Television Advertising in Spain: Cost, Profitability and Commercial Scenarios

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Abstract

We present the research results that analyze the changes that have taken place in the prices and profitability of advertising spaces in national free-to-air television and the possible scenarios that the medium may face to survive in the audiovisual environment in Spain. To this end, two correlative studies with different methodologies were carried out to analyze the prices and profitability of television spots and, on the other hand, to know professionals' opinions about the medium's future. The results show an ever-increasing price of TV spots and a drop in profitability, especially in terms of impact on adults over 16 years of age. Also, the professionals argue that television must adapt to the digital environment in the long term but that, in the short term, they can still hold their own with advertising revenues as they continue to maintain coverage and notoriety as competitive advantages over other media. The aim is to highlight the effectiveness of television as an advertising medium today despite its loss of efficiency

Keywords: Marketing, Television, Tariffs, Audiences, Effectiveness, Profitability.

Resumen

Presentamos los resultados de una investigación que analiza los cambios que se han producido en los precios y rentabilidad de los espacios publicitarios en la televisión nacional en abierto y los posibles escenarios a los que se puede enfrentar el medio para sobrevivir en el entorno audiovisual en España. Para ello, se han realizado dos estudios correlativos con diferentes metodologías para analizar los precios y la rentabilidad de los espacios publicitarios en televisión y, por otro lado, conocer la opinión de los profesionales sobre el futuro del medio. Los resultados muestran un precio cada vez mayor de los anuncios de televisión y una caída de la rentabilidad, especialmente en lo que se refiere al impacto en adultos mayores de 16 años. Asimismo, los profesionales sostienen que la televisión debe adaptarse al entorno digital a largo plazo pero que, a corto plazo, aún puede mantenerse con ingresos publicitarios al seguir manteniendo la cobertura y la notoriedad como ventajas competitivas frente a otros medios. El objetivo es destacar la eficacia de la televisión como medio publicitario en la actualidad a pesar de su pérdida de eficiencia.

Palabras Clave: Marketing, Televisión, Tarifas, Audiencias, Eficiencia, Rentabilidad.

Introduction

The audiovisual landscape has undergone a significant transformation in recent decades, largely due to technological advancements and the digitization of media. Conventional or free-to-air television —universal and free— has faced a revolution with the arrival of Over-the-Top Services (OTTs) and streaming technology.

These changes in Spain have redefined how we consume audiovisual content and have profoundly impacted the media industry, consumption habits, and content production. Nevertheless, free-to-air television has not disappeared. The Association for Media Research (AIMC) report states that in 2022 in Spain there was an average daily television consumption of 185.7 minutes, representing just over 3 hours per day (AIMC, 2023).
The transition from analogue to digital television began with improvements in image and sound quality and the possibility of transmitting more channels in the same bandwidth. This paved the way for the emergence of OTTs and streaming.
The AIMC General Media Report (2023) also shows the growth that OTTs have had since their appearance in Spain in 2015 when they had no audience, to go on in 2022 to accumulate 62.8% of the population consuming their products.
Consumers have full control over what, when, and how to watch their favourite content (Ortega-Fernández and Vaquerizo-Domínguez, 2022) and value the flexibility and personalization offered by OTTs and streaming. Series marathons, the ability to pause and resume content, as well as the absence of commercials, have significantly altered the way people consume entertainment (Arriaza and Morillas, 2022; Polo-López, et al., 2018).
These platforms have invested in the production of high-quality original content to attract subscribers, which offers a greater diversity of stories and genres, as well as opportunities for creators and actors from around the world.
Free-to-air television, once the primary source of entertainment, has had to adapt to this new landscape. Facing declining audiences, it has implemented strategies to stay relevant, including the development of more specialized content and ventures into streaming platforms.
According to Kantar's historical data (2020), the audience has gone from 7,319 million consumers in 2020 to 6,546 in 2021 (Geca, 2022), like the figure recorded in 2007 (6,502 million consumers). The evolution of the audiovisual landscape, from conventional television to OTTs and streaming, has redefined the audience's relationship with entertainment.
These changes have influenced the media industry, consumption patterns, and content production, opening new possibilities and challenges in the world of entertainment.
The loss of audience has led to a drop in advertising revenues for generalist television channels. According to Infoadex data (2022), national free-to-air television channels have seen their revenues decrease by 4.2% in 2022 compared to 2021.
This study aims to determine the recent changes in the purchase prices and profitability of advertising spots on television. It also seeks to gather the opinions of industry professionals on the potential commercial outlook for free-to-air television in the medium and long term.
The findings of this study have significant implications for the future of television as an advertising medium and its financial sustainability through advertising revenues. Additionally, it provides insights for advertisers to incorporate television into their strategies based on its effectiveness.

Contextual framework

The emergence of television had a significant impact on society, the economy, and politics, and this influence has persisted and adapted to changing social dynamics.

In Spain, the public television network (TVE) began broadcasting on October 28, 1956. The second public channel, now known as La 2, was established in 1965. Regional public television, operated by the Autonomous Communities, emerged in the 1980s, alongside the commercialization of television. This commercialization gained momentum in the 1990s with the appearance of private channels like Antena 3, Telecinco, and Canal+. Additionally, new private channels such as La Cuatro and La Sexta appeared in 2005, accompanied by multiple lower investment channels due to the "analogue blackout" and the introduction of Digital Terrestrial Television (DTT).

In January 2010, the Spanish government stopped airing advertisements on national public channels (TVE and La 2), which shifted advertising revenue to private media. This led to mergers and acquisitions of television channels by major multimedia groups. In 2010, the Italian group Mediaset, which owns Telecinco, acquired the Cuatro channel. Similarly, the Spanish group Atresmedia, owner of Antena 3, acquired La Sexta in 2012. These unions meant that the commercialization of free-to-air television in Spain was in the hands of only two commercial groups—Mediaset and Atresmedia—which imposed their conditions and prices for advertising contracts, which had to be assumed by advertisers to achieve the necessary reach for their commercial messages (García-Santamaria, 2013).

Currently, television has ceased to be the only protagonist and shares spaces with multiple other devices such as smartphones, tablets, and computers, while seeking to adapt to new business models that arrived in Spain in 2015 by the hand of platforms aimed at on-demand television or Video on Demand (VoD), such as Netflix, HBO, Amazon Prime Video, for example (Ortega-Fernández, 2019).

DTT, which stands for Digital Terrestrial Television, replaced analogue television to provide improved picture and sound quality, as well as services like data transmission and high-definition (HD) television channels. Over time, DTT has evolved into OTT (Over-The-Top), a service that provides multimedia content transmission over the Internet without the need for traditional service providers such as cable television, satellite television, or terrestrial broadcasting.

Marketing of the television medium

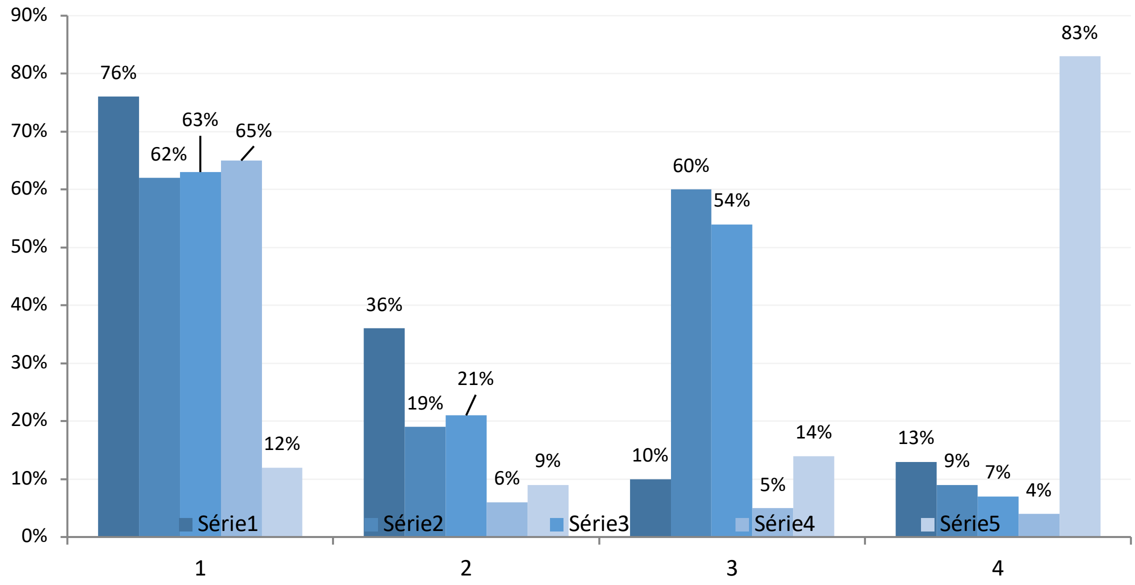
Lore In today's digital landscape, marketing as a business model, which primarily relies on selling advertising, has been evolving to adapt to changing audience habits and increased digital competition. This shift has led to new forms of financing (Martín-García, et al., 2023).

While selling advertising space remains a common source of revenue for television networks, some channels have begun offering exclusive content through subscription systems—like Netflix or Disney+. Viewers pay a monthly or annual fee to access these channels and enjoy their programming. This subscription model is prevalent in cable, satellite, and Internet television services (such as streaming platforms) and has also been adopted by traditional channel networks like Atresmedia or Mediaset in Spain.

According to the Household Panel study, carried out by the National Commission for Markets and Competition (CNMC), in its June 23, 2022, update, six out of ten Spanish households pay to watch online audiovisual content at least once a week, on platforms such as Netflix, Amazon Prime or HBO. The year-on-year growth of these platforms was 7.4%, standing at 59.2% of households with internet access, where these platforms are present.

It also highlights that almost half of Spaniards (47%) consume audiovisual content through the Internet, either free-to-air or pay TV. The types of content also vary, and it should be noted that in free-to-air television what is most consumed are news programs (95%), sporting events (79%), and movies (63%), in addition to episodes of series (52%) and videogame games (12%) (Figure 1).

Figure 1. Types of Content and Forms of Consumption



Source: CNMC, 2022

Viewing habits vary across different television platforms, including free-to-air television, pay-TV, VoD services, and video-sharing platforms. Within the realm of free-to-air national television, the most frequent consumers are individuals aged 50 to 65, followed by those in the 35 to 49 age group, with a smaller number aged 10 to 34 also tuning in.

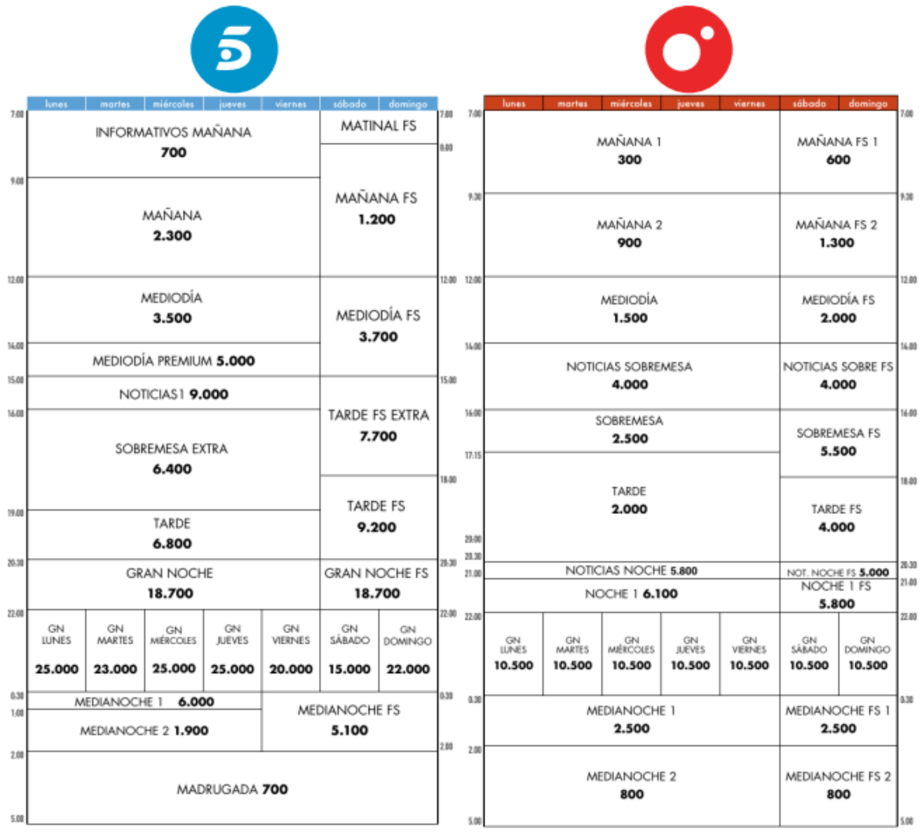
To this data on usage and consumption, we must add the details corresponding to advertising investment in television. In this regard, Infoadex, in its annual report on Advertising Investment in Spain (2022), points out that, in general the advertising market has grown by 4.7% between 2021 and 2022, but the television medium showing a drop of -3.3%. Despite this drop in investment percentage, television remains in second place among controlled media with 30.4% of the total, just below digital media, which accumulates 46.9% of advertising investment.

In the detail of the type of television and investment in 2022, the ones with a decrease are the pay channels with a decrease of -19.4% followed by free-to-air national TV, which registers a decrease of -4.2% between 2021 and 2022.

The consumer offer differentiates television from other media, such as print, which has seen declines in copies and circulation in recent years (Martín-García, et al., 2023). Variety and consumer behavior are crucial for maintaining advertising investment, and thus, a significant part of media financing.

There are two ways to buy advertising on television: rate-based buying or purchasing based on gross rating points (GRPs). With rate-based buying, the price of the advertisement is determined by commercial rates published every four months by the networks. These documents display the price of a 20-second advertising slot in the various time slots on the television schedule (Figure 2).

Figure 2. Types of Content and Forms of Consumption



Source: Publiespaña, 2023

On these prices, the networks apply a discount depending on different variables such as the number of spaces purchased or the dates of the campaign (De Frutos, 2018). The advantage of this form of purchase is that the advertiser ensures that the spot will be positioned in the space requested, but does not consider the audience, so the same will be paid for the space regardless of the profile of the people behind the screen watching our commercial.

In the other modality of buying at cost per grp's, the price is calculated for each time the ad impacts 100 people of the buying public (grp's). This cost is negotiated by the media agencies with the television networks and represents one of the most important bargaining chips in advertising tenders for media management.

In this form of purchase, the advertiser pays the price of the spot based on the number of people who have seen it within the generic purchase audiences which are Adults + 16 years old and/or Responsible Household Buyer (RCH) also called Housewives.

Television audience measurement

Audiences are a crucial factor in television marketing, referring to the number of people who use a particular media (Abadal and Guallar, 2010: 78). Audience measurement in television has evolved in recent years and has a significant impact on how advertisers plan their strategies.

According to De Frutos (2018), when planning advertising strategies, advertisers need to consider the audience as well as the effective distribution of resources, such as budget, to achieve their objectives.

Perlado et al. (2020) also analyzed this planning and concluded that although the digital society has changed how media planning operates, it has not diminished the importance of media in advertising; in fact, it has increased it (Perlado et al., 2020:113).

Quintas-Froufe and González-Neira (2021), for their part, presented an analysis of the evolution in this field, concluding that the model used hindered the objective of the measurement task and the complete capture of data, for which they pointed to the need to improve the monitoring processes to have a system that was agreed upon and consolidated by the actors in the sector.

Bergaz et al., (2023) state that the digitalization of the media and the transformation of consumption are the main reasons why audience measurement methods have evolved, focusing more on the user. Madinaveitia (2023) also adds that it is necessary to have different measures for the same parameter at the time of measurement since everything on the Internet leaves traces in various places.

González Neira and Fernández Martínez (2019) focus on the changing habits of television audiences, particularly the shift towards on-demand viewing. Their study, which is specific to the Spanish context, highlights the challenge of scheduling prime-time programming in response to the evolving consumption of audiovisual content. In a similar vein, Saavedra Llamas et al. (2021) emphasize the importance of television's ability to adapt to different historical and social contexts to retain its audience and progress alongside them.

The Association for Media Research (AIMC), shows in the second wave of the General Media Study (2023) that television holds second place in audience with 80.3%, ranking between the Internet (87.3%) in first place and outdoor media (79%) in third place. This study, which is a reference for advertisers when planning their investments, indicates that television penetration is higher in the higher age ranges: 55 to 64 (86.1%); 65 to 74 (88.4%), and 75 and over (90.5%).

It's important to consider how television networks can influence younger audiences given the changing consumption habits and effects of digitization. As a result, the traditional advertising-focused business model must be analyzed and evolved.

State of question

The research has focused on studying the audience, the evolution of platforms, and their measurement. Some studies have described the shift from neo-television to post-television, linking it to a new era of television characterized by abundant and personalized content, convergence, and interactivity within the digital ecosystem (Roel, 2010). Cortés Quesada and Barceló Ugarte (2019) have examined audience hyper-fragmentation and the cross-media measurement of television, emphasizing the importance for advertisers to have accurate systems for measuring their investment in the audiovisual medium.

Quintas-Froufe and González-Neira (2021) detailed the adaptation process towards the so-called hybrid audiences, which are diluted among the various platforms that offer audiovisual products. Regarding the platforms, which compete with broadcast television, Capapé (2020) makes a historical review of the last decade, delving between the evolution of conventional television and the emergence of OTT platforms, offering a parallel analysis of the development of these two types of audiovisual spaces.

On the other hand, the commercialization of advertising has been scarcely addressed, the contributions of Perlado (2006), Ayestararán et al., (2012) De Frutos (2018), and González Lobo et al., (2018) are located within their manuals focused on the discipline of advertising media planning along with those of Martín García et al., (2022) on the marketing of the digital press or the study of Ortega-Fernández et al., (2022) on the changes that have occurred in the negotiation of the media in general.

This is why it is considered necessary to review what is happening in television marketing after the changes that have taken place in its consumption.

Approach and objectives

The purpose of this study is to determine the changes that have taken place in recent years in the purchase prices of television advertising in the free-to-air television medium and the profitability of the medium for Adults + 16 years of age and Responsible Household Buyer (RCH) audiences.

This study also seeks to discover the opinion of industry professionals on the possible commercial scenarios for free-to-air television in the medium and long term.

The research is divided into a series of variables that seek to respond to the general objective, these are:

1. Define the channel where it is most expensive to advertise.
2. To know the evolution of the purchase prices of television commercials in the last five years by channel.
3. Find out where it is currently more expensive to advertise and how prices have evolved over the last five years.
4. Analyze the most profitable chains to impact the Adult 16+ audience.
5. Analyze the most profitable chains to impact the RCH audience.
6. Identify the most profitable target audience for the national free-to-air television medium
7. Recognize the advantages and disadvantages of using free-to-air television channels as advertising media.
8. Identify the advertisers and sectors that are most dependent on these chains to reach their audiences.
9. Revealing the future of these television channels in terms of advertising and marketing.

To answer these variables and the main objective of this research, a mixed methodology (quantitative and qualitative) was used.

Methodology

Lore The first part of the research is focused on answering variables 1, 2, 3, 4, 5, and 6. For this purpose, a quantitative methodology based on content analysis was used according to the guidelines of Wimmer and Dominck (1996). This method makes it possible to measure a series of variables (Kerlinger, 1986) systematically, objectively, and quantitatively and to make them valid and replicable (Krippendorf, 1990). In this case, the variables are the purchase prices of advertising space on free-to-air national television and audiences.

The sample was made up of the four major national free-to-air television channels operating in Spain with the highest television audience figures, specifically in May 2023, the share of these four channels was 35.9% (Barlovento Comunicación, May 2023). These media are: Telecinco, Antena 3, Cuatro and La Sexta.

Once the television channels to be analyzed had been selected, a search was made for the commercial policies in which these media outlets set out the purchase price of their advertising space and the audience estimates they expected to obtain (Figure 1). These documents are public and can be found on the websites of the media groups (Publiespaña, 2023; Atresmedia, 2023).

Since the commercial policies of these chains are published every four months, it was decided to use the first four months so that we could have a clear view of what is happening in the purchase prices of advertising space up to the year 2023.

The units of analysis were each of the spaces into which these advertising grids are divided according to commercial policies (n=542). Three variables were considered for the construction of the content categories and the quantification system:

a) Advertising space purchase prices expressed in euros (€).

b) The audience foreseen by the network for these advertising spaces in the two main target audiences for which television is marketed in Spain -Adults +16 years old and Responsible for household purchases (RCH)-.

c) The profitability of ads for the Adults + 16 and Responsible Household Buyer (RCH) audiences.

It was decided to analyze the audiences for these two audiences since they are called generic targets by the television networks on which they market their advertising spaces (Publiespaña, 2023) and therefore offer audience forecast data within their commercial policies. The categories were configured as follows:

Table 1: Content analysis categories

	Categories	**Indicators**
1	Television stations	Telecinco, Antena3, Cuatro and La Sexta
2	Year	2019,2020,2021,2022,2023
3	Chain space	Name of the space marketed by the television network
4	Day Week	The day on which this slot is scheduled
5	Time	The time at which this slot is scheduled
6	Rate 20"	Price (€)
7	Franja	Morning, Noon, Afternoon, Afternoon, Primetime, or Early Morning
8	Audience Adults +16 years old	Grp's for adults +16 years old.
9	RCH Hearing	Grp's for the RCH public.
10	C/GRP'S Adults +16 years old	Amount (€) resulting from dividing the rate (category 6) by the audience for Adults + 16 years old (category 8).

11	C/GRP'S RCH	Amount (€) resulting from dividing the tariff (category 6) by the audience for RCH public (category 9)

Source: Authors elaboration

The coding of these categories took into account the television channel selected in the sample (category 1), the year selected (category 2), the name of the program within the channel, for example, Gran Noche (category 3), the day on which the program is broadcast, for example, Mondays (category 4), the time it is broadcast, for example, from 22:00 to 24:30 (category 5), the price at the official rate, for example, 25,000 euros (category 6).

To establish the time slot into which the programming is divided (category 7), this was calculated considering both the name of the channel's slot and the programming schedule Morning (from 7:00 to 11:59), Noon (12:00 to 15:59), Afternoon (from 18:00 to 20:29), Prime Time (20:30 to 24:29), Early Morning (from 24:30 to 02:00).

Audience data (Categories 8 and 9) were collected based on the data provided by the commercial policies for those spaces. Finally, the categories focused on profitability (10 and 11) were made by calculating the cost per grp's for the Adults + 16 (category 10) and RCH (category 11) audiences. This cost is calculated by dividing the price per ad rate by the audience expressed in grp's.

To observe whether there were significant differences in the purchase prices of advertising space by channel, time slot, and year, as well as to see the changes that have occurred in the profitability of television commercials, a Pearson correlation was performed with the SPSS program (v.26), with a significance level of p=.005.

The second part of the study aims to respond to research variables 7, 8, and 9. For this purpose, qualitative research was designed based on semi-structured interviews. This method allows one to know the experience of the interviewees, facilitating the construction of knowledge (Kvale, 2011) on topics that would be difficult to address with other methodologies (De Miguel, 2005). Therefore, it has been considered the most appropriate technique to address the opinion of professionals in the sector on the possible commercial scenarios that are presented to free-to-air television in the medium and long term.

For the selection of the interviewees, it was considered that all of them were working either in the negotiation departments of media agencies or the commercial teams of free-to-air television channels in Spain. In addition, they should have more than ten years in these positions, which presupposes a broad knowledge of the changes that have taken place in television as an advertising medium.

A total of 16 interviews were conducted. The research was conducted in June 2023 and the following questions were asked.

Q1. What advantages do you think the free-to-air (generalist) television medium has for advertisers? And the disadvantages?

Q2. Which sectors and advertisers would you recommend using this medium and why?

Q3. Do advertisers remain loyal to free-to-air (generalist) television, or do they distribute their budget between pay TV and OTTs?

Q4. What is the future you expect for free-to-air (generalist) television, and how do you think it will be transformed?
Q5. Do you think free-to-air TV will be able to continue surviving on advertising?
Q6. What do you think about TV spots, do you believe that large commercial breaks are going to disappear in favor of other alternatives that promote a greater impact on the receiver?
Q7. Do you believe that the way of marketing television will be changed, replacing GRP cost with CPM as Atresmedia is doing?
Q8. How has the rise of pay TV affected free-to-air (generalist) TV channels? And OTTs?

Results

The results of the first part of the study (quantitative) show that Telecinco is currently the channel that pays the most for its advertising space, while Cuatro is the cheapest channel (Table 3). In this case, for the same 20" of advertising on Telecinco we would pay 136% more than on Cuatro (10,597.5 € vs. 4,484 €).
Regarding the evolution of the purchase prices of television commercials over the last five years, the data show that Antena 3 and La Sexta are the channels that have increased their prices the most, by 20% in both cases. On the other hand, Telecinco, although it increased these costs by 17% in 2022, decreased them the following year, so the difference between 2023 and 2019 is only 2%. Finally, Cuatro stands out, since in these 5 years it has lowered the price of its spots by 40%; the largest price drop was recorded in 2021 with 35% over the previous year (Table 2).
Pearson's statistic reflects non-significant positive correlations in all cases, except for Cuatro, whose rates have decreased significantly over the last five years (p=.002).

Table 2: Evolution of spot prices 20" (2019-2023)

	Antena 3		**Cuatro**		**La Sexta**		**Tele5**	
	€	**% Dif. Previous year**	**€**	**% Dif. Previous year**	**€**	**% Dif. Previous year**	**€**	**% Dif. Previous year**
2019	7.942		7.422		4.402		10.370	
2020	8.617	8%	7.616	3%	4.848	10%	10.629	2%
2021	8.732	1%	4.930	-35%	4.689	-3%	10.921	3%
2022	9.061	4%	4.682	-5%	5.026	7%	12.758	17%
2023	9.555	5%	4.484	-4%	5.276	5%	10.588	-17%
2023 vs. 2019		20%		-40%		20%		2%
Pearson	,076 (p=,339)		-,272 (p=,002)		,061 (p=,489)		,041 (p=,654)	

Chain/ year				

Source: Authors elaboration

If we look at the average amounts per time slot in 2023, the most expensive time slot to advertise is prime time with an amount of €14,620 and the cheapest is mornings with €784. In this respect, an ad in the prime-time slot (22:00 hours) is 1.765% more expensive than the same ad placed at noon (Table 3).

The analysis of prices by time slot and year shows that the midday time slot has seen the greatest increase in prices over the last five years. A 20-second spot in this time slot is 48% more expensive in 2023 than in 2019. In contrast, the tabletop slot has decreased its amounts by 8% since 2019 (Table 3).

Pearson's correlation data reflect negative correlations in the morning, afternoon, and evening time slots and positive correlations in the midday, prime-time, and early morning time slots, but none are statistically significant.

Table 3. 20" spot prices by band and year

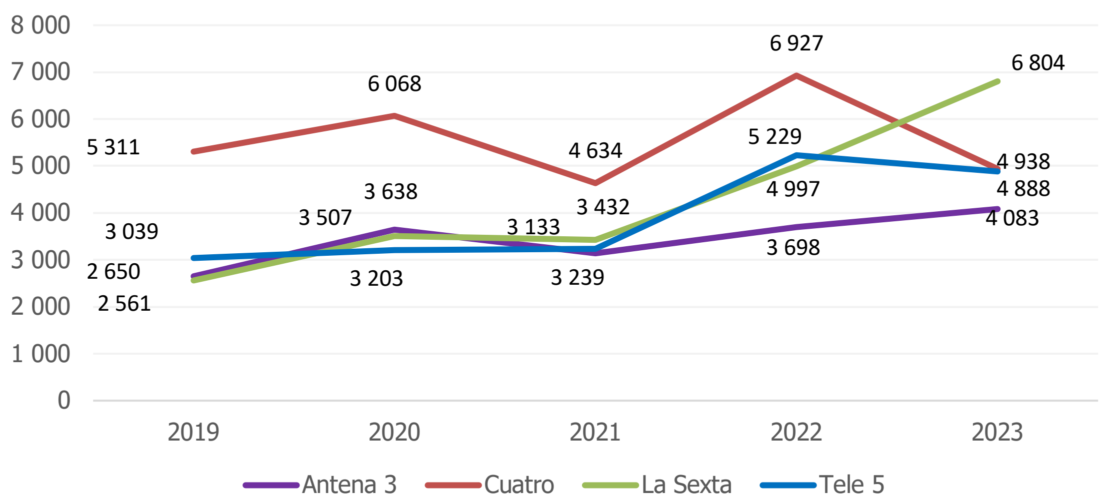
		2019	2020	2021	2022	2023	2023 vs. 2019	Pearson Franja/ year
Tomorrow	€	815	988	854	821	784		-,053 (p=,638)
	% Dif. Previous year		21%	-14%	-4%	-5%	-4%	
Noon	€	2.600	3.032	3.186	3.600	3.941		,202 (p=,139)
	% Dif. Previous year		17%	5%	13%	75	48%	
Tabletop	€	6.436	6.529	6.143	5.814	5.908		-,085 (p=,492)
	% Dif. Previous year		1%	-6%	-5%	2%	-8%	
Afternoon	€	6.536	6.500	5.919	5.873	6.195		-,075 (p=,592)
	% Dif. Previous		-1%	-8%	-2%	5%	-5%	

	year							
PrimeTime	€	14.185	15.048	14.423	14.798	14.620		,016 (p=,818)
	% Dif. Previous year		6%	-4%	3%	-1%	-3%	
Early Morning	€	2.062	2.151	1.708	4.034	1.940		,063 (p=,573)
	% Dif. Previous year		3%	-19%	139%	-52%	-6%	

Source: Authors elaboration

The analysis of the profitability of the main national channels operating free-to-air in Spain for the Adults + 16 audience shows that Cuatro has always been the least profitable channel, since its costs per grp's are higher than those of the other channels, except for 2023 when it was surpassed by La Sexta.
On the other hand, the graph shows that in the first three years 2019, 2020, and 2021 the profitability of the other channels was similar, but from 2022 onwards Telecinco and La Sexta have lost profitability in their spots in favor of Antena 3, which is the most profitable TV channel to reach audiences over 16 years of age (Figure 3).

Figure 3. Profitability of TV channels (2019-2023) for the audience of Adults +16 years old



Source: Authors elaboration

This historical series reflects that the television medium is becoming less and less profitable. The results show that reaching 100 adults in 2013 cost €3,345 while reaching the same percentage of the population in 2023 costs €5,148 (Table 6).

The Pearson correlation reflects significant positive correlations in Antena 3, La Sexta, and Telecinco, which means that their costs per gross rating point have increased over the years. In Cuatro, however, this correlation is almost nil and not significant.

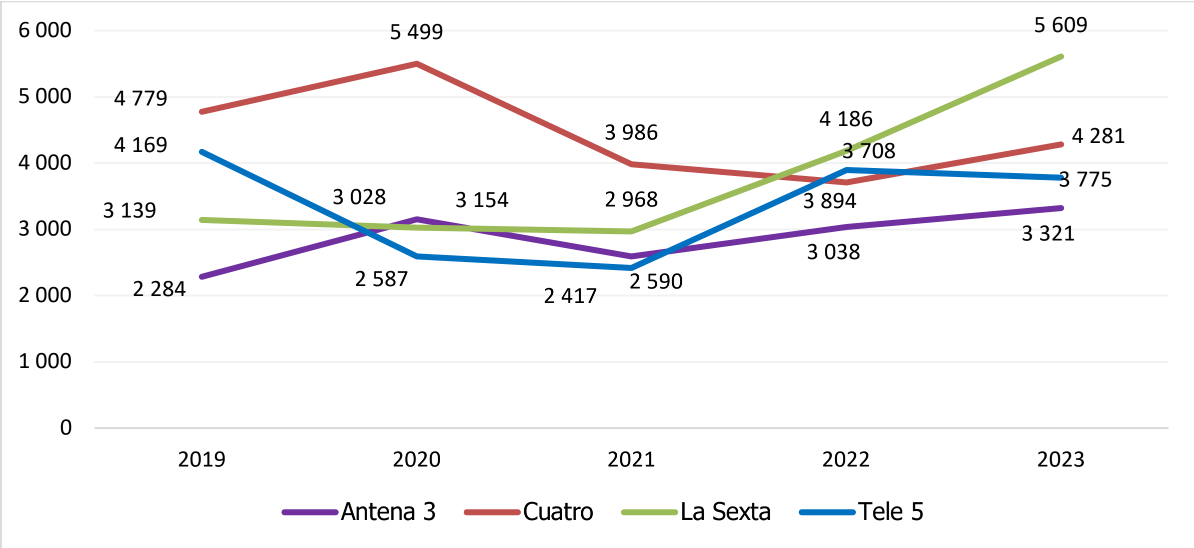
Table 4. Profitability of TV channels (2019-2023) audience Adults +16 years old

	Antena 3		**Cuatro**		**La Sexta**		**Tele5**	
	€	**% Dif. Previous year**	**€**	**% Dif. Previous year**	**€**	**% Dif. Previous year**	**€**	**% Dif. Previous year**
2019	2.650		5.312		2.561		3.039	
2020	3.638	37%	6.068	14%	3.507	37%	3.203	5%
2021	3.133	-14%	4.634	-24%	3.432	-2%	3.239	1%
2022	3.698	18%	6.927	49%	4,997	46%	5.229	61%
2023	4.028	10%	4.938	-29%	6.804	36%	4.888	-7%
Average	3.440		5.582		4.298		3.920	
2023 vs. 2019		54%		-7%		166%		61%
Pearson Chain/ year	,261 (p=,001)		,005 (p=,956)		,449 (p=,000)		,275 (p=,002)	

Source: Authors elaboration

The analysis of the profitability of television channels focused on the responsible home shopping target (RCH) reflects that the most expensive channel to impact was Cuatro until 2021 but then it was surpassed by La Sexta. While the most profitable for this audience are Antena 3 (2019, 2022 and 2023) and Telecinco (2020 and 2021) (Figure 4).

Figure 4. Profitability of TV channels (2019-2023) for RCH audience



Source: Authors elaboration

The historical series reflects these losses in profitability over these 5 years. While in 2019 it cost €3,501 to reach 100 people in the home shopping target, today it costs €4,260 to reach them with a 20" commercial message (Table 6).

Today, the cheapest channel to impact the home shopping public is Antena 3 with 3,321 euros, followed by Telecinco with 3,775 euros (Table 5).

Table 5. Profitability of TV channels (2019-2023) RCH audience

	Antena 3		**Cuatro**		**La Sexta**		**Tele5**	
	€	**% Dif. Previous year**	**€**	**% Dif. Previous year**	**€**	**% Dif. Previous year**	**€**	**% Dif. Previous year**
2019	2.284		4.779		3.139		4.169	
2020	3.154	38%	5.499	15%	3.028	-4%	2.587	-38%
2021	2.589	-18%	3.986	-28%	2.968	-2%	2.417	-7%
2022	3.038	17%	3.708	-7%	4,186	41%	3.894	61%
2023	3.321	9%	4.280	15%	5.609	34%	3.368	-3%
Average	2.876		4.432		3.808		3.368	
2023 vs. 2019		45%		-10%		79%		-9%

Pearson Chain/ year	,206 (p=,009)	-,192 (p=,029)	,331 (p=,000)	-,017 (p=,850)

Source: Authors elaboration

Finally, if we compare the profitability of the channels for the two targets, we can see how the television medium is more profitable if our product is aimed at the audience that makes the purchase at home (RCH) than at a general audience of Adults +16 years old, since the c/grp's of this audience is higher in the entire serious history, except for 2019, where costs were similar. Pearson's data reflect that costs per grp`s have increased over the years in both audiences analyzed but are only significant in the case of Adults +16 years (Table 6).

Table 6. Profitability by years and by target audiences

	Average of c/grp's adults	**Average c/grp's rch**	**% variation previous year**
2019	3.345	3.501	5%
2020	4.082	3.549	-13%
2021	3.594	2.984	-17%
2022	5.131	3.665	-29%
2023	5.148	4.216	-18%
Pearson w/grps/year	,171 (p=,000)	,080 (p=,062)	

Source: Authors elaboration

The results of the interviews conducted with advertising industry professionals on the future of free-to-air national television as a medium recognize that the reach (coverage) and notoriety of its ads continue to be the main advantages of free-to-air television as an advertising medium.

In this regard, interviewee 5 states "It remains a medium with a great capacity to reach viewers and create a large geographical coverage, there are sectors of the population that are very difficult to reach if not through these conventional media" while interviewee 10 also considers that television advertising is a safe environment "Greater coverage than other media, notoriety and safety environment".

About the disadvantages, professionals maintain that the loss of audience -especially in audiences over 45 (interviewee 4)-, the profile of older audiences -also called senior audience (interviewee 11) or mature target (interviewee 12)- and the high cost of its advertising space are the major drawbacks of television as an advertising medium.

Professionals would recommend that advertisers in the FMCG, Food, Automotive, and Telecommunications sectors use television in their campaigns, especially because of their need for coverage. Respondent 2 says in this regard "Telephony, Automotive, Insurance, Direct Response, FMCG. Because of the fast coverage and because it is a quality audiovisual medium".

It is worth mentioning the response of interviewee 13 who states: "To the Telco sector because television is the most effective medium in terms of notoriety, which has a halo effect that lasts and enhances the rest of the media and optimizes the investment in terms of notoriety". These advertisers have started to diversify their budget between general TV and OTTs in search of capturing a younger audience that they do not find in conventional channels, "Little by little they are betting more on pay TV and OTTs to reach the younger audience that is far from linear TV" (interviewee 14).

Regarding the future of television as an advertising medium, professionals maintain that the media must continue adapting to the new digital scenario if it does not want to die due to audience loss "They will lose more and more audience and will have to diversify their business models" (interviewee 16); although they are not sure if the payment methods in these channels would be successful "In the subscription model it seems complicated for a generalist television..." (interviewee 4).

Despite this, all respondents predict that in the short-term general channels will be able to continue living off advertising revenues, "Yes, it is a sector with a lot of strength acquired because of its history" (Interviewee 3), "In the short term yes, because it is still the king medium. In the long term it needs to adapt" (Interviewee 6).

There is no unanimity on what is going to happen to the advertising spot. Some professionals maintain that it will not change, such as interviewee 9, who says "I don't think they will disappear, because no matter how much they are lost, it is a format that is well established in the sector", while others, such as interviewee 14, affirms that "The large blocks will be reinvented and shorter blocks or formulas that guarantee greater effectiveness in terms of recall will be sought"; or interviewee 16, "Yes, they will need to seek more qualitative options that capture the consumer's attention more".

Finally, all the interviewees except for interviewees 3, 10, and 11 believe that they will change the form of advertising marketing to Cost per thousand impressions (CPM) as the Atresmedia group has already done, arguing that "... it favors the comparison of campaign metrics with the Digital environment" (interviewee 14). Opponents argue it as "At the moment Atresmedia, although it markets at CPM, does not offer any of the advantages of digital media such as segmentation or frequency, so it is simply a change of name without any extra benefit" (interviewee 10).

Discussion and Conclusion

The results of this study show that advertising spots on national free-to-air television are becoming increasingly more expensive, especially on channels such as La Sexta and Antena 3, which have raised their prices over the last five years. These data also support the data from the study by Ortega-Fernández, et al., (2022) regarding conventional media buying in general.

Even though its prices have not changed much in recent years, Telecinco continues to be the channel with the highest prices, while Cuatro is the one with the cheapest rates.

Regarding prices by time slot, prime time remains the television slot with the highest cost compared to the rest of the grid, and this slot is led in audience by Antena 3, which is the most profitable from 2022 onwards (Barlovento Comunicación, May 2023). The prices of this slot have also increased in recent years along with those of the midday slot, while the rest of the spaces have seen their amounts decrease.

However, it is necessary to consider the research by González Neira and Fernández Martínez (2019) that reflects the difficulty of programming for a prime time that is affected by non-linear consumption.

In terms of profitability, this study shows that it is more profitable to use the television medium to impact the home shopping audience, focused on women, than the generic audience of adults +16 years old. These differences have become more acute in the last years analyzed, which is why shopping basket ads fill the advertising breaks on free-to-air television.

The surveyed professionals affirm that coverage and notoriety are still the main advantages of free-to-air TV, but that they face the major drawback of an aging profile, which makes advertisers diversify their advertising budget with OTTs in search of capturing young audiences.

Although they all believe that the way television is marketed must adapt to digitalization, they believe that in the short term, it will be able to continue surviving on advertising revenues.

However, there is no unanimity as to whether it will have to change the form of the spots and commercial breaks in a search for greater impact and recall. Finally, most of them believe that the rest of the free-to-air channels will switch to CPM buying, as the Atresmedia group is doing, although now it is only a change of name and does not imply any link to the digital environment.

The limitations of this study are due to the sample, since it only focuses on national free-to-air television, leaving aside regional, local, and pay TV channels for future lines of research due to the difficulty of comparing both due to the differences in their consumption.

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