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RECENT DEVELOPMENTS OF THE PUBLIC SERVICE MEDIA MODEL

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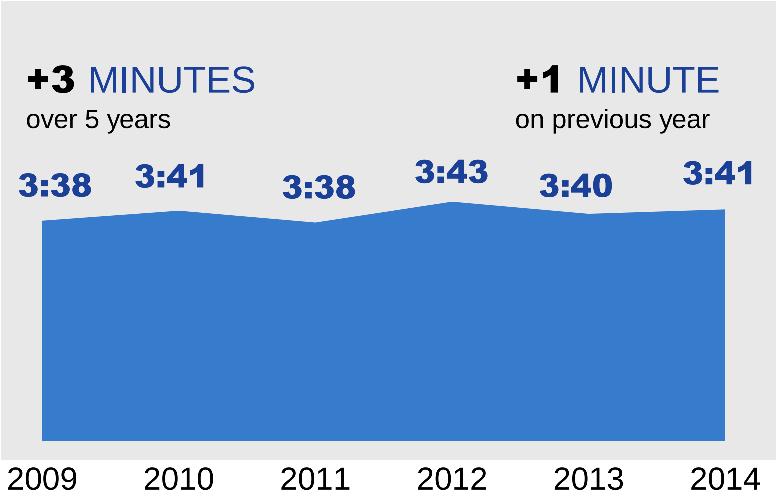
THE PSM MODEL

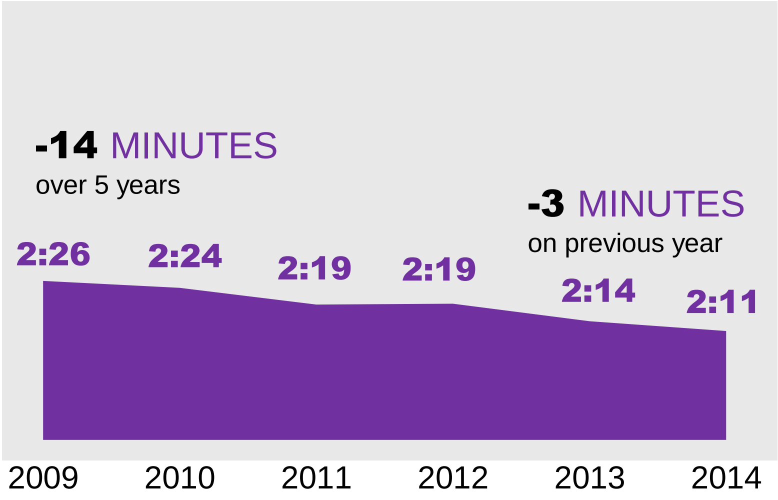
ROLE AND REMIT

TELEVISION VIEWING TIME IN 2014

EUROPEAN CITIZENS
watched on average
3:41 OF TV DAILY



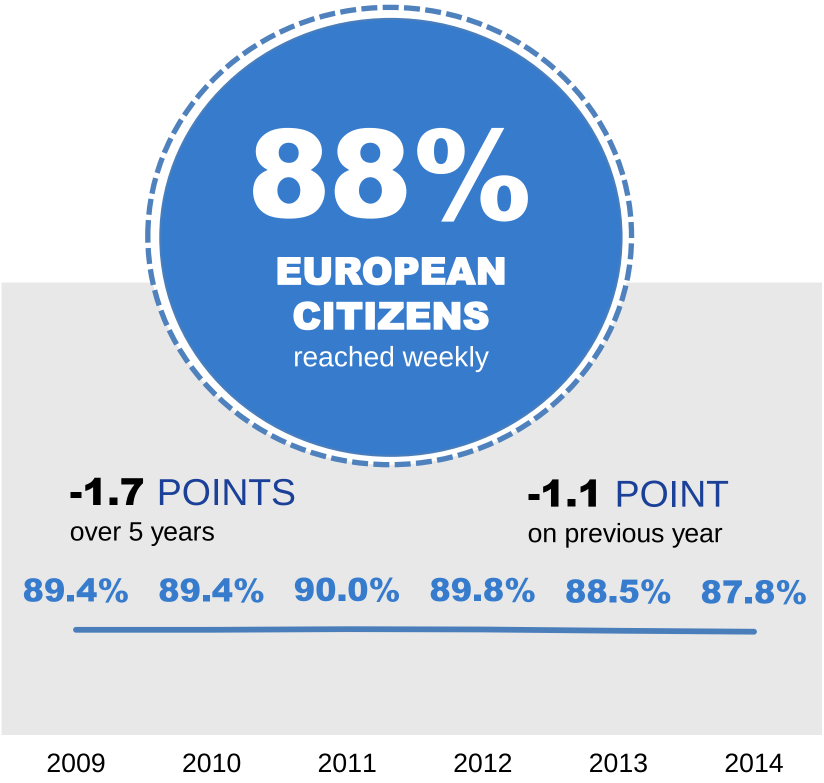
EUROPEAN YOUTH
watched on average
2:11 OF TV DAILY

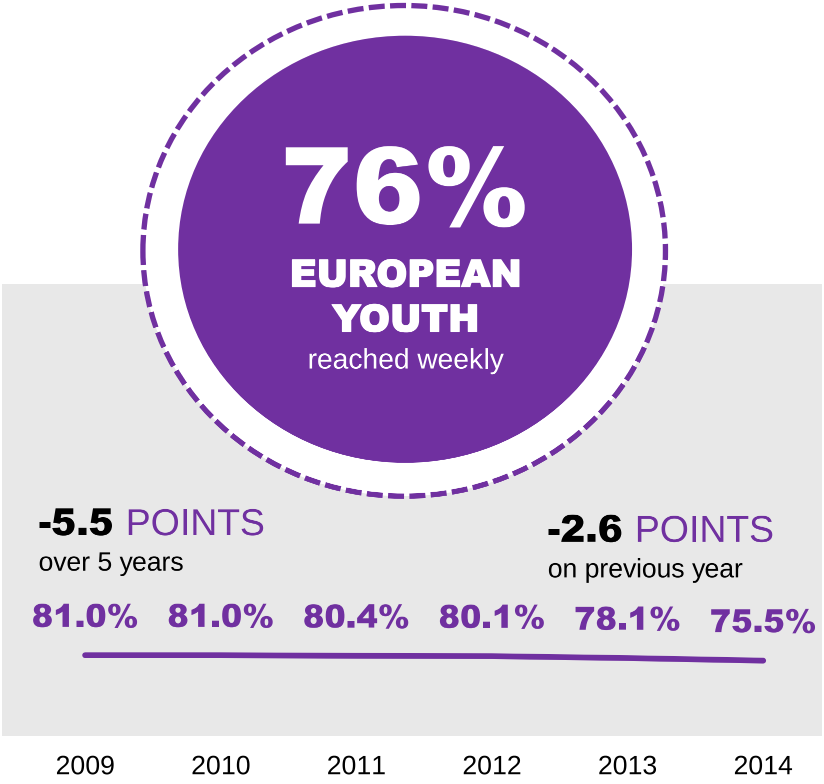


Stable viewing time overall, however in decline among youth in the majority of markets

Source: EBU based on Eurodata TV Worldwide / Relevant partners and Members' data. 2014 average based on 48 EBU markets, number of markets may vary by year.

TELEVISION WEEKLY REACH IN 2014





A third consecutive year of minor decline with a more marked decline among youth

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Source: EBU based on Members' data. 2014 average based on 31 EBU markets, number of markets may vary by year. Note: reach definitions can vary among countries

EVOLVING MEDIA CONSUMPTION PATTERNS - CONSEQUENCES FOR PSM

To fulfil their remit and remain relevant

- **PSM must continue to serve traditional audiences with <u>linear</u> services**
- **PSM must develop <u>non-linear</u> services to maintain their role**
- **PSM must develop <u>new cross-media</u> services to connect with younger audiences**

IMPROVING PSM OFFERS FOR YOUTH AUDIENCES

GENERATION WHAT PROJECT REACHES MORE THAN 700,000 YOUNG PEOPLE ACROSS EUROPE
http://www.generation-what.eu/en/#

LIKELY FUTURE PSM SERVICE PORTFOLIO

- Traditional broadcast channels (less for youth audiences)
- Catch-up services (7 -> 30 days)
- Additional linear sub-channels (genre- or event-based, streaming via broadband/Internet)
- Virtual channels or playlists (with personalization option)
- VOD and access to archives
- Cross-media offer for younger audiences (via social media and video-sharing platforms)
- Media players and applications

CONSEQUENCES FOR DEFINITION OF REMIT

- Number of channels no longer the central criterion
- Distinction linear/non-linear becomes secondary
- Means of distribution need to be constantly adapted to technological and market developments
- Main focus: serving society with quality audiovisual content
  - reliable information, reflection of diversity, mutual understanding, shared experiences
  - journalism, culture, knowledge, sports
- Daily and weekly reach as important benchmarks

PRINCIPLES-BASED DEFINITION OF REMIT

Broad and universal

- Covering all programme genres (news, information, knowledge, culture, fiction, entertainment, sports, …)
- Reaching all segments of society (diverse and inclusive content)
- Distribution via multiple platforms

Transparent and responsive

- Dialogue with audiences (collecting feedback, explaining decisions)
- Maximizing contribution to society

Flexible and dynamic

- In line with market developments and user expectations
- Supporting innovation (experimental programmes/services)

PUBLIC VALUE TEST

An aid or an obstacle to PSM innovation?

- **Test should be appropriate and proportionate**
  (e.g. in terms of cost, duration, legal certainty)
- **Pilots should be permitted**
  (e.g. one year maximum)
- **Test needs to be adapted to different procedures for setting the remit**
  (e.g. within multi-layered systems including law, regulation/agreements, self-regulation)
- **Test should replace so-called ‘black lists’**
  (e.g. avoiding rigid and short-sighted restrictions)

THE PSM MODEL

INVESTMENT AND FUNDING

PSM INVEST MASSIVELY IN CONTENT

TOTAL INVESTMENT IN CONTENT OF SELECTED GROUPS
(2014, EUR billion)

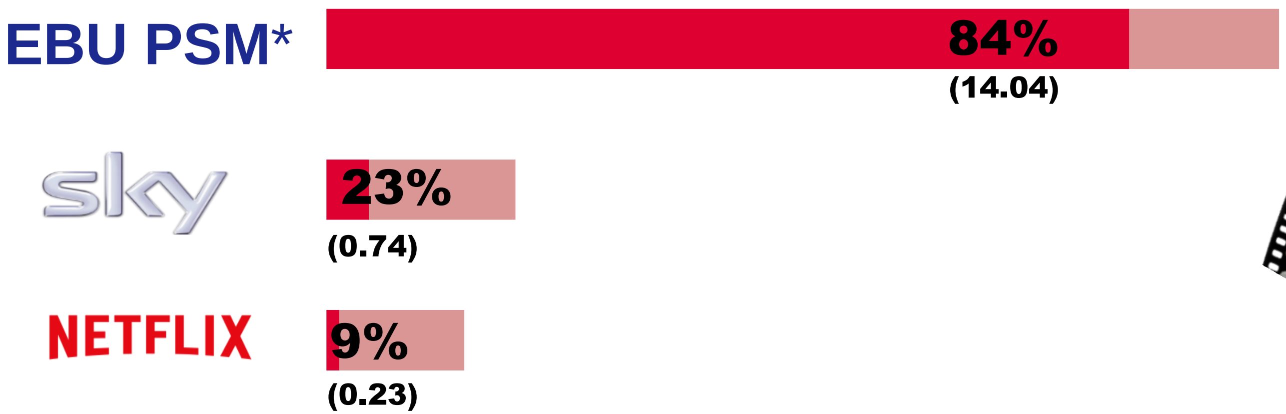
European Public Service Media still represent the most important investors in content in various European markets

*Data based on EBU PSM Members in the EU – 26 countries included, only Greece and Luxembourg missing.

Source : EBU based on Members' data and companies' reports
EBU Media Intelligence Service – PSM Investment in European Content

PSM INVEST MORE IN ORIGINAL CONTENT

INVESTMENT IN ORIGINAL CONTENT AS A PROPORTION OF TOTAL INVESTMENT IN CONTENT
(2014, EUR billion)



European Public Service Media invest 84% of their programming expenditure in original content, significantly more than their commercial counterparts

*Data based on EBU PSM Members in the EU – 26 countries included, only Greece and Luxembourg missing.

Source : EBU based on Members' data and companies' reports
EBU Media Intelligence Service – PSM Investment in European Content

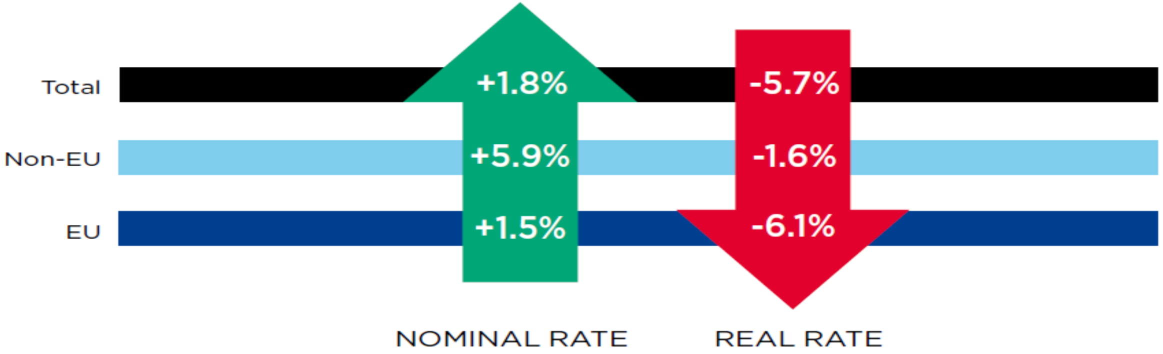
PSM PROVIDING CONTENT FOR EUROPEAN AUDIENCES

PSM role in audiovisual market:

- **Crucial support for**
  - **national and regional productions**
  - **cultural and audiovisual industries / ecosystems**
  - **cultural identity and diversity**
- **Increasing importance in view of:**
  - **globalization**
  - **horizontal concentration (media groups)**
  - **vertical integration (throughout value chain, including distribution platforms)**

CONTRACTION OF PSM FUNDING IN REAL TERMS

5-year nominal and real growth rates of total PSM funding in the EBU area
(%, 2010-2014)



Note: Based on 46 countries, with 65 organizations in 2010 and 63 organizations from 2011, owing to mergers in Hungary and Slovakia.
Note: No data 2010-2011 for Luxembourg and no data 2010-2012 for Public Radio of Armenia and Montenegro.

Source: EBU based on Members' data.

LICENCE FEE REMAINS THE MAJOR SOURCE OF PSM FUNDING

PSM detailed funding mix in the EBU area (%, 2010-2014)

PSM DETAILED FUNDING MIX IN THE EBU AREA (%, 2010-2014)

Note: Bosnia-Herzegovina, Luxembourg, Montenegro and Deutsche Welle (Germany) have been excluded from all years due to incomplete series.

Source: EBU based on Members' data.

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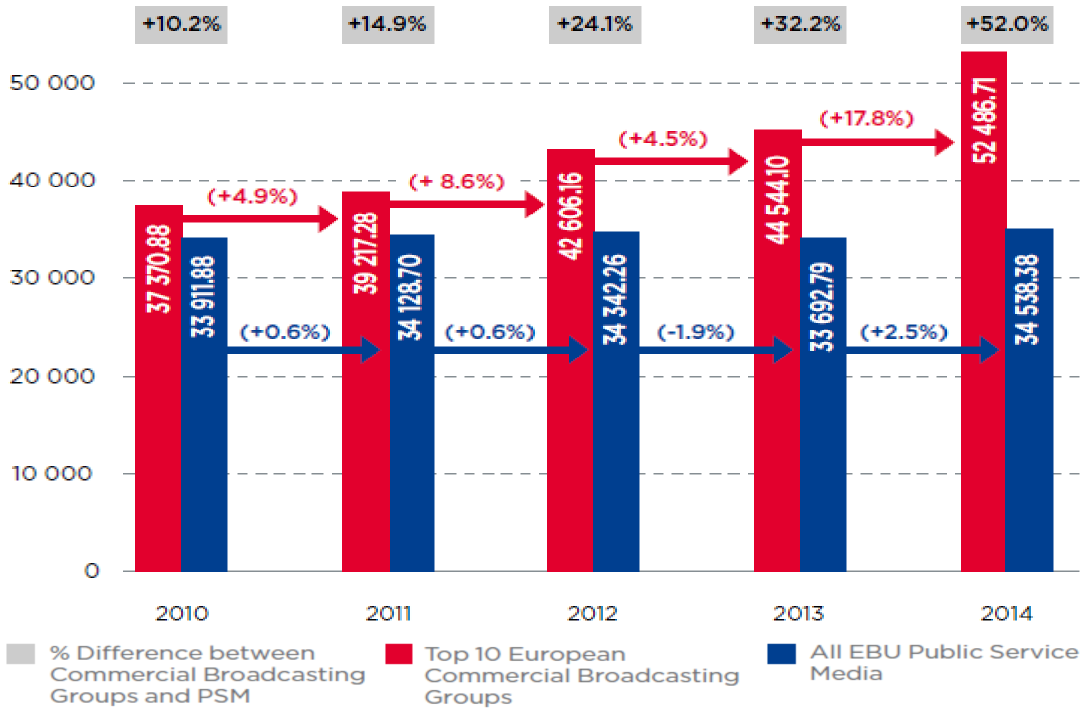
COMPARISON PUBLIC VS COMMERCIAL BROADCASTING

Total income evolution – Top 10 European commercial broadcasting groups vs PSM
(EUR Million, 2010–2014)



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Source: EBU based on Members' data and on data from companies' reports and websites.

PSM FUNDING – HOW TO MAKE IT SUSTAINABLE

Funding challenge: how to develop new services while maintaining traditional ones?

Broadcasting licence fee: may need to be **modernized** (covering new services and devices, e.g. universal contribution for households and businesses, simple collection)

Public funding: should be multi-annual and include **safeguards** against undue political interference

Commercial funding: which way to go? Further reduction or relaxing restrictions on (online) advertising?

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