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Trends in linear television revenues

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1. Blurring frontier of linear and non-linear revenues

Linear audiovisual services increasingly tend to propose non-linear derived versions whose revenues are not necessarily accounted separately. The specific linear revenues hence can only be approximated:

- The measurement of audiences of television channels includes in almost every EU country some level of on-demand time-shifted viewing. Advertising may be charged based on these combined linear and non-linear audiences.

Table 1 : Audience measurement definitions in EU countries

Country	Audience measurement
AT	Live + VOSDAL ¹ + 6 days
BE (National)	Live + VOSDAL + 6 days
BE (VLG)	Live + VOSDAL + 6 days
BE (CFB)	Live + VOSDAL + 6 days
BG	Live
HR	Live
CY	Live
CZ	Live + 7 days
DK	Live + VOSDAL + 7 days
EE	Live + VOSDAL + 7 days
FI	Live + VOSDAL + 7 days
FR	Live + VOSDAL + 7 days
DE	Live + VOSDAL + 3 days
GR	Live
HU	Live + VOSDAL + 7 days
IE	Live + VOSDAL + 7 days
IT	Live + VOSDAL + 7 days
LV	Live
LT	Live
NL	Live + VOSDAL + 6 days
PL	Live + 7 days
PT	Live
RO	Live + VOSDAL + 7 days
SK	Live + VOSDAL + 7 days
SI	Live
ES	Live

¹ "Viewing On Same Day As Live"



Country	Audience measurement
SE	Live + VOSDAL + 7 days
UK	Live + VOSDAL + 7 days

OBS based on Eurodata TV Worldwide

- Advertising collected by the catch-up television service of a linear channel may be included in the advertising revenues of the channel.
- Pay-TV services may include non-linear services, such as “pay-per-view” or video-on-demand services distributed by cable operators or IPTV telecommunications operators, whose revenues that cannot be isolated.

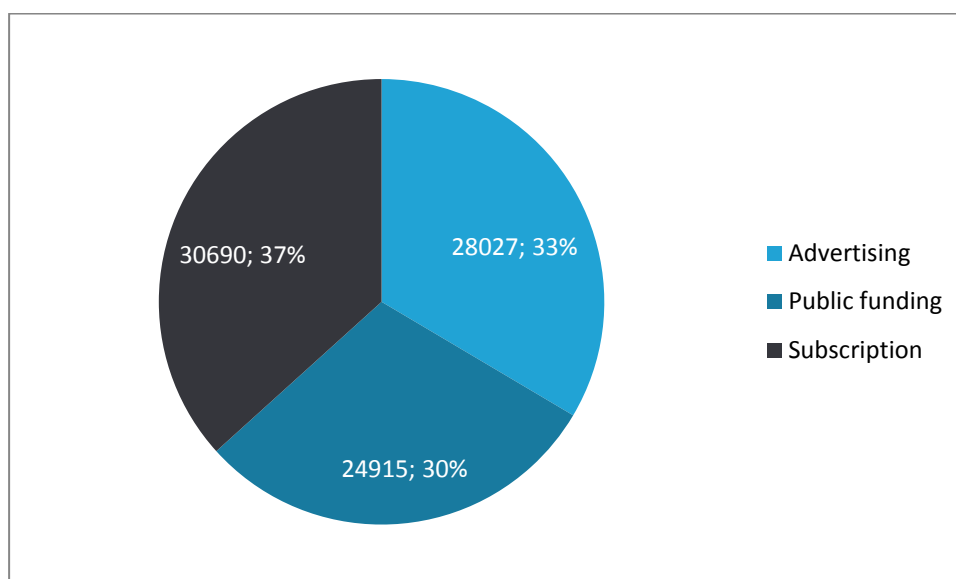
2. Market overview: the three revenue pillars

Linear audiovisual services are funded through three sources:

- Advertising on television channels, both public and commercial.
- Subscription to pay-television services, either directly to a service, or through a commercial packager.
- Public funding of Public Service Broadcasters.

The global linear television market in the EU represented 83.6 bn EUR in 2013, divided relatively equally between the three sources of revenues:

Figure 1: Breakdown of the audiovisual EU market by source of revenue – 2013 (m EUR and %)



Source: OBS



Within the EU, strong differences appear in terms of:

- **Absolute market size:** in 2013, the 5 largest EU markets accounted for almost 70% of the total EU market; the 10 largest EU markets accounted for more than 85% of the total EU market
- **Market maturity:** the market per TV household ranged in 2013 from over 100 EUR to over 700 EUR.
- **Market structure:** the relative share of advertising, subscription and public funding vary significantly between countries. Subscription, for example, account from 19% to 67% of global revenues, advertising from 18% to 72% of global revenues, and public funding from under 10% to over 47% of global revenues.

Table 2: the linear television market in the EU by country - 2013

Country	Linear television market (bn EUR)	Revenues per TV household (EUR)	Market breakdown		
			Advertising	Subscription	Public funding
AT	1 805,6	499,8	45%	20%	34%
BE	2 439,5	521,4	37%	41%	22%
BG	548,3	190,9	64%	25%	11%
CY	82,4	272,7	34%	32%	33%
CZ	892,1	201,1	37%	26%	37%
DE	16 768,6	433,9	27%	27%	46%
DK	1 692,7	724,9	18%	53%	29%
EE	98,0	178,2	25%	46%	29%
ES	4 884,1	279,3	35%	32%	34%
FI	1 239,9	513,2	25%	39%	37%
FR	11 546,9	425,1	31%	37%	31%
GB	17 039,3	604,6	31%	41%	28%
GR	703,2	159,6	n.a.	n.a.	n.a.
HR	345,7	211,2	28%	25%	47%
HU	908,2	245,4	26%	46%	28%
IE	1 023,0	631,1	26%	53%	21%
IT	8 090,2	321,6	44%	35%	21%
LT	155,4	116,6	30%	38%	32%
LU	48,9	230,9	32%	67%	1%
LV	115,9	140,7	28%	61%	11%
MT	31,9	224,7	n.a.	n.a.	n.a.
NL	3 085,2	418,0	27%	52%	21%
PL	2 792,4	207,6	36%	59%	5%
PT	2 537,4	652,8	58%	35%	8%
RO	769,4	107,4	21%	51%	28%
SE	2 616,3	576,7	29%	42%	29%



Country	Linear television market (bn)	Revenues per TV household (EUR)	Market breakdown		
SI	286,3	347,5	38%	29%	34%
SK	1 085,7	604,2	72%	19%	9%
EUR 28	83 632,6	396,8	34%	37%	30%

Source: OBS

3. Market dynamics: crisis in advertising, slower subscription growth

The following table provides an overview of the evolution of the linear audiovisual services market over the 2009-2013 time period.

Table 3: Evolution of the European Union linear audiovisual market – 2009 – 2013 - m EUR

	2009	2010	2011	2012	2013	2013/12	CAGR 2013/2009
Advertising	26606	29195	29284	28155	28027	-0,5%	1,3%
Public funding	23985	24747	25142	25201	24915	-1,1%	1,0%
Subscriptions	24284	26941	28506	30008	30690	2,3%	6,0%
Total	74876	80882	82932	83364	83633	0,3%	2,8%

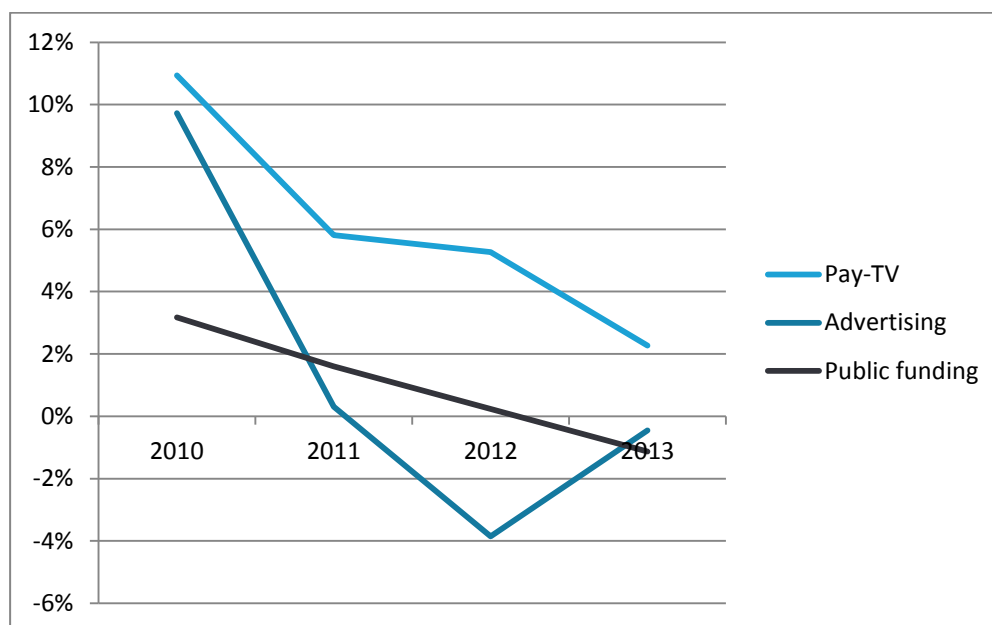
Source: OBS, from WARC, IHS, EBU

Despite relatively poor economic conditions, the linear audiovisual sector has experienced globally a period of growth since 2009. However, it should be noted that:

- The 2013 growth rate was only 0.3% in 2013, to be compared with an average annual 2.8% from 2009 to 2013, demonstrating a clear slowdown in the growth.
- Regarding advertising, 2009 marked a recovery after a drastic fall in 2008.



Figure 2: Growth rate of the audiovisual market segments in the EU – 2010-2013 (%)



Source: OBS, from WARC, IHS, EBU

Within the EU, annual average growth rates between 2009 and 2013 have varied between -5.8% in Greece and 8.5% in Lithuania. Differences between countries can be the consequence of several factors, including:

- The local economic conditions.
- The degree of maturity of the market.
- The competition between services and level of prices.

Table 4: Evolution of the European Union linear audiovisual market by country – 2009 – 2013 - m EUR

Country	2009	2010	2011	2012	2013	CAGR 2013/2009
AT	1 403,7	1 517,5	1 591,8	1 688,3	1 805,6	1,7%
BE	2 151,6	2 338,3	2 362,4	2 389,3	2 439,5	0,5%
BG	459,0	441,5	458,6	502,4	548,3	2,2%
CY	120,1	120,8	102,2	92,6	82,4	-2,9%
CZ	944,0	915,6	942,6	925,9	892,1	-0,9%
DE	14 932,6	15 537,0	15 811,5	16 195,8	16 768,6	0,9%
DK	1 405,5	1 459,1	1 546,9	1 639,1	1 692,7	0,8%
EE	69,2	83,2	90,4	91,5	98,0	1,7%
ES	5 358,5	5 845,0	5 904,3	5 362,2	4 884,1	-2,3%
FI	984,7	1 027,2	1 121,5	1 168,8	1 239,9	1,5%
FR	10 178,2	10 779,2	11 365,1	11 466,5	11 546,9	0,2%



Country	2009	2010	2011	2012	2013	CAGR 2013/2009
GB	14 286,7	16 261,6	16 451,1	17 248,7	17 039,3	-0,3%
GR	1 180,6	1 094,1	992,9	894,9	703,2	-5,8%
HR	162,4	171,1	175,0	329,4	345,7	1,2%
HU	791,5	752,0	875,5	873,1	908,2	1,0%
IE	883,8	937,2	975,2	962,9	1 023,0	1,5%
IT	8 701,7	9 544,1	9 455,5	8 651,8	8 090,2	-1,7%
LT	127,0	99,5	105,2	112,1	155,4	8,5%
LU	40,7	43,9	46,2	46,4	48,9	1,3%
LV	89,0	93,3	107,6	117,5	115,9	-0,3%
MT	28,1	32,5	35,1	36,4	31,9	-3,2%
NL	2 855,8	3 044,2	3 175,4	3 041,9	3 085,2	0,4%
PL	1 946,7	2 504,4	2 606,2	2 630,8	2 792,4	1,5%
PT	2 145,2	2 345,9	2 402,3	2 308,1	2 537,4	2,4%
RO	778,1	794,6	732,7	748,9	769,4	0,7%
SE	1 816,6	2 109,3	2 359,7	2 589,6	2 616,3	0,3%
SI	304,7	220,5	233,5	253,5	286,3	3,1%
SK	729,9	769,8	905,7	995,7	1 085,7	2,2%
EUR 28	74 875,7	80 882,1	82 932,0	83 364,1	83 632,6	0,1%

4. Segment analysis: advertising

Advertising experienced a crisis in 2008, started recovering in 2009 and is decreasing again since 2011. TV advertising revenues in 2013 were 10% down from 2008, despite, as indicated in the “Blurring frontier of linear and non-linear revenues” section of this note, the incorporation of some level of non-linear revenues. Several factors may account for this crisis:

- Advertising expenses tend to be correlated to the global economic situation.
- The multiplication of television channels has increased the level of competition and has therefore translated into pressure on advertising tariffs.
- Internet as an advertising media has gained credibility and has become the second support for advertising after television. It should be noted here that television has better resisted this new competition than other supports such as magazine and newspapers, and that its market share of the global advertising spending has remained relatively stable at about 32%.



Table 5 : Television advertising revenues in the EU – 2010-2013 (%)

Country	2009	2010	2011	2012	2013	CAGR 2013/2009
AT	602,8	647,5	698,6	749,1	819,9	8,0%
BE	910,1	990,0	974,1	925,7	905,0	-0,1%
BG	239,6	240,0	260,3	297,2	351,1	10,0%
CY	62,6	59,1	47,5	35,5	28,4	-17,9%
CZ	357,1	358,9	376,3	358,8	327,5	-2,1%
DE	4003,6	4349,1	4379,1	4441,5	4537,6	3,2%
DK	276,5	302,9	337,8	315,7	296,5	1,8%
EE	7,1	21,1	22,9	22,3	24,1	35,7%
ES	2377,8	2471,9	2237,2	1815,3	1703,4	-8,0%
FI	263,6	295,6	314,4	311,2	305,8	3,8%
FR	3449,8	3836,7	3898,0	3720,8	3589,2	1,0%
GB	4163,9	5004,2	5044,1	5438,4	5287,2	6,2%
GR	679,0	524,8	509,7	422,5	514,3	-6,7%
HR	118,8	110,9	105,9	96,2	96,4	-5,1%
HU	234,6	198,0	214,1	200,7	233,1	-0,2%
IE	277,0	283,2	293,2	274,9	269,8	-0,7%
IT	4358,9	4774,7	4624,3	3917,5	3526,8	-5,2%
LT	41,8	44,2	46,8	47,5	47,1	3,0%
LU	15,0	15,0	14,8	13,9	15,5	0,8%
LV	29,3	29,1	31,0	32,0	32,5	2,6%
MT	7,1	7,5	7,4	7,1	n.a.	n.a.
NL	791,5	875,4	914,8	864,5	834,3	1,3%
PL	655,6	929,4	965,9	884,9	1010,1	11,4%
PT	1301,4	1405,1	1382,0	1265,8	1462,1	3,0%
RO	227,1	250,2	213,6	175,8	165,0	-7,7%
SE	502,2	598,2	693,8	748,1	755,8	10,8%
SI	157,1	60,9	72,5	76,3	108,0	-8,9%
SK	495,5	510,9	604,0	695,8	780,8	12,0%
EUR 28	26 606	29 195	29 284	28 155	28 027	1,3%

Source: Warc



5. Segment analysis: subscription

Subscription revenues grew annually of 6% in average between 2009 and 2013 as the pay-TV market has benefited from several positive factors:

- The continuing digitization of cable networks, paving the way for the introduction of new digital packages, often generating a higher ARPU² than analogue packages³;
- The dynamics of television services provided by telecommunications operators over copper or fibre networks (“IPTV”) often bundled with telephony and Internet access;
- The generalization of the supply of direct-to-home satellite services where multichannel digital television was not available through cable or IPTV.
- The introduction of innovative services, including HDTV packages, advanced set-top-box and video-on-demand⁴

However, subscription revenues growth rate has been constantly decreasing since 2009 and the pay-TV market may be plateauing, probably due to:

- the very high level of penetration of pay-services in certain countries;
- the emerging competition of subscription video-on-demand services;
- the abundance of free content delivered by the always increasing number of TV channels and by Internet services;
- piracy;

Table 6 : Television subscription revenues in the EU – 2010-2013 (%)

Country	2009	2010	2011	2012	2013	CAGR 2013/2009
AT	273,0	289,0	308,5	343,2	370,0	7,9%
BE	716,9	827,9	885,6	938,6	1 005,9	8,8%
BG	154,5	139,1	138,4	144,6	139,6	-2,5%
CY	21,4	22,8	23,0	24,5	26,8	5,7%
CZ	231,3	244,6	237,3	235,1	234,3	0,3%
DE	3 249,6	3 570,3	3 827,0	4 193,5	4 486,8	8,4%
DK	675,3	690,5	738,0	844,5	898,5	7,4%
EE	35,4	37,7	42,5	43,2	45,1	6,2%

² Average Revenue Per User

³ Higher prices are in particular linked to the provision of a digital set-top-box.

⁴ As explained in the first section of this note, a limited amount of non-linear services revenues are included in the « linear subscription » revenues, as cable operators or telecommunications operators on-demand services are not accounted for separately from linear revenues.



Country	2009	2010	2011	2012	2013	CAGR 2013/2009
ES	1 530,4	1 524,2	1 553,4	1 608,8	1 542,9	0,2%
FI	326,1	333,2	391,7	434,2	479,1	10,1%
FR	3 221,4	3 419,4	3 861,6	4 103,4	4 325,7	7,6%
GB	5 758,5	6 673,1	6 802,7	7 082,1	6 971,2	4,9%
GR	206,6	216,9	177,0	166,2	188,9	-2,2%
HR	43,6	60,2	69,1	72,0	87,0	18,9%
HU	371,0	410,0	439,2	419,5	418,8	3,1%
IE	406,6	458,0	498,4	507,1	538,6	7,3%
IT	2 639,3	2 997,7	3 059,2	2 945,5	2 826,3	1,7%
LT	42,2	45,1	46,8	51,1	59,0	8,8%
LU	25,7	28,3	30,8	31,9	32,8	6,3%
LV	40,3	48,6	60,8	68,2	70,3	14,9%
MT	19,9	22,8	25,2	27,1	28,7	9,6%
NL	1 252,2	1 351,1	1 439,1	1 559,1	1 613,5	6,5%
PL	1 173,2	1 469,4	1 547,1	1 633,5	1 644,2	8,8%
PT	611,6	710,2	780,2	831,3	881,1	9,6%
RO	336,3	339,3	353,9	358,3	392,0	3,9%
SE	718,7	779,0	912,1	1 055,7	1 091,8	11,0%
SI	59,3	64,4	71,9	77,8	81,8	8,4%
SK	143,7	168,3	185,7	208,4	209,5	9,9%
EUR 28	24 284,1	26 940,8	28 506,1	30 008,4	30 690,3	6,0%

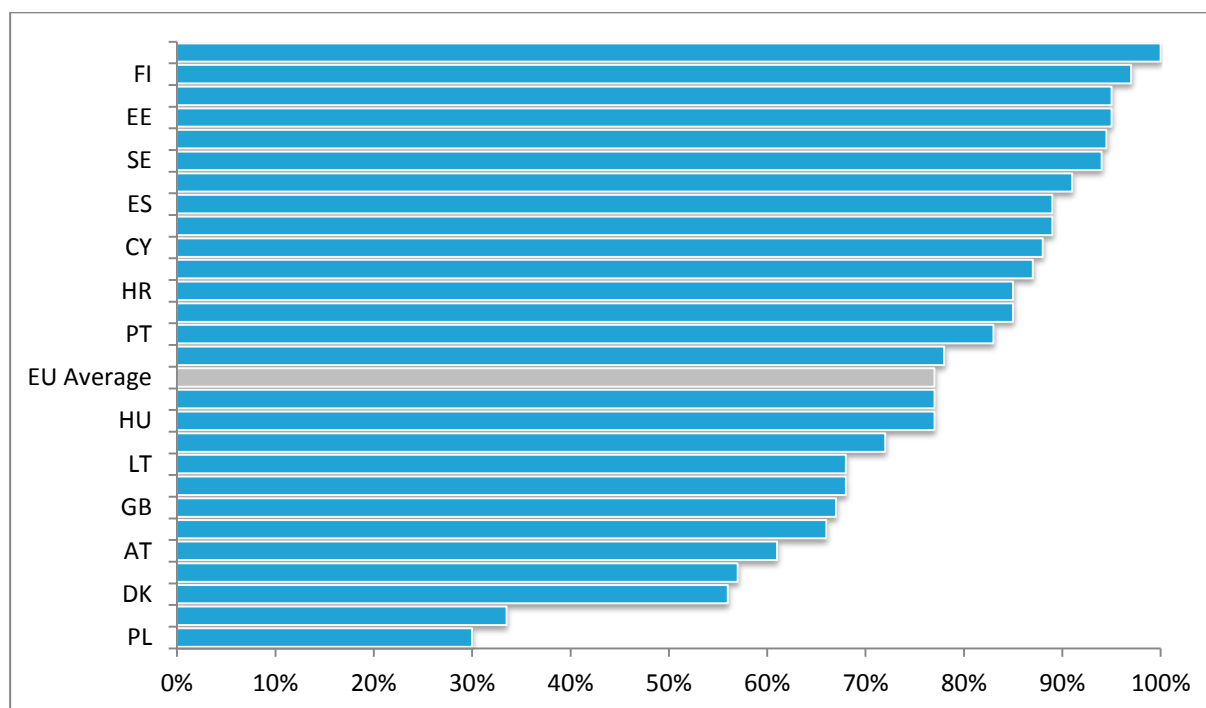
Source: IHS

6. Segment analysis: public funding

Public Service broadcasters combine different sources of revenues, including public funding, advertising, fees paid by pay-TV commercial packagers and sales of TV rights. Public funding accounts in average for 77% of their revenues:



Figure 3: Share of public funding in Public Service Broadcasters revenues by country – 2013 (%)



Source: OBS, EBU

Public funding revenues of Public Service Broadcasters grew annually of 1% in average between 2009 and 2013, with strong differences between Members States.

Table 7 : Television public funding revenues in the EU – 2010-2013 (%)

Country	2009	2010	2011	2012	2013	CAGR 2013/2009
AT	527,9	581,0	584,7	596,0	615,7	3,9%
BE	524,6	520,4	502,7	525,0	528,6	0,2%
BG	64,9	62,4	59,9	60,6	57,6	-2,9%
CY	36,1	38,9	31,7	32,6	27,2	-6,8%
CZ	355,6	312,1	329,0	332,0	330,3	-1,8%
DE	7 679,4	7 617,6	7 605,4	7 560,8	7 744,2	0,2%
DK	453,7	465,7	471,1	478,9	497,7	2,3%
EE	26,7	24,4	25,0	26,0	28,8	1,9%
ES	1 450,3	1 848,9	2 113,7	1 938,1	1 637,8	3,1%
FI	395,0	398,4	415,4	423,4	455,0	3,6%
FR	3 507,0	3 523,1	3 605,5	3 642,3	3 632,0	0,9%
GB	4 364,3	4 584,3	4 604,3	4 728,2	4 780,9	2,3%
GR	295,0	352,4	306,2	306,2	–	–



HR				161,2	162,3	–
HU	185,9	144,0	222,2	252,9	256,3	8,4%
IE	200,2	196,0	183,6	180,9	214,6	1,8%
IT	1 703,5	1 771,7	1 772,0	1 788,8	1 737,1	0,5%
LT	43,0	10,2	11,6	13,5	49,3	3,5%
LU	–	0,6	0,6	0,6	0,6	–
LV	19,4	15,6	15,8	17,3	13,1	-9,4%
MT	1,1	2,2	2,5	2,2	3,2	30,6%
NL	812,1	817,7	821,5	618,3	637,4	-5,9%
PL	117,9	105,6	93,2	112,4	138,1	4,0%
PT	232,2	230,6	240,1	211,0	194,2	-4,4%
RO	214,7	205,1	165,2	214,8	212,4	-0,3%
SE	595,7	732,1	753,8	785,8	768,7	6,6%
SI	88,3	95,2	89,1	99,4	96,5	2,2%
SK	90,7	90,6	116,0	91,5	95,4	1,3%
EUR 28	23 985,2	24 746,8	25 141,8	25 200,7	24 915,0	1,0%

Source: OBS, EBU

7. The impact on broadcasters revenues

The broadcasters only capture a fraction of the final linear audiovisual services market, due to the role of commercial packagers which distribute pay-TV packages in the retail market.

The following table provides an overview of the evolution of the linear audiovisual services over the 2009-2013 time period⁵:

Table 8: The European Union broadcaster's revenues – 2009 – 2013 - m EUR⁶

Broadcasters net revenues (m EUR)	2009	2010	2011	2012	2013	2013/12	CAGR 2013/2009
Public broadcasters (incl. radio)⁷	33474	33851	33724	32664	32547	-0,4%	-0,7%
Mainly advertising-funded channels	19613	21163	21713	21151	20656	-2,3%	1,3%
Thematic channels (est.)⁸	9341	10047	10996	10733	10835	0,9%	3,8%
Local TV (est.)	1326	1395	1350	1278	1138	-10,9%	-3,7%
Total	63754	66456	67783	65826	65175	-1,0%	0,6%

Source: OBS, Amadeus, EBU

⁵ These figures derive from the analysis and compilation of broadcasters financials. They should be considered as indicative.

⁶ This table is not fully comparable to the table "The European Union linear audiovisual market – 2009 – 2013 – mEUR" as radio revenues of Public broadcasters cannot be separated from television revenues and are therefore included.

⁷ The Public Broadcasters revenues have decreased even if Public funding as slightly increased over the period, as their resources also include advertising and other commercial resources. The figures suggest that PSBs market share of advertising revenues has decreased since 2009.

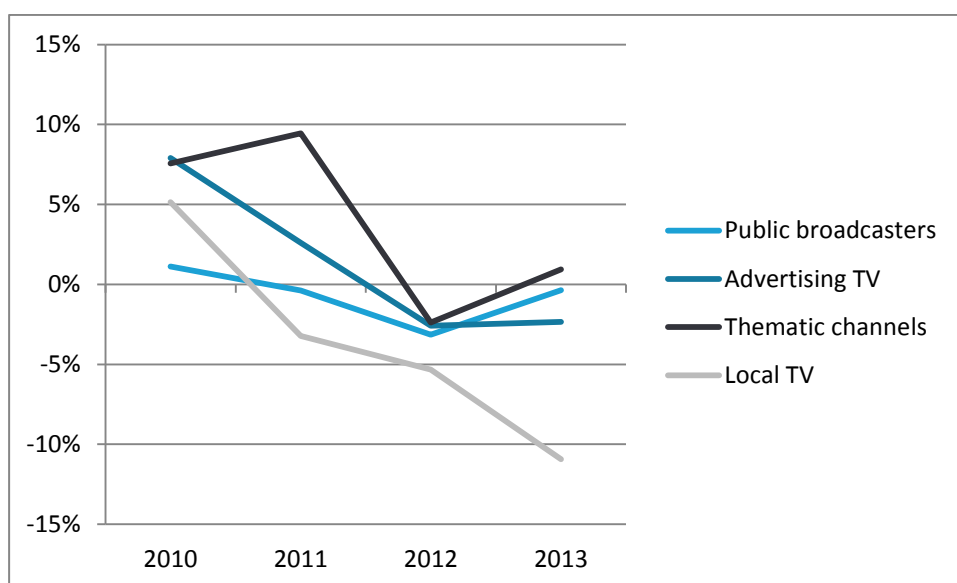
⁸ Thematic channels revenues may include fees paid by the commercial distributors and advertising.



From 2009 to 2013, the television channels revenues growth rate has been lower than the growth rate of the final market, which can be explained by the increasing share of the final market for pay-TV and therefore the increasing share of the final market captured by commercial distributors.

Among television channels, those mainly funded by advertising (i.e. “Mainly advertising-funded channels”, corresponding mainly to the “legacy” terrestrial channels, and to “local” television channels) have experienced the lowest growth rate between 2009 and 2013, as a direct consequence of the advertising crisis. The thematic channels, whose revenues mix advertising and fees from the pay-TV commercial distributors or from direct subscription revenues, have benefited from the dynamics of pay-TV.

Table 9: Growth rate by category of broadcasters – 2010-2013 (%)



Source: OBS