Traditional broadcasting – is it still relevant?

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OBSERVATOIRE EUROPÉEN DE L'AUDIOVISUEL
EUROPEAN AUDIOVISUAL OBSERVATORY
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COUNCIL OF EUROPE
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Trends in the broadcasting market

Gilles Fontaine
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Overview

1. A slow crisis

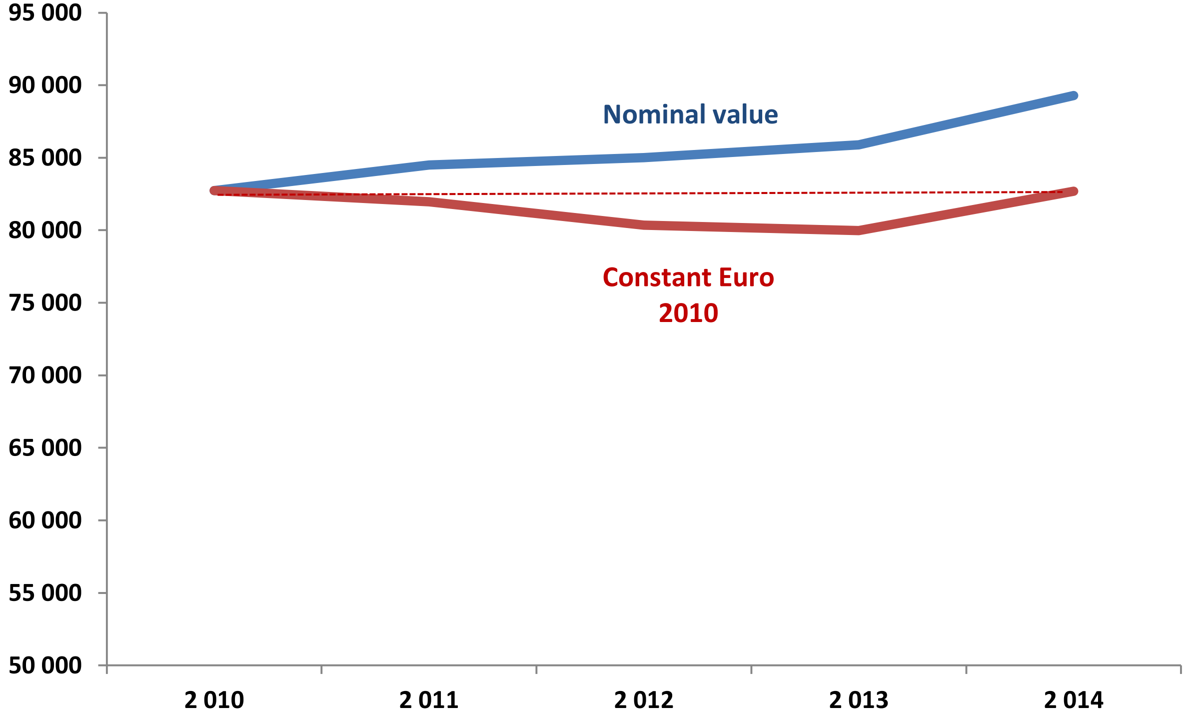
2. More competition ahead

3. The Empire strikes back

A slow crisis ?

No growth in constant Euro between 2010 and 2014

Is it due to Internet and on-demand yet ?



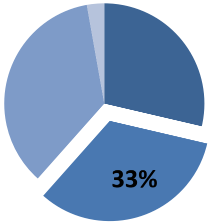
OBS, WARC, IHS, EBU/MIS

The 3 pillars of audiovisual services funding

On-demand only accounts for about 3% of total revenues

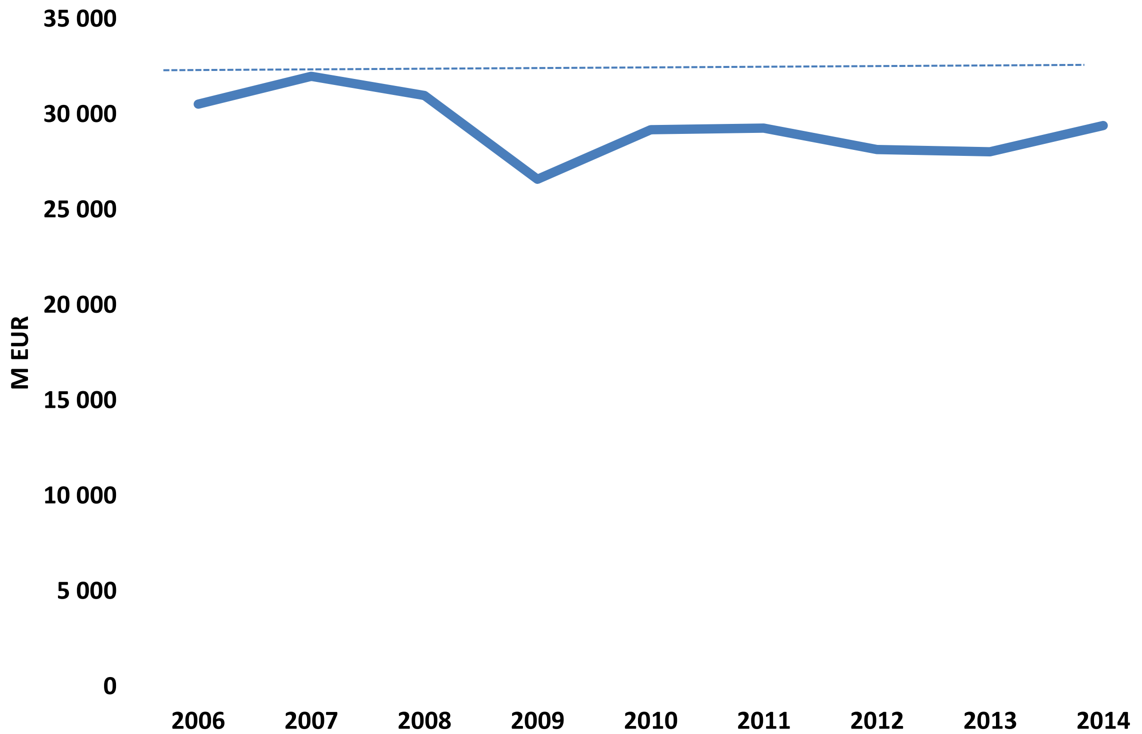
EU 2014 **CZ 2014**

OBS, WARC, IHS, EBU/MIS

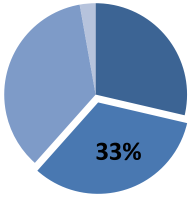


Advertising: recovery or transformation ?

EU TV advertising revenues lower in 2014 than in 2007



WARC



Advertising: recovery or transformation ?

Linear television has reached a plateau

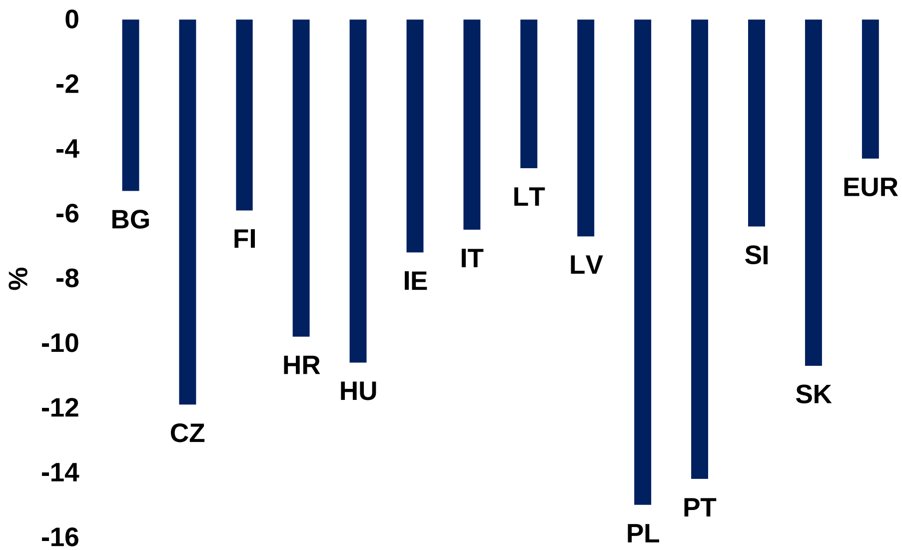
Daily viewing time decreased in **12** EU countries in 2014

Competition from Internet advertising

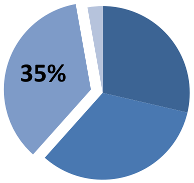
Internet advertising higher than TV advertising in **7** EU countries in 2014

TV audience is more fragmented

The audience share of the top 4 TV channels decreased between 2011 and 2014

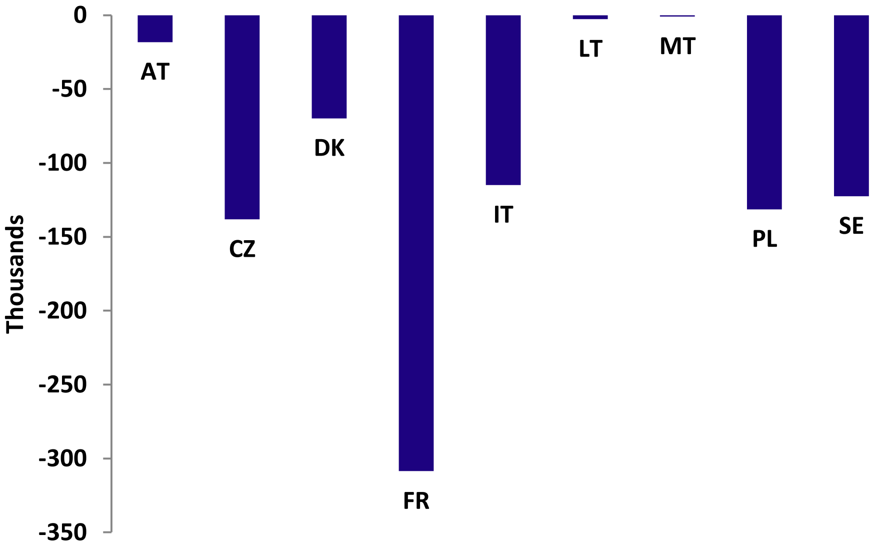


MEDIAMETRIE

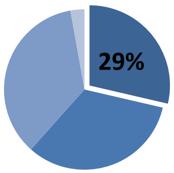


Pay-TV still growing – but not everywhere

The number of pay-TV subscribers decreased in 9 EU countries between 2013 and 2014

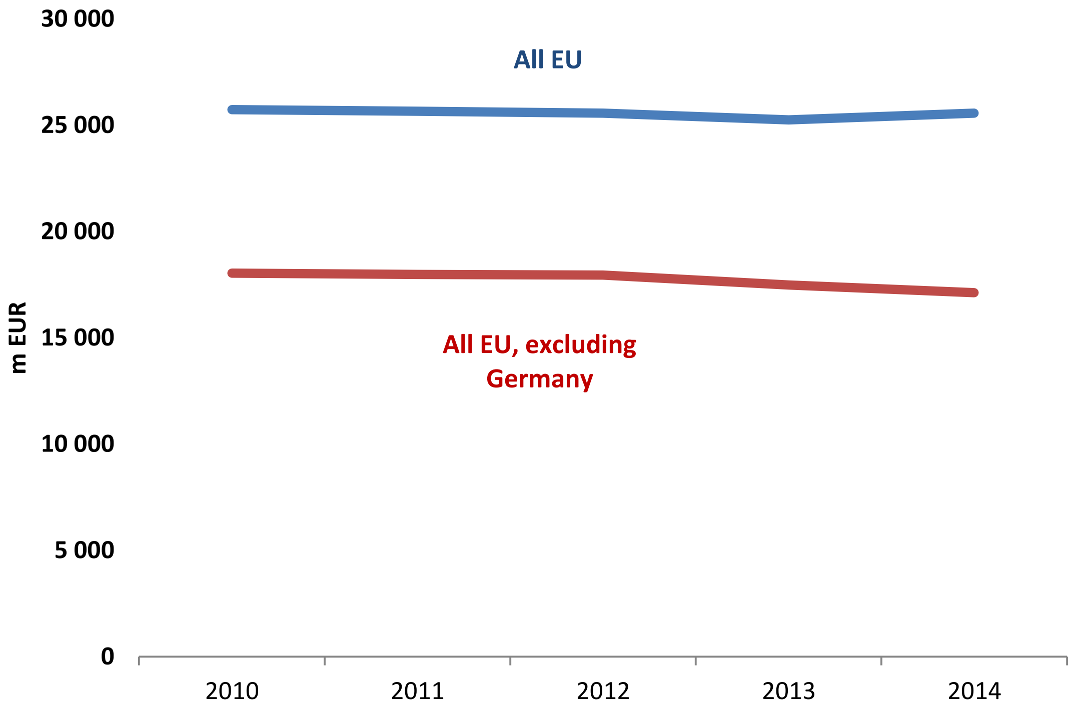


AMPERE



Public funding under pressure

Public funding decreased in average of 1.2% per year between 2010 and 2014 (excluding Germany)

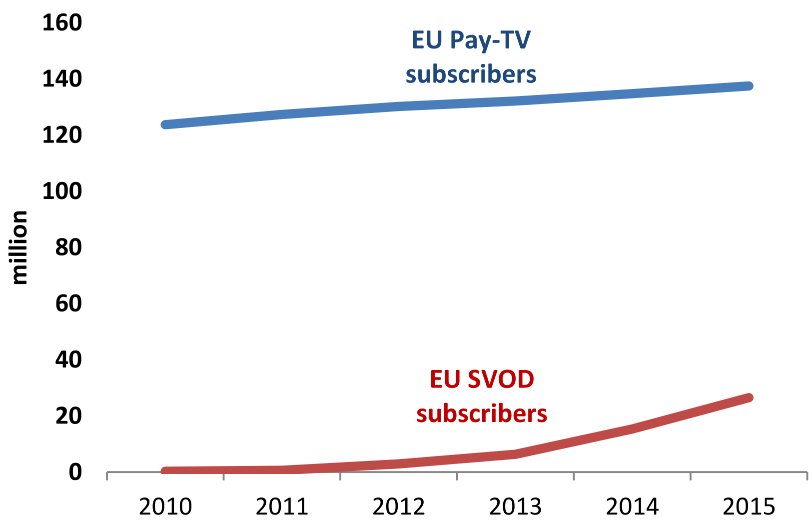


OBS, EBU/MIS

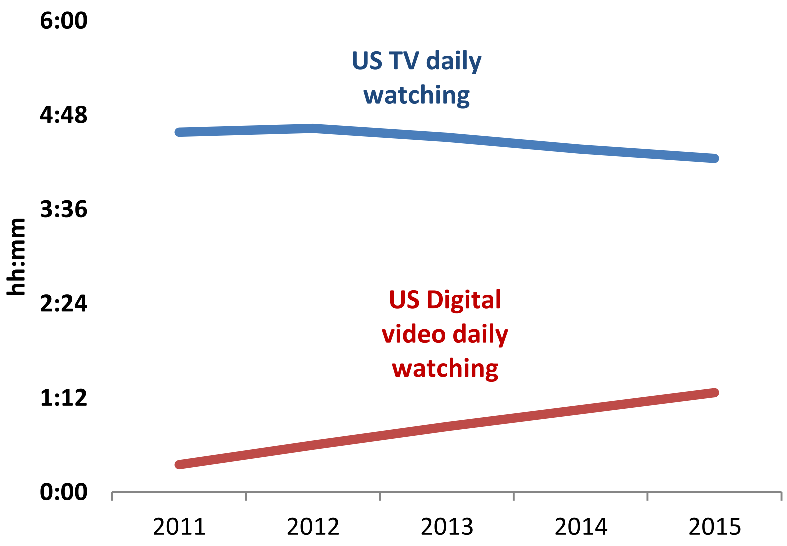
The impact of on-demand/internet has been low so far

Linear still represents the vast majority of time spent and revenues

Still, on-demand is growing (fast)



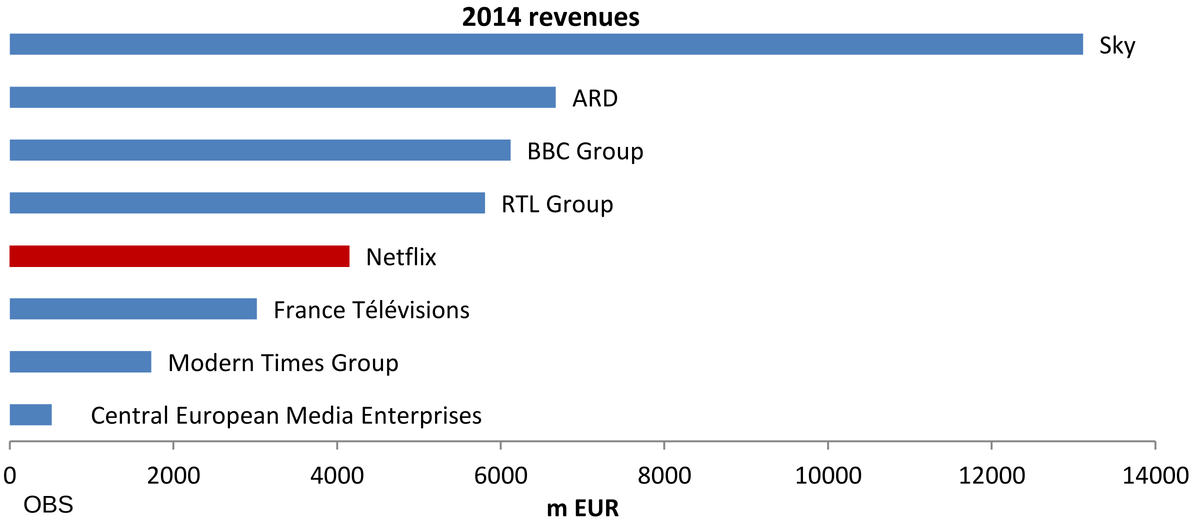
AMPERE



EMARKETER

Internet services can leverage strong assets:

- Always improving quality of service of OTT delivery
- Integration of live events
- Increasing access to the TV set for Internet services
- International reach and economies of scale
- Low cost strategy
- Deep pockets



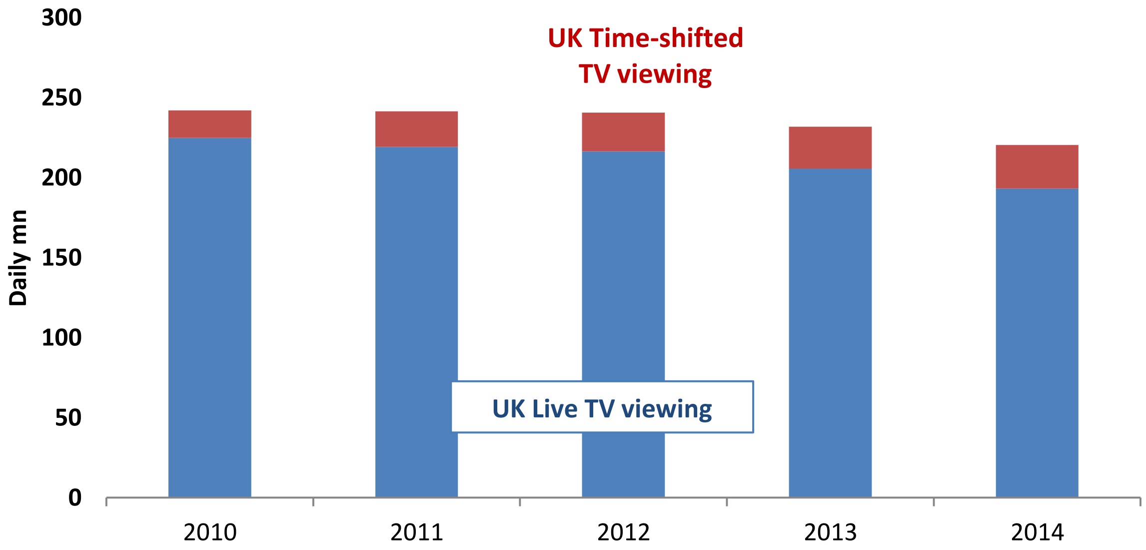
OBS

But the empire strikes back

Unlike the music industry, TV is investing the new digital territories:

- Catch-up services compensate (to an extent) the stagnation/decrease of linear viewing

- Media groups launch TVOD and SVOD services



BARB

Media groups also invest in Internet video properties

… improve the relevance of television advertising

Programmatic advertising to target linear viewers

… and invest in original content

A consolidation process in the TV/Production sector

Groups involved	*Target production company*
Discovery, Liberty Global	*Joint acquisition of All3Media*
Discovery	*Purchase of Raw TV*
21st Century Fox, Apollo Global Management	*Merger of Endemol, Shine and Core Media*
Sky	*Purchase of Love production*
ITV	*Purchase of Leftfield, Big Talk, The Garden, So TV*
Canal+	*Purchase of Red Production*
NBCU, RTL, TF1	*Agreement for the joint production of TV series in the US*
LOV Group, De Agostini	*Merger of Banijay and Zodiak*
ITV	*Acquisition of Twofour Group and Talpa media*

Open questions

Linear euros and on-demand cents

Will the transition to online viewing translate in the same levels of advertising ?

Scale

How to recoup investments in original programming on the international market ?

(Intelligence) technologies

How to compete in big data and recommendations with native Internet video providers ?

Adjusting European legislation

Maja Cappello
Head of Department for Legal Information

Overview

1. **State of the art of the AVMSD implementation**

2. **Focus on:**
   - European works
   - Protection of minors
   - Commercial communications

3. **Future adaptations?**

Implementation of AVMSD

From the "Ex-post REFIT evaluation of the AVMSD"

The EU regulatory framework put in place since 1989 had two objectives:

- free movement of TV broadcasting services in the EU
- protection of fundamental public interest objectives through minimum harmonisation

Revision needed when rules became outdated:

- (1989) 1997, 2005, 2016.

Rules for TV broadcasting

- **Rules applicable to all AVMS**
  - Identification
  - Incitement to hatred
  - Accessibility
  - Rightsholders windows
  - Qualitative rules for commercial communications

- **Additional rules**
  - Protection of minors
  - European works
  - Commercial communications

Protection of minors

Article 27 AVMSD

- **Content which might seriously impair minors**
  → Total ban

- **Content which is likely to impair minors**
  → ensure that minors in the area of transmission will not normally hear or see such broadcasts through encryption or other measures.

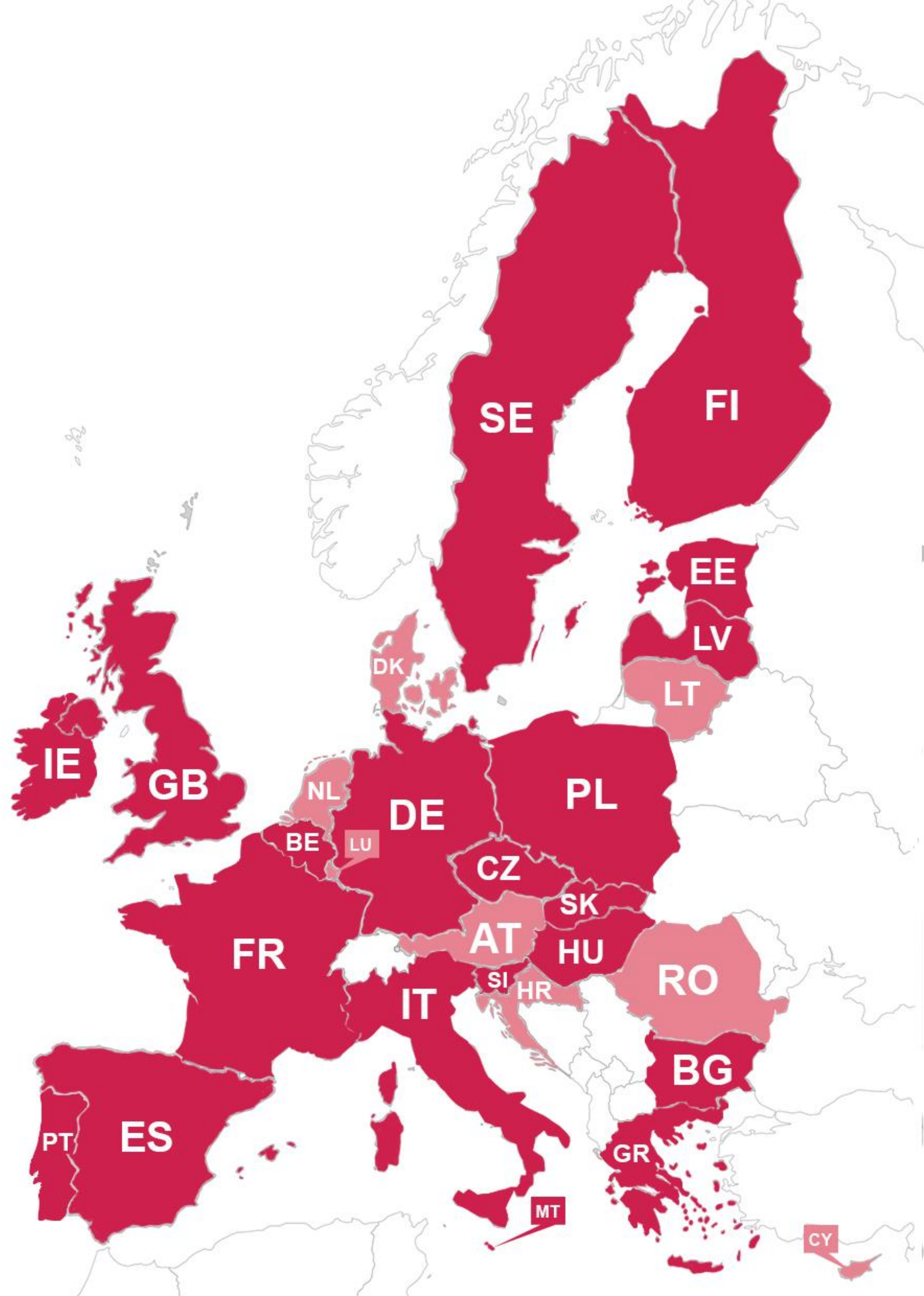
Degree of implementation

Protection of minors

More detailed

Detailed restriction, hours, age categories, type of content (trailers, promotion), criteria of assessing suitability of programs

Neutral



Source: European Audiovisual Observatory’s AVMSDatabase

Promotion of European works

Article 16 and 17 AVMSD

- Reserve >50% of transmission time to (eligible) European works

- Reserve >10% of transmission time/ programming budget to (eligible) European independent productions

Degree of implementation

Promotion of European works

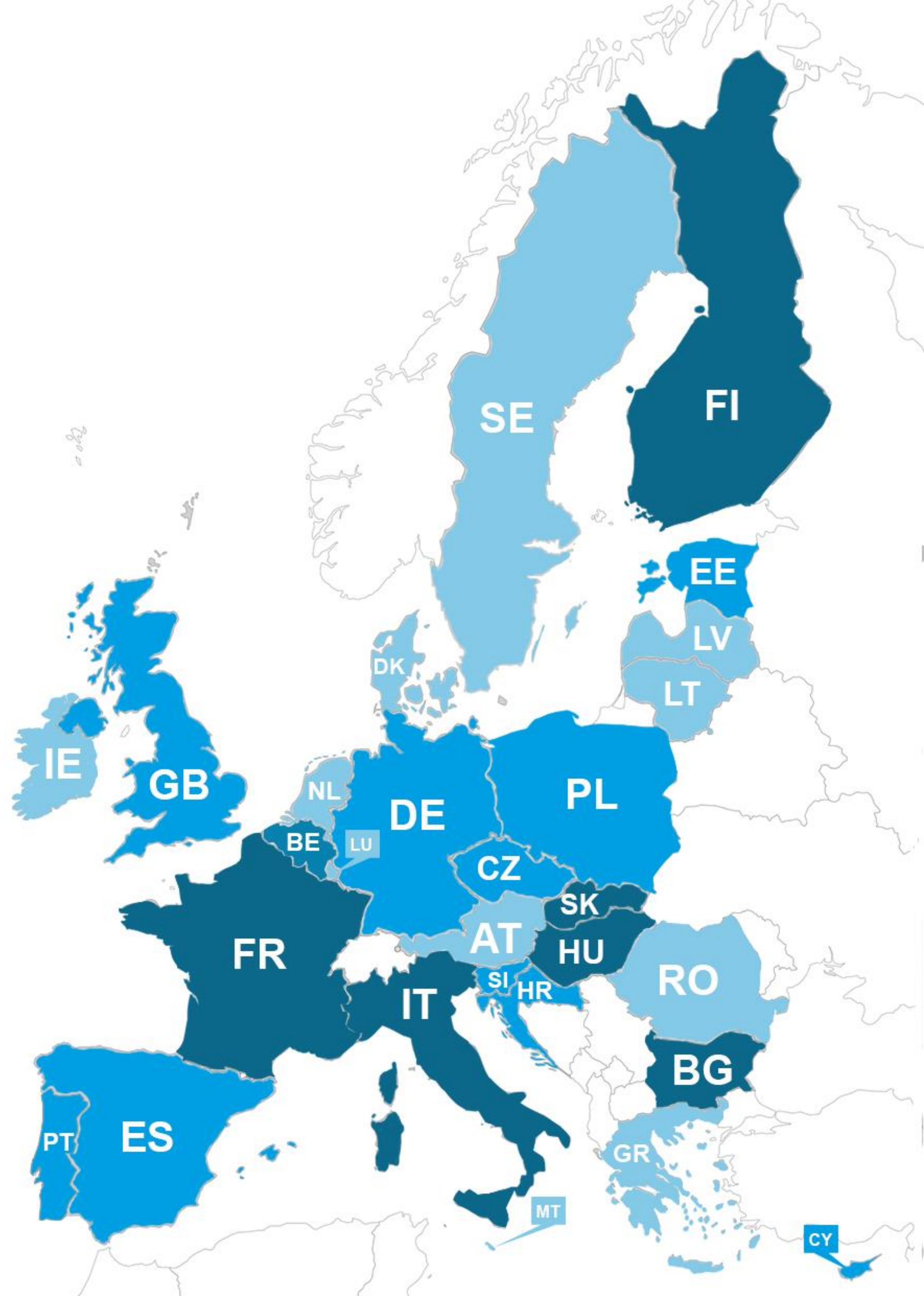
Stricter

A higher proportion of share or a higher financial contribution

More detailed

Detailed proportion of national or linguistic works, or detailed proportion where applicable

Neutral



Source: European Audiovisual Observatory's AVMSDatabase

Commercial communications

Article 19-24 AVMSD

- Presentation, content, quantity, frequency, insertion

Article 10 AVMSD (linear and non linear)

- Sponsorship (information requirements)

Article 11 AVMSD (linear and non linear)

- Product placement (prohibited)

Degree of implementation

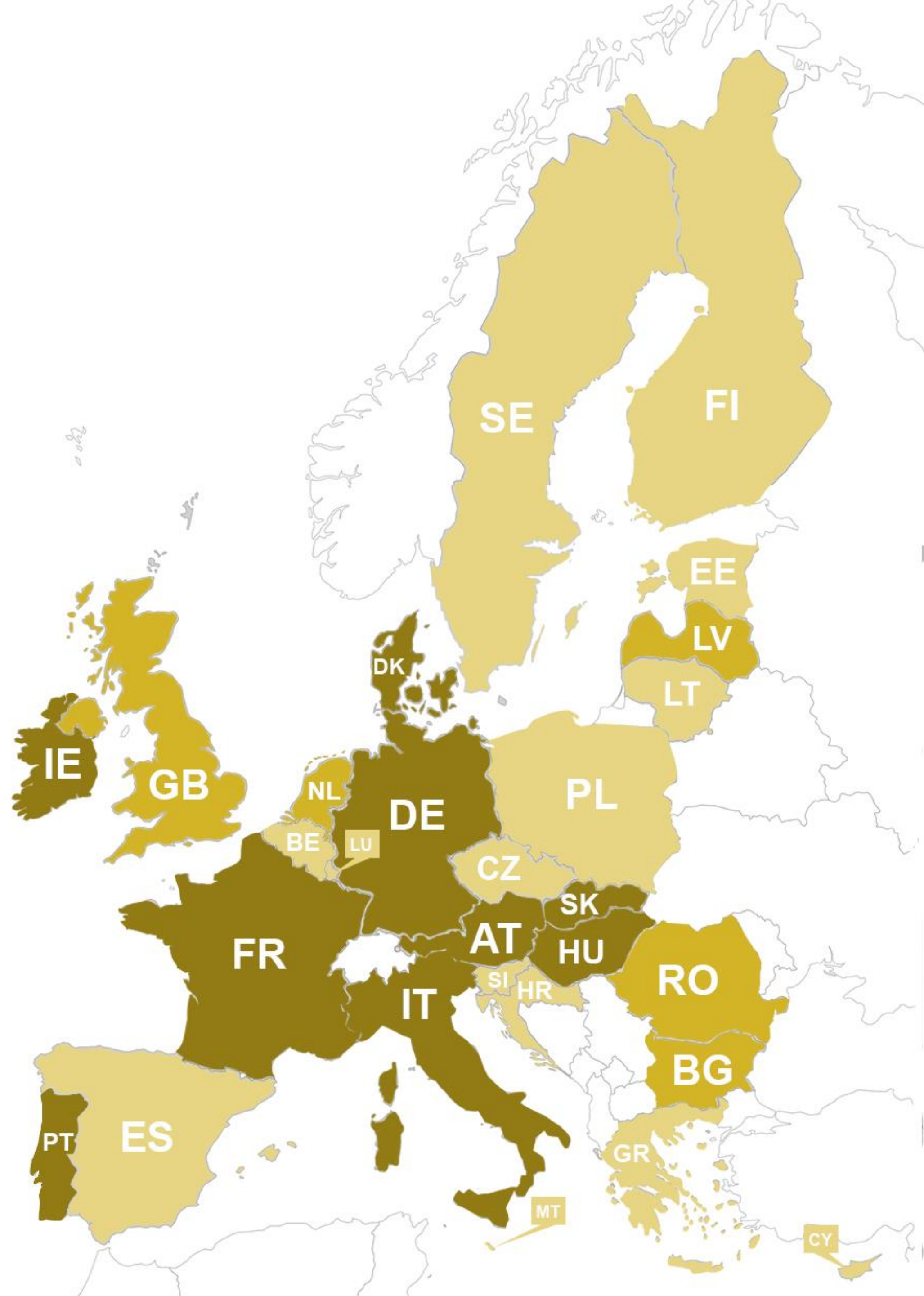
Proportion of advertising and teleshopping spots

Stricter

Stricter rules include either or both a smaller hourly or daily proportion, restriction during certain days and hours

Stricter in PSB

Neutral



Source: European Audiovisual Observatory's AVMSDatabase

Degree of implementation

Sponsorship

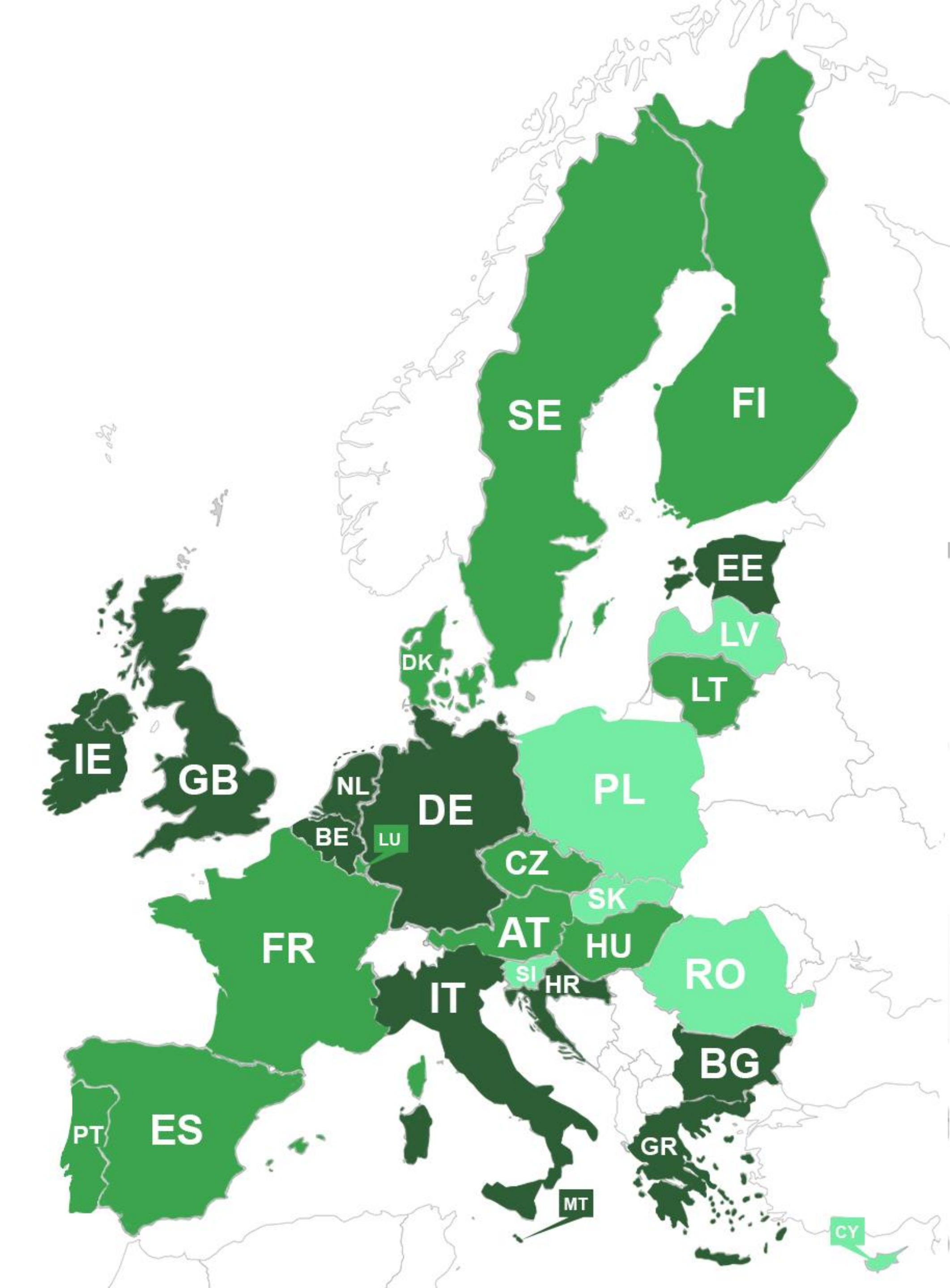
During documentaries, religious and children's programs, sponsorship logos are:

Prohibited

Admitted

Admitted and more detailed rules on

Sponsorship of news and current affairs programmes



Source: European Audiovisual Observatory's AVMSDatabase

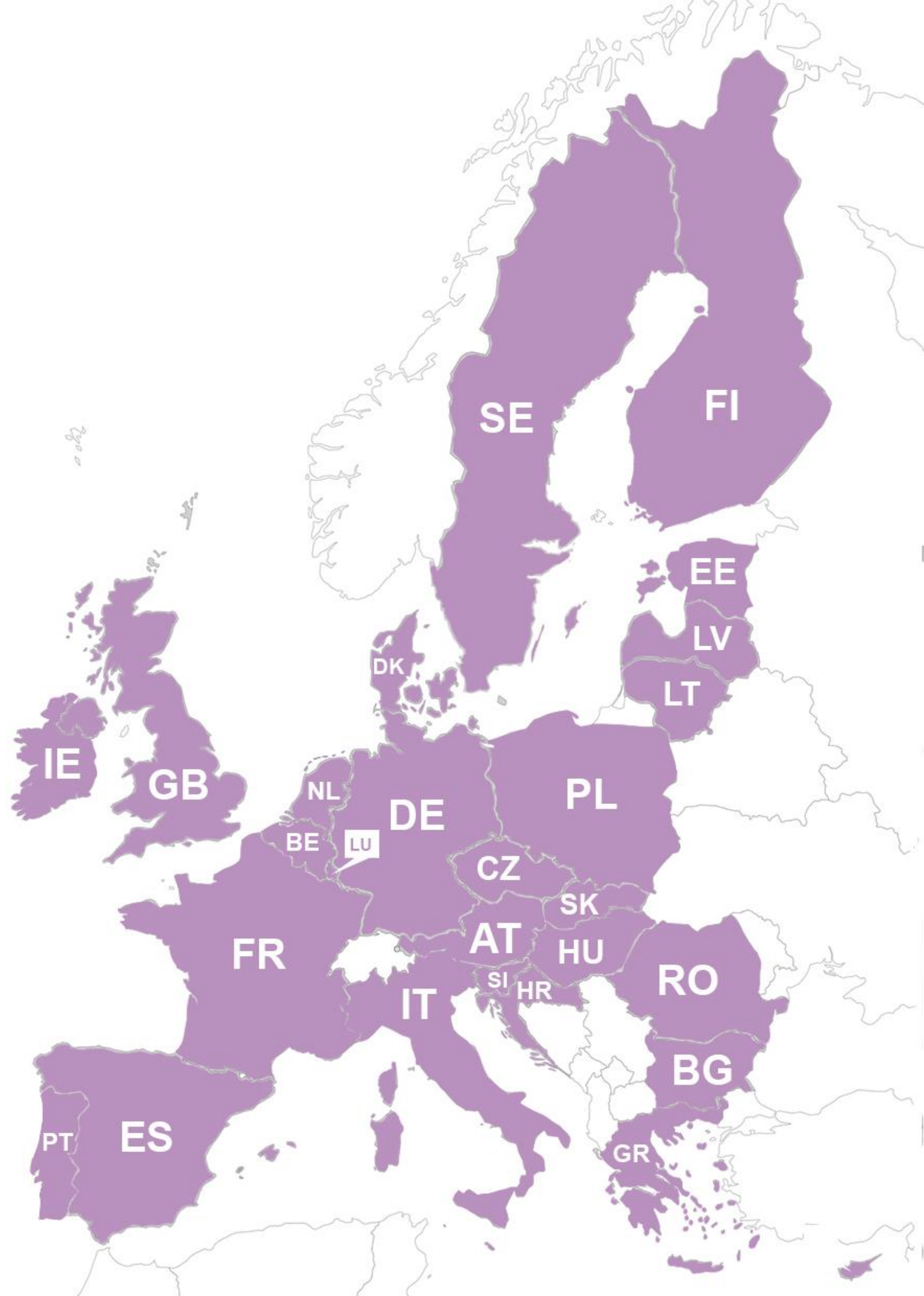
Degree of implementation

Product placement

Admissible in all 28

→ in cinematographic works, films and series, sports programmes and light entertainment programmes

→ where there is only the provision of goods or services free of charge (production props and prizes)



Source: European Audiovisual Observatory's AVMSDatabase

What comes next for TV services?

- **Protection of minors**
  - Simplification of the rules, common to all services:
    - everything that “may be harmful” should be restricted on all services.
    - the most harmful content shall be subject to the strictest measures, such as PIN codes and encryption.

- **Promotion of European works**
  - Status quo (stricter rules for VOD)

- **Commercial communications**
  - More flexibility for insertion and quantity

Consult our databases!

MAVISE: http://mavise.obs.coe.int
E-YEARBOOK: http://yearbook.obs.coe.int
MERLIN: http://merlin.obs.coe.int
AVMSDatabase: http://avmsd.obs.coe.int

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