentration of French press groups on the segment of national dailies. However, with 11 titles, the Noam diversity index is at a much lower value of 451.0. In the case of France, these figures reflect the financial problems of the French national general information dailies<sup>5</sup>. However, our estimate is only an assessment of the situation in 2008, and it is interesting to see whether there has been a significant evolution over the past ten years. The results of such an estimate for various concentration and diversity indexes (HHI, DI and NI) are given in Table 8.4 over the 1997-2008 period of time.

Years	1997	2000	2004	2006	2008
<b>HHI</b>	2421.8	2283.4	2443.7	2345.8	2434.2
<b>DI</b>	1218.7	1366.6	1439.0	1441.4	1495.9
<b>NI</b>	368.5	412.1	433.9	434.6	451.0

Source : Our calculation from OJD data.

**Table 8.4** - Various concentration and diversity indexes for the French daily press in 1997, 2000, 2004, 2006 and 2008

These figures can be analyzed in terms of evolution over time of all three indicators. We carried out simple linear econometric regressions over time of the form  $Y = A + B \cdot \text{TIME}$ , where Y is the dependent variable, A is a constant intercept and B is a variation coefficient. As far as HHI is concerned, we find that HHI does not vary significantly over time and can therefore be assumed as being equal to a constant which statistically is the mean value of HHI over the period (2365.4). On the contrary, both diversity indexes calculated here are found to increase significantly over the period of study. This means that while concentration in terms of ownerships has not significantly changes, diversity has significantly decreased, and indeed the circulation of some of the titles strongly decreased over the 1997-2008 period. This reflects the difficult situation of some titles, the circulation of which has strongly and probably irreversibly decreased over the 1997-2008 period. For instance, the circulation of

<sup>5</sup> The model of Sonnac, Laussel and Gabszewicz (2002) attempts at explaining this sort of financial problems in the case of the political press.

France-Soir decreased from 170499 in 2007 to a very small figure of 23934 in 2008; the circulation of Libération also strongly decreased, from 173090 in 1997 to 123327 in 2008.

If we discuss now the case of the regional press, in most regions, there is just one daily newspaper. These monopoly situations are expected, since there are important economies of scale in the production of information. This situation can lead to weakening the smaller firms, so that, on small markets such as the local markets for regional dailies, lead to a monopoly situations<sup>6</sup>. These monopoly situations correspond to both HHI and NI indexes of 10000. One can, however, calculate HHI and NI in two regions where there is more than one daily : Alsace, with two competing titles (L'Alsace-Le Pays and Les Dernières Nouvelles d'Alsace), et la Lorraine with three competing titles (L'Est Républicain, Le Républicain Lorrain, and Est Eclair). Table 8.5 gives both HHI et NI for these two regions (2008).

Regions	Titles	Circulation (2008)	HHI	NI
Alsace	L'Alsace-Le Pays	105459	5343.5	3778.4
	Les Dernières Nouvelles d'Alsace	180376		
Lorraine	L'Est Républicain	192729	4415.9	2549.5
	Le Républicain Lorrain	142129		
	Est Eclair	27948		

Source : OJD.

**Table 8.5** –Evaluations of HHI and of NI in the case of the regional daily newspapers in two regions where there is more than one title (Alsace and Lorraine)

This calculation leads to HHI estimates of 5343.5 and 4415.9 for, respectively, Alsace and Lorraine, which correspond as expected to very high concentrations and duopoly situations (two competitors). A similar conclusion can be drawn from the evaluations of the NI indexes, which are of 3778.4 and 2549.5 for, respectively, Alsace and Lorraine. These figures can be compared with the HHI of 7621 calculated by Noam (2004) in the case of the American local

<sup>6</sup> According to Sonnac, Gabszewicz and Laussel (2002) whenever two local newspapers compete in a given region, the dynamics of the market is a tendency towards a monopoly situation.

press, for which the same phenomenon of a quasi-monopoly situation is observed in most states and cities.

### **8.3 - CONCLUSION**

Finally, it appears that the French press is involved in an ongoing evolution towards more concentration. Larger groups, whether they belong to the media industry or not, still have the possibilities of taking over some smaller groups, especially if these smaller groups undergo financial problems. A rough estimate of the Herfindahl-Hirschman index (HHI) as calculated on the sales of the groups of the press industry, is 791.4, a still comparatively low figure. One can, in this situation, expect increased concentration in the future.

Large groups such as LVMH or Pinault, whose main activities are outside the media industry might, for instance, either sell their media assets to large French media groups already present, or can themselves increase their presence in the media industry, by taking over smaller titles undergoing financial difficulties. The same is true of a number of international media companies, such as Prisma, a subsidiary of the German company Bertelsmann. Nevertheless, in the sector of the French written press, the situation is still that of a competitive market. With a HHI index of 791.4 (even if this is a quite approximate estimate), one cannot really speak of high concentration on this market. This situation attracts competing international actors on the French market, among which one can mention Prisma (a subsidiary of the German Bertelsmann Group), the Belgian Roularta group, the Italian Mondadori group, and the Spanish PRISA group. Conversely, some large French press groups are developing internationally. This is the case, for instance, of the Lagardère group, with sales in the media sector of 8 billion €, and subsidiaries in most European countries, in the United States, in Canada, in Australia, as well as in a number of Asian emerging economies (South Korea, Singapore, China).



As discussed previously, the situation of the French national daily press is quite different. The ongoing financial problems of this segment of the market, while they do not favour competition, lead to concentration effects, attracting a small number of large press groups. Accordingly, the HHI of the market was found to be 2365.4 as a mean over the 1997-2008 period, and this corresponds to high concentration. However, diversity indexes were found to increase significantly over the 1997-2008 period. This means that while concentration in terms of ownerships has not significantly changed, diversity has significantly decreased over the 1997-2008 period.

Looking at the French regional press (essentially a daily press) shows that is also highly concentrated, with titles in monopoly situation in most regions, and a duopoly or quasi-duopoly in only a few regions. This concentration phenomenon is also observed in other countries, and, in particular, in the USA.

Our research leads to a number of developments. Further studies of the concentration phenomenon in the French press are, obviously, of some interest. A comparative study with situations in other countries, including, for instance, European countries, would be quite interesting. In addition, a theoretical analysis of the underlying phenomena, leading to a discussion of existing concentration indexes adapted to the press industry, and, more generally, to the media industry, would also be interesting. Finally, an analysis of the dynamic evolution of the media sector, as related to technological changes in the new information and communication technologies, would be a fundamental and topical project.

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