

International Herald Tribune

FRIDAY, JULY 30, 2010

THE GLOBAL EDITION OF THE NEW YORK TIMES

GLOBAL.NYTIMES.COM

TV moguls in Italy fight over soccer

MILAN

BLOOMBERG NEWS

Mediaset and Sky Italia, the competing broadcasters controlled respectively by Silvio Berlusconi and Rupert Murdoch, are waging a price war for soccer viewers.

Mediaset has dropped the monthly price of a soccer and film subscription package to €14, or about \$18, from €29 through the end of 2010, undercutting an offer of €29 by Sky Italia, owned by News Corp. The season for the top Italian soccer teams begins at the end of August.

"In Italy, soccer is so important that it's the first battlefield to fight," said Giuliano Noci, a marketing professor at the Politecnico University in Milan.

"In the last two years, broadcasting has completely changed in Italy," he said. "Now pay-TV is the center of the ring."

More than 21 million Italians, or a third of the country, watched Italy's debut match against Paraguay during the 2010 World Cup tournament in South Africa. Mediaset and Sky Italia paid more than €1.5 billion to the Italian soccer league for the rights to broadcast the top national teams for the next two seasons.

Sky Italia said in May that its total number of subscribers fell by 63,000 in the last three months of 2009 and by 39,000 in the January-March period. At the end of March, Sky Italia had 4.7 million subscribers, while Mediaset had 2.95 million subscribers at its pay-TV unit.

The World Cup soccer championship has led to "strong sales growth and much lower churn" of customers leaving in the quarter ended in June, said the Sky Italia chief executive, Tom Mockridge, at a news conference Wednesday in Milan. Mediaset did not broadcast the World Cup.

Mediaset will have "good customer intake driven by promotional offers," said Andrea Devita, an analyst at Banca Akros in Milan.

The decline in Sky Italia viewers occurred as a feud between the company and Mediaset gained momentum. In December 2008, the Italian government, led by Mr. Berlusconi, the prime minister, doubled the sales tax on pay-TV subscriptions, to 20 percent. Sky Italia retaliated with commercials urging customers to protest the increase.

The European Commission said on July 20 that Sky Italia could bid for fre-

quencies to enter the free-to-air digital television market, alongside its pay-to-view offer.

The same day, Mediaset pledged to appeal the ruling at the European Court of Justice, saying that Sky Italia had a monopoly in the satellite pay-television market and that there was already a shortage in available free-to-air digital frequencies. In addition to its flagship networks Canale 5, Italia 1 and Retequattro, Mediaset has four free digital channels in Italy.

Sky Italia last month cut its price for a basic package of movies, soccer and other sports channels 26 percent, to €29. The broadcaster said it would not rely on promotions to win customers, saying that lower basic fees did more to retain viewers.