

# Transformation and Competition in Romanian Television: Market Dynamics and Regulatory Influence

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## ABSTRACT

*This paper analyses the competition in Romania's television media industry. With the rise of digitalisation and new technology, the media world has changed a lot, increasing competition among TV broadcasters. The study focuses on the main players, how the market works, the rules that guide it, and the challenges faced by the Romanian TV industry. By reviewing past studies and using real-world data, the research offers insights into the competitive environment of Romanian TV and its future growth. It uses interviews with industry experts and analysis of existing data to show how different TV networks are fighting for both audience share and advertising revenue. Key local channels like Pro TV, Antena 1, and TVR are in a race for market leadership, while international channels add another layer of competition. The National Audiovisual Council (CNA) plays a big role in shaping how the market operates through regulations. The paper looks at how licensing, content rules, and new digital standards influence the competition. It also explores how TV networks are changing their content strategies, looking for exclusive shows and adjusting to what viewers want, especially with the rise of streaming services. As technology changes the way people watch and interact with content, Romania's TV industry faces both challenges and new opportunities.*

**KEYWORDS:** *audience fragmentation, competition, digitalisation, market concentration, market dynamics, regulatory framework, television media industry.*

**JEL CLASSIFICATION:** *L82, L40, D43*

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## 1. INTRODUCTION

The Romanian television industry has gone through major changes in recent decades, moving from being state-controlled to a competitive market. The shift to digital technology and the rise of innovations have transformed the media landscape, leading to more competition among broadcasters. This study looks at the key factors that influence competition in Romanian TV, such as market structure, regulations, and the challenges faced by the industry.

To understand today's competition, it is important to look at the industry's past. After the fall of communism in 1989, Romania's media system shifted from state control to a market-driven model. This opened the door for private broadcasters and many new TV channels to emerge.

Today, the Romanian TV market includes both public and private broadcasters. The national public broadcaster, Romanian Television (TVR), provides public service content, while

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private channels like Pro TV, Antena 1, and Kanal D compete for viewers and advertising revenue. This competition has led to more innovation and a wider range of content.

Technological changes, such as the switch from analog to digital broadcasting and the spread of high-speed internet, have changed how people watch TV. Traditional broadcasting now competes with on-demand streaming platforms, giving viewers more choice about what and when they watch. This has increased competition as broadcasters try to attract and retain viewers on multiple platforms.

One of the big challenges for Romanian broadcasters is audience fragmentation. With more options available, traditional TV audiences are shrinking, while niche audiences are growing. Broadcasters must create content that appeals to different groups and still makes a profit. Investing in original programming, reality shows, news and sports has become key to staying competitive.

Advertising remains an important source of income for broadcasters, but reaching fragmented audiences is becoming harder. With viewers spread across platforms, advertisers are shifting strategies, and digital advertising is becoming more important. Broadcasters are using online platforms and social media to engage viewers and attract advertisers, but they face tough competition from streaming services and digital platforms. The National Audiovisual Council (CNA) regulates the industry, ensuring fair competition, diverse content, and viewer protection. Its policies help shape the market and prevent monopolies, while also keeping broadcasting standards high.

## **2. LITERATURE REVIEW**

Many researchers have explored competition in Romania's TV market over the past decade. Branea and Văcărel (2016) discussed how online platforms are changing the way people in Romania consume media, highlighting the challenges traditional TV broadcasters' face in keeping up. Mădroane and Mădroane (2017) analysed TV programs and audience structures, looking at the strategies broadcasters use to target different viewers and how these strategies shape competition and audience preferences. Năstase and Secară (2018) focused on advertising trends, discussing how digital platforms affect advertising revenue and the role of regulations in shaping the market. Popescu and Lupu (2017) examined market concentration, showing how a few major TV channels dominate the market, making it harder for smaller channels to compete.

In another article, Chiru and Petrescu (2019) studied the impact of digitalisation, exploring how broadcasters are using new digital technologies and how online platforms are changing viewer habits. They discussed both the challenges and opportunities that digitalisation brings. Suci and Zaharie (2017) looked at factors influencing advertising revenue, such as ratings, programming choices, and market competition.

Vasile and Vlăsceanu (2017) studied how market concentration affects TV content, examining the link between a few companies controlling the market and the variety of programmes available. They highlighted how competition affects content diversity. In a recent study, Schauerte et al. (2021) analysed the power of dominant players in the TV industry and how this influences competition and consumer choices.

Pantelimon et al. (2020) focused on how streaming platforms like Netflix and HBO Go are reshaping competition for traditional TV channels. They discussed the shift in audience habits and how broadcasters are adapting to compete with these platforms. Toma, Popescu and Bodea (2022) reviewed changes in regulations after 2018 and their effects on competition, content diversity, advertising revenue, and broadcaster strategies.

Beciu et al. (2018) studied changes in viewer preferences after 2018 and how broadcasters adapted their content to stay competitive. Ciocodeică et al. (2022) explored how Romanian TV broadcasters are using new technologies such as artificial intelligence (AI), virtual reality (VR) and augmented reality (AR) to create better content and engage with audiences.

Branco and Turcu (2023a) investigate communication strategies in public and private companies in Romania, highlighting differences in approach, efficiency, and adaptability. They emphasise that private companies tend to adopt more dynamic and audience-focused communication methods, while public companies often rely on traditional and bureaucratic practices. This divergence impacts stakeholder engagement and the overall perception of organisational effectiveness.

In a related study, Branco and Turcu (2023b) analyse the impact of media consumption on public trust in Romanian mass media. They identify a significant decline in trust, linked to increased exposure to biased or unverified information. The study underscores the need for media organisations to adopt transparent practices and for audiences to develop critical consumption habits. This work connects broader societal trust issues to the role of media in shaping public opinion.

In a recent study, Busu (2023) explores competition within Romania's telecommunication sector, emphasising market dynamics, regulatory influences, and consumer behaviour. The analysis shows that while the sector is highly competitive, regulatory frameworks play a crucial role in ensuring fair practices and fostering innovation. Busu's insights suggest that balancing competition and regulation is critical to maintaining a healthy and consumer-friendly market.

In a recent paper, Cicea et al. (2023) examine the macroeconomic implications of public sector digitalisation in Romania, focusing on opportunities to improve efficiency and transparency. Their study highlights how digital transformation can reduce costs, improve service delivery, and foster economic growth. However, they also address barriers such as inadequate infrastructure, workforce skills gaps, and resistance to change within public institutions.

These studies offer a broad understanding of competition in the Romanian TV market, covering topics such as market structure, audience behaviour, advertising trends, regulations, and the effects of digitalisation. Together, they provide insights into how broadcasters compete and adapt to changes in the media landscape.

### **3. RESEARCH METHODOLOGY**

This paper examines competition in the Romanian television industry, with a focus on how digitalisation and new technologies are changing the landscape. The study aims to identify the key players in the market, analyse their market shares, and understand their competitive strategies. It also explores the role of regulatory bodies like the National Audiovisual Council

(CNA) in shaping competition. The main research question is: How concentrated is the Romanian TV market?

The research also looks at how digitalisation has affected viewer behavior, including how people watch TV and engage with content. A key focus understands how Romanian TV broadcasters are adjusting their content strategies to meet the changing preferences of their audiences. Another important aspect of the study is the challenges broadcasters face, such as losing viewers to digital streaming platforms and dealing with a fragmented audience.

The study relies on secondary data analysis as the main method of examining the Romanian TV industry. This involves reviewing existing data from market reports, audience ratings, and advertising revenue statistics. By analysing these sources, the research identifies patterns and trends in how broadcasters compete, providing insight into their strategies and overall performance. This method helps to understand the structure of the industry and the impact of digitalisation on how people engage with TV content. The findings are valuable for industry leaders and policymakers.

Additionally, descriptive statistics are used to summarise and interpret the data clearly. Statistics such as mean, median, and standard deviation are applied to show audience ratings and market share trends. Frequency distributions and percentages help to highlight audience segmentation and the performance of different broadcasters. This ensures the data is presented in a way that’s easy to understand for both academics and industry professionals.

To measure how concentrated the TV market is, the study uses the Herfindahl-Hirschman Index (HHI), which is calculated by adding up the squares of each company's market share. The HHI will help to assess the level of competition in the Romanian television industry.

To calculate HHI, we will use the formula:

$$HHI = \sum_{i=0}^n S_i^2 \tag{1}$$

where:  $S_i$  represents the market share of the  $i^{th}$  firm, expressed as a percentage, and  $N$  is the total number of the firm on the market.

According to HHI, the market could be interpreted as a highly concentrated market, moderate concentrated market and low concentrated market.

**Table 1. HHI thresholds for market concentration**

| HHI intervals | Market concentration |
|---------------|----------------------|
| [0,1500]      | Low concentrated     |
| [1500, 2500]  | Medium concentrated  |
| [1500, 2500]  | High concentrated    |

Source: FTC, DOJ

The HHI is a tool used by government agencies like the Department of Justice and the Federal Trade Commission in the United States. They use it to check if mergers and acquisitions might harm competition. If the HHI goes up a lot after a merger, it can mean less competition. This could lead to the government stepping in to stop a monopoly from forming.

#### 4. RESULTS AND DISCUSSIONS

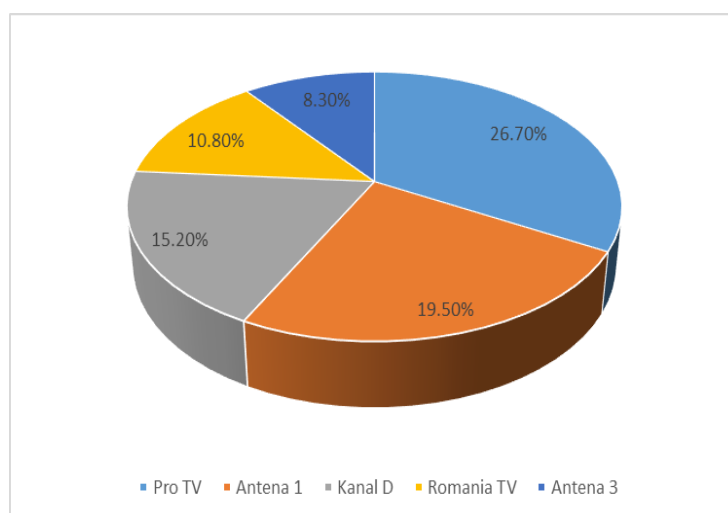
Big TV channels like Pro TV, Antena 1, and Kanal D have been the main forces in Romania's television industry for a long time. These networks have built strong competition by offering a wide range of shows that attract different types of viewers. Although there are smaller channels, the market is mainly dominated by these major players.

The National Audiovisual Council (CNA) plays an important role in overseeing this concentration. They make sure that competition stays fair and that channels provide diverse content. Their regulations are designed to prevent monopolies and keep the market open for a variety of channels that appeal to different audiences.

In the Romanian TV market, broadcasters like Pro TV, Antena 1, and Kanal D hold the largest share. These channels attract large audiences, generate a lot of advertising revenue, and have a major influence on the industry. They stay competitive by offering a mix of content, including entertainment, news, reality shows, dramas, and sports.

However, because these big networks control most of the market, competition is tough when it comes to attracting viewers, ad revenue, and top-quality shows. Their strong position also makes it harder for new channels to enter the market, which can limit the variety of available programmes. Regulatory bodies, especially the National Audiovisual Council, actively monitor the industry to ensure that competition stays fair and that broadcasters adhere to standards. Part of their work involves keeping an eye on market concentration to prevent monopolies and maintain a balanced, competitive environment.

Figure 1 shows how the market share is divided among the main TV channels in Romania. The biggest players are Pro TV, Antena 1, and Kanal D. Pro TV has the largest market share at 26.70%, Antena 1 follows with 19.5%, and Kanal D holds 15.20%. Together, these three channels control a large part of the market, showing a very concentrated industry.



**Figure 1. Market share of the key players on the Romanian TV broadcasting market**

*Source: www.paginademedia.ro*

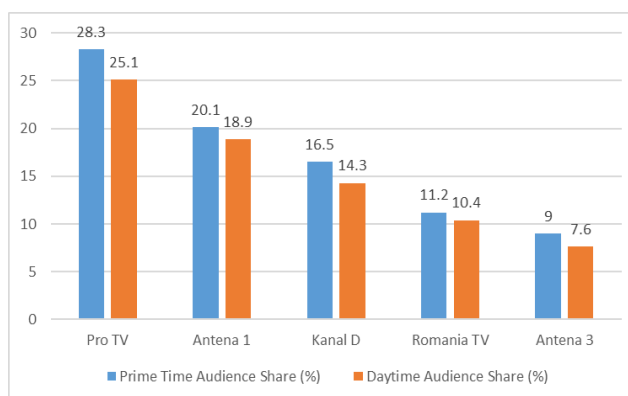
Pro TV's dominance is especially important because it shows that they are very good at attracting and keeping viewers. This concentration means these big channels enjoy strong audience loyalty and high advertising revenues. However, it also means there is less

competition and innovation. New channels might find it hard to enter the market, which can limit the variety of content available to viewers.

The National Audiovisual Council must make sure this concentration does not lead to monopolies or a decrease in content diversity. They must ensure the market stays fair and competitive.

Figure 2 compares audience shares during primetime and daytime on different TV channels, showing how viewer engagement changes throughout the day. During prime time, Pro TV leads with a 28.3% audience share, much higher than its 25.1% daytime share. Antena 1 also performs well in prime time with a 20.1% share, compared to 18.9% during the day. Kanal D has a steady performance, with a 16.5% share in prime time and 14.3% during the day.

This data shows that primetime is crucial for broadcasters to attract the largest audience. Popular shows and news programs aired during these hours draw more viewers. The higher primetime shares indicate that broadcasters focus their best content and advertising during these hours to maximise viewership and revenue.



**Figure 2. Primetime and Daytime audience share (%) on the Romanian TV broadcasting market.**

Source: [www.paginademedia.ro](http://www.paginademedia.ro)

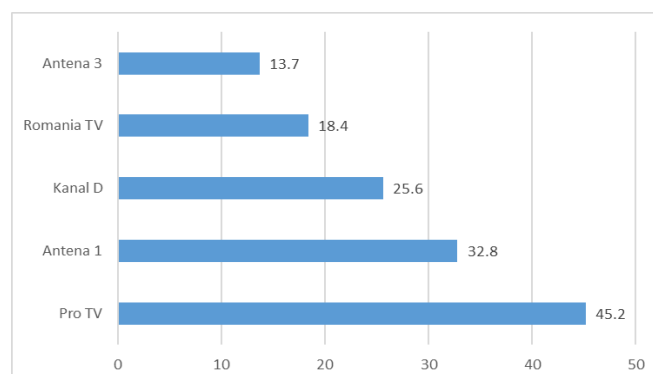
In contrast, the lower daytime shares suggest a smaller, more varied audience, possibly with different demographics and viewing habits. This difference between primetime and daytime audience shares highlights the need for strategic programming and scheduling to keep viewers engaged and make the most of advertising opportunities.

Figure 3 shows the advertising revenue of the major players in the Romanian TV market, providing key financial insights. Pro TV leads with €45.2 million in advertising revenue, followed by Antena 1 with €32.8 million, and Kanal D with €25.6 million. This distribution matches their market shares and audience sizes, indicating that more viewers lead to higher advertising revenue.

These high revenue figures for the top broadcasters highlight their strong position in attracting advertisers who want to reach large, engaged audiences. The difference in advertising revenue also shows the competitive edge the top broadcasters have, as they can charge premium rates due to their wide reach and popular shows. This concentration of revenue suggests a tough environment for smaller broadcasters, who might find it hard to get enough advertising to sustain their operations and invest in new content.

The financial health of the TV market depends a lot on advertising dynamics, making regulatory oversight essential to ensure fair competition. While the dominance of major

broadcasters provides stability and a loyal viewer base, it raises concerns about competition, innovation, and diversity in programming. Balancing healthy competition with preventing excessive market dominance is a key issue for industry stakeholders and regulators.



**Figure 3. Advertising revenue (million euro) of the key plates on the TV broadcasting market**

Source: [www.paginademedias.ro](http://www.paginademedias.ro)

Market concentration in Romanian TV can change with audience preferences, new technologies, shifts in advertising trends, and the arrival of new competitors. Continuous evaluation and analysis of market dynamics, including market shares and their effects, are crucial to understanding the evolving landscape of the TV industry in Romania.

Based on the data in Figure 1 and using the market concentration formula described in the Methodology, we will calculate the HHI.

$$HHI = \sum_{i=0}^n s_i^2 = 26.7^2 + 19.5^2 + 15.2^2 + 0.8^2 + 8.3^2 + 19.5^2 = 1889.96 \quad (2)$$

Based on this value, and comparing it with the thresholds from Table 1, we could conclude that the Romanian Broadcasting TV market is moderately concentrated.

## 5. CONCLUSIONS

The Romanian TV industry has changed a lot in recent years due to new technology, changing viewer habits, and more competition. Big channels like Pro TV, Antena 1, and Kanal D still have a large share of the market because they offer a variety of shows. But with more people using online platforms and watching content in different ways, audiences have become more divided, making it harder for traditional TV broadcasters to keep their strong position.

New technologies and online platforms have given viewers more choices, forcing broadcasters to adapt by using digital strategies and multiple platforms to stay relevant. Advertising is still a keyway for them to make money, but it has become harder to reach viewers because of the way audiences are now spread out. The rise of social media and digital ads has made the advertising landscape more complex.

To stay competitive, broadcasters need to rethink how they advertise. The National Audiovisual Council (CNA) plays an important role in keeping competition fair and ensuring that TV content stays diverse, although concerns remain about the dominance of a few major players. Regulators must balance the need for healthy competition with the goal of keeping a variety of programming available.

The Romanian TV industry faces many challenges, including audience fragmentation, the growth of digital platforms, and changing advertising trends. Emerging technologies such as 5G, augmented reality, and artificial intelligence will likely shape the future of the industry. Broadcasters will need to adapt to these changes and find digital opportunities to remain competitive.

Broadcasters should focus on innovation, especially in digital platforms. They need to develop strong online streaming services, mobile apps, and interactive content to connect with viewers across different platforms and keep up with changing viewing habits. They also need to offer a wide variety of content, including original series, local shows, news, documentaries, and sports to appeal to a broader audience.

Advertising is another key area. As new advertising methods emerge, broadcasters need to focus on targeted and personalised ads to reach more people. Programmatic ads and social media can help them engage a wider range of viewers. Understanding audience preferences through data analytics is crucial to keep people interested and loyal to their content. Collaborating with content creators, production companies, and digital platforms can help bring in fresh and exclusive content, making broadcasters stand out in a crowded market. Keeping up with regulations from the National Audiovisual Council and being transparent with broadcasting standards is also important for maintaining trust and credibility.

Investing in new technologies such as augmented reality, virtual reality, and artificial intelligence will allow broadcasters to create more exciting content and attract tech-savvy viewers. Using data analytics to understand viewer preferences and trends can help broadcasters make better decisions about what programmes to offer and how to advertise. Community involvement and showing social responsibility can also help build a loyal viewer base.

Lastly, broadcasters need to be flexible and ready to adapt to industry changes. By keeping a close eye on trends and adjusting strategies, they can remain competitive in a rapidly changing TV industry. In conclusion, the Romanian TV industry is evolving due to technology, viewer behaviour, and regulations. Broadcasters will need to embrace digital changes, protect their advertising revenue, and engage with viewers across different platforms to succeed in the future.

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