Positioning, challenges and opportunities of Public Service Broadcasters

PBI ARLES France 2008

ISICULT ISTITUTO ITALIANO PER L'INDUSTRIA CULTURALE

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From where we come, where we’re going

Phase 1: Monopoly: (’50s – ’70s)

PSBs are the only holders of TV licences

Phase 2: Commercial TV (’80s)

Private commercial channels are launched

PSBs compete with private broadcasters for ratings

Phase 3: Pay TV (’90s)

Digital Pay Tv services are launched

PSBs lose Premium contents and try to take part to pay-tv consortiums

Phase 4: DTT, IPTV and WEB TV(2000)

Digital Terrestrial TV gives new opportunities to traditional broadcasters.

Internet brings Telco operators into the market

PSB’s enlarge their bouquets of channels on DTT and try to organise archives for non linear platforms

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1. Financing models

2. Development of digital channels

3. Creating non-linear content offers

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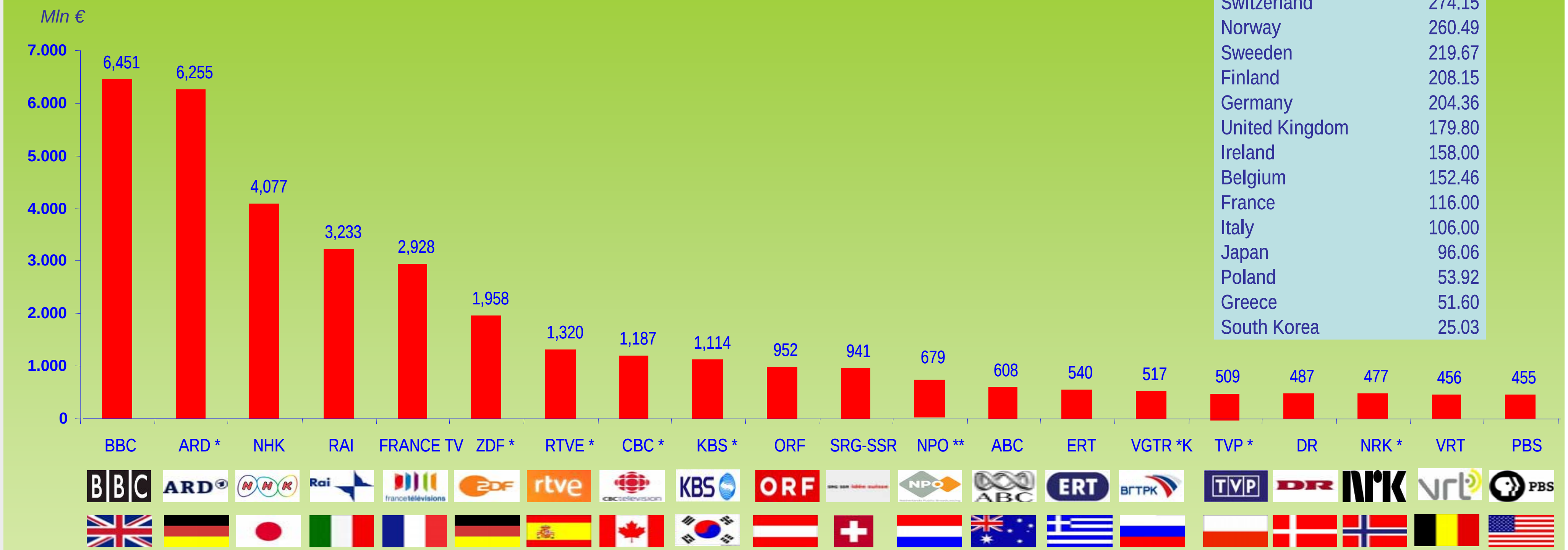
Top 20 rank of the main World's PSB's

Annual license fee	
Denmark	€ 288.57
Austria	276.72
Switzerland	274.15
Norway	260.49
Sweeden	219.67
Finland	208.15
Germany	204.36
United Kingdom	179.80
Ireland	158.00
Belgium	152.46
France	116.00
Italy	106.00
Japan	96.06
Poland	53.92
Greece	51.60
South Korea	25.03



- 9 broadcasters exceed 1 bln Euros in revenues
- The ranking is dominated by European broadcasters: 15 out of 20
- The top three PSB's in the ranking either do not carry advertising (BBC) or are subjected to very restrictive advertising rules.
- The weight of PSB's on national economies varies. In Germany it accounts for 3,39 ‰, in France for 1,57% and in the US for just 0,05‰ of their GDP's

* 2006, BBC, CBC and NHK close the FY on March the 31st, PBS closes the FY on June the 30th
Sources: IsICult on companies EBU and OEA figures

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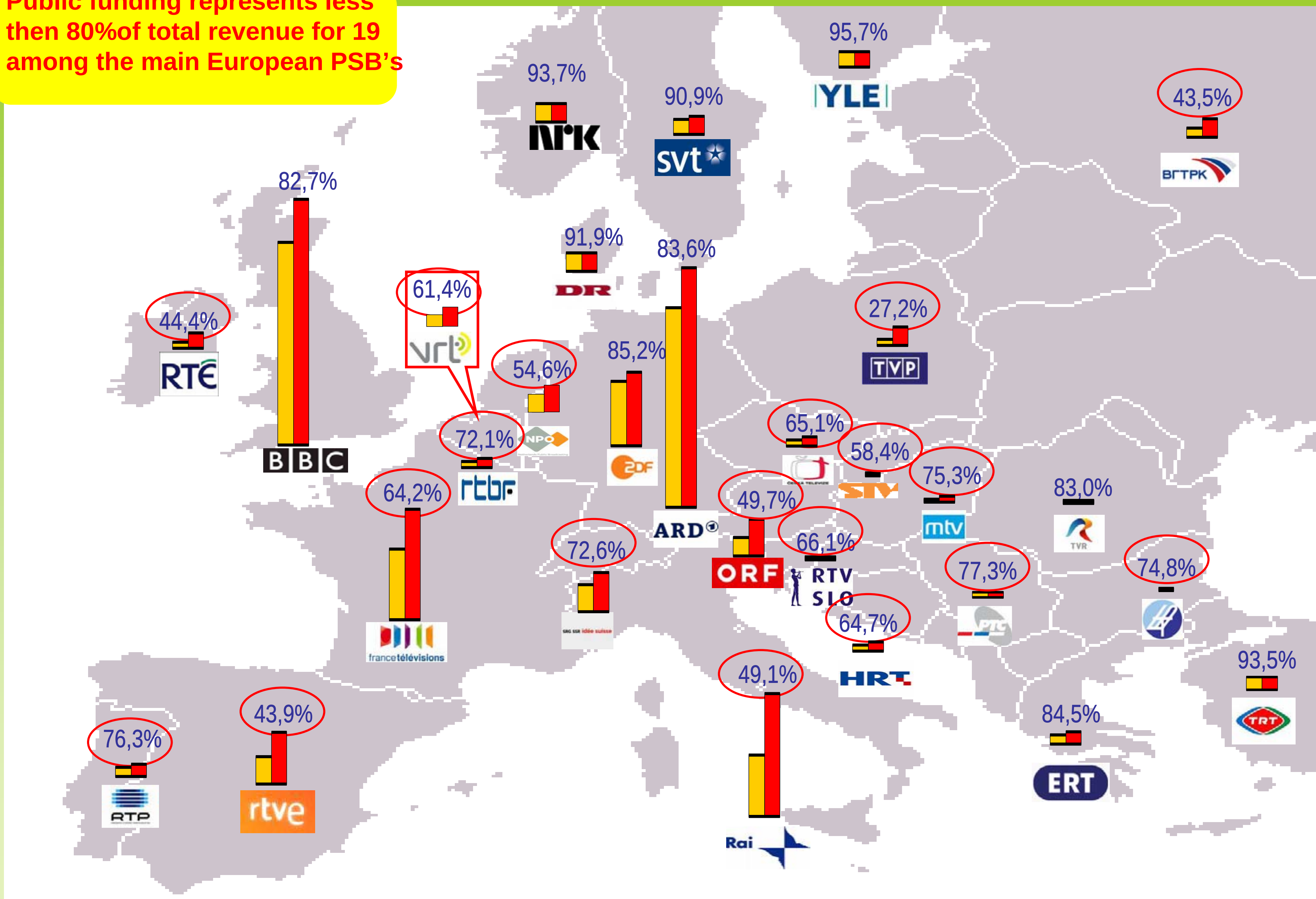
European PSBs: Public funding as a proportion of total revenue/income

Public funding represents less then 80%of total revenue for 19 among the main European PSB's

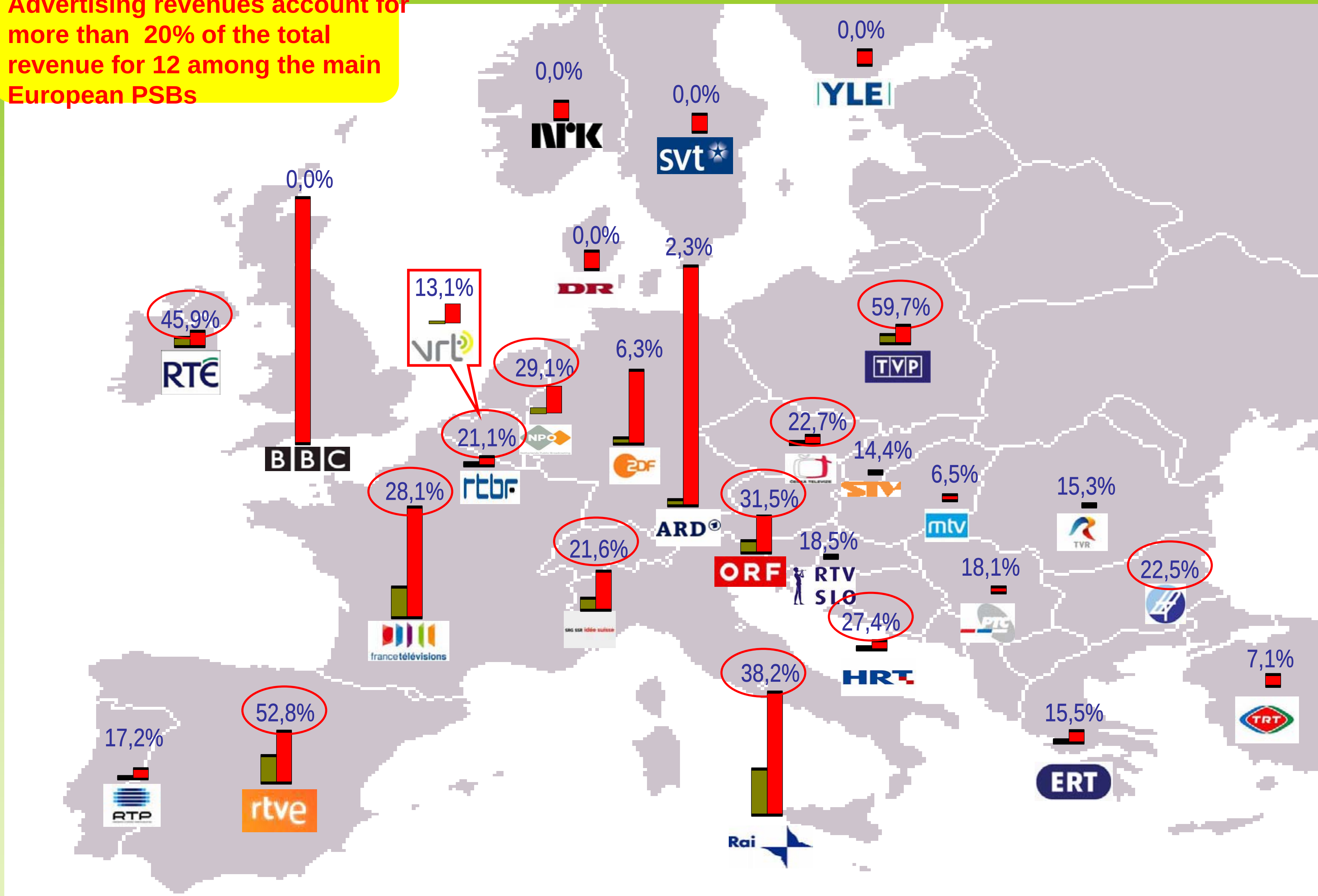


Public financing revenues
Total revenues

NB: figures refere to last data available; Sources: IsICult on companies EBU and OEA figures

European PSBs: advertising as a proportion of total revenue/income

Advertising revenues account for more than 20% of the total revenue for 12 among the main European PSBs



Advertising revenues

Total revenues

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Reforming the PSBs

Advertising is still a crucial resource for many PSB's

Recent attempts at reforming PSB's aimed at relaunching the "public service" mission and reducing the influence of advertising

rtve

approved

- Put an end of "authorised indebting" mechanism
- Reduction of airtime from 12 to 11 mins (later further reduced to 9 mins)
- re-definition of the mission and of the programming schedules
- no introduction of TV license fee

francetélévisions

proposed

- No longer "prime-time" advertising starting in 2009. General ban on advertising form 2012 onwards
- Levies on private channels and on ISPs (0,8 % of their revenues) to finance the public service
- New tools to measure programmes performance (Qualimat and others)

Rai

Attempted (and partially failed)

- Higher programming and production quotas
- New tool to measure programmes performance (Qualitel, yet to start)

- Creation of 2 different companies to manage public and commercial funds separately (failed)

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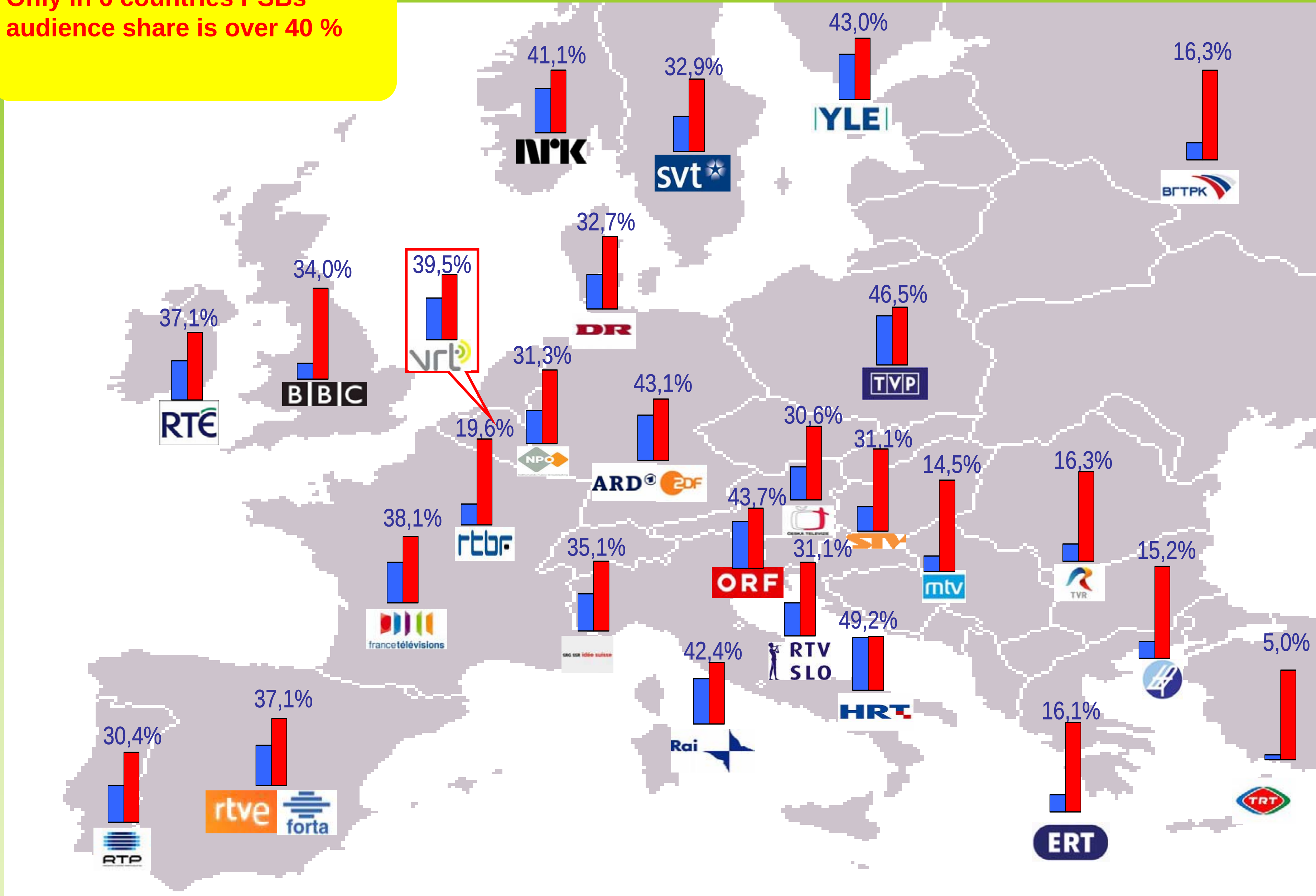
Europe: audience performance of PSB's

Only in 6 countries PSBs' audience share is over 40 %



Domestic public channels

Private channels (including foreign public channels)

NB: figures refere to last data available; Sources: IsICult on companies EBU and OEA figures

Europe’s main markets: DTT opportunities

DTT gives analogue broadcasters the opportunity to expand their channels line up

The 5 Largest EU TV markets
Number of channels operated by PSB’s *(2008)*

	TOTAL	“Fta” vs “Pay”		“Analogue vs “Digital” *		“Dtt” vs “Other	
france télévisions	10	7	3	4	6	6	4
ARD	10	10	0	6	4	10	0
ZDF	8	8	0	5	3	6	2
Rai	16	10	6	3	13	10	6
BBC	18	9	9	2	16	8	10
rtve	7	5	2	2	5	5	2

Only channels for internal market are accounted
Sources: IsICult on companies information

- PSB’s are moving their channels from satellite and cable to DTT

- Thanks to DTT, PSB’s can keep steady their ratings
- Digital channels’ performance can offset the analogue channels share loose
- Viewing figures for some digital channels are now significant: Bbc3 0,9%, Cbeebies 1,1%, Gulli 0,8%

The 5 Largest EU TV markets
Ratings of analogue and digital channels 2007 *(%)*

	Main anal.	Other anal.	Digitlal only	TOTAL
france télévisions	35,2	1,7	1,2	38,1
ARD	26,9	3,3	-	43,1
ZDF	12,9			
Rai	41,6	-	0,6	42,4
BBC	30,6	-	3,4	34,0
rtve	21,8	-	0,6	22,4

Sources: IsICult on companies information

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Europe’s main markets: new platforms opportunities

Internet gives analogue broadcasters the opportunity to create a new window of programming
But this services still suffer from several weaknesses:

- Incertitude on business model:
  - Free and funded by licence fee (iPlayer)
  - Free and fundend by advertising (Rai.tv)
  - Pay (France Tvod, Rewind Tv)
- Access to TV
  - Dealing with ISP (France Télévisions / Orange, Rai / Fastweb)
  - Creating “opened” offers availables on hybrid IPTV/DTT decoders
- Size of catalogue
  - Stand alone offers
  - “copetitions” (Kangaroo/SeeSaw project)

Broadcaster	**“Catch-up” *(clip)***	**“Catch-up” *(full lenght)***	**Premium**	**Preview**	**Archive**	**Simulcasting *(channel)***	**Simulcasting *(event)***
Rewind TV		✓					
france tvod	✓	✓	✓		✓		
Rai Click		✓	✓		✓		
Rai.tv	✓				✓	✓	
BBC iPlayer		✓	✓				
TVE A la carta	✓				✓		

Sources: IsICult on companies information

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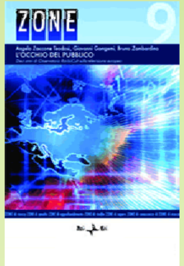
Thank you!



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