Is there a future for free-to-view television ? Trends and figures.

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OBSERVATOIRE EUROPÉEN DE L'AUDIOVISUEL
EUROPEAN AUDIOVISUAL OBSERVATORY
EUROPÄISCHE AUDIOVISUELLE INFORMATIONSSTELLE

COUNCIL OF EUROPE
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Overview

1. What are free-to-air channels ?
2. The access to free-to-air channels
3. The audience market
4. Resources of free-to-air channels
5. The impact of on-demand
6. Financing original programming

1. What are “Free-to-air channels” ?

FTA on satellite and on DTT

~ 870 European channels technically free (unencrypted on satellite)

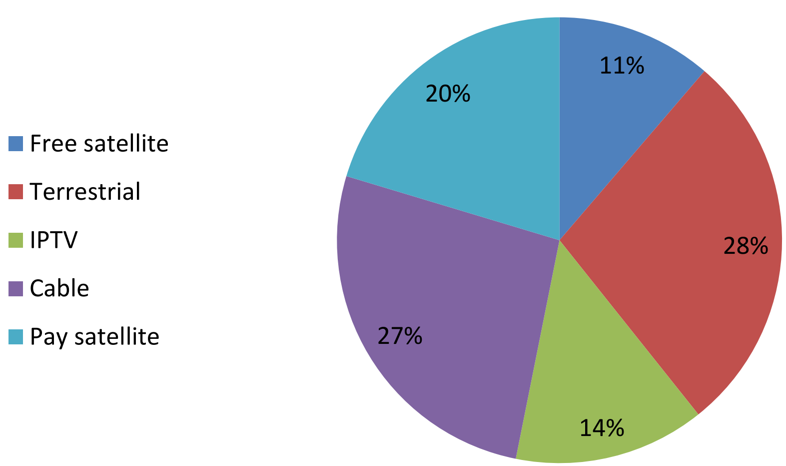
~ 600 TV channels available for free on DTT

MAVISE – BASIS: 32 EUROPEAN COUNTRIES

2. The access to free-to-air channels

Less than 40% of EUR households access directly to FTA channels (Vs. 46% in 2011)

Access mode on the main TV set (2015)



Direct to consumer: 39%

IT: 81%

RO: 11%

Main TV set only

3. The audience market

- **Both free-to-air and pay-television compete for audience**

- **SVOD seems to significantly impact TV viewing**
  - TV audience USA: -3% (2015)
  - Netflix: 4,4% (2014) and 6% (2015) of total TV viewing

3. The audience market

The audience is relatively concentrated

- The two main broadcasting groups have on average a 51% share of the audience, and the 3 main groups 64%.

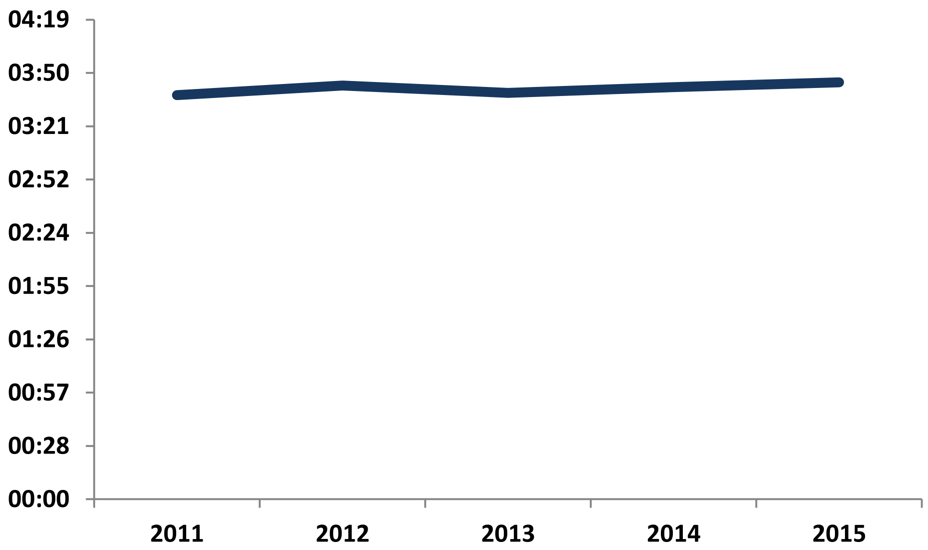
- But the concentration strongly varies between countries: the 3 main groups account for from 54% of the audience in Estonia, up to 82% in Czech Republic.

3. The audience market

Stagnation and fragmentation

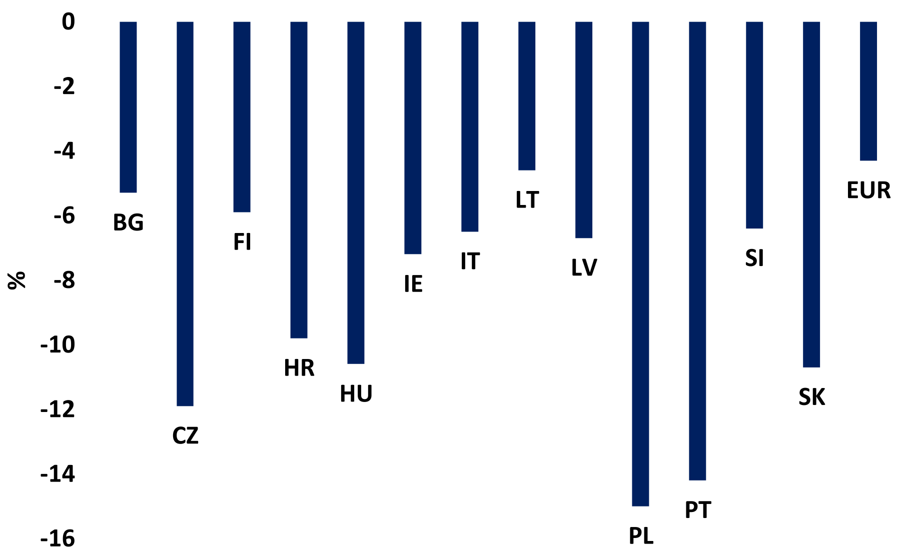
- **Linear television has reached a plateau**

Average daily TV viewing in the EU



TV audience is more fragmented

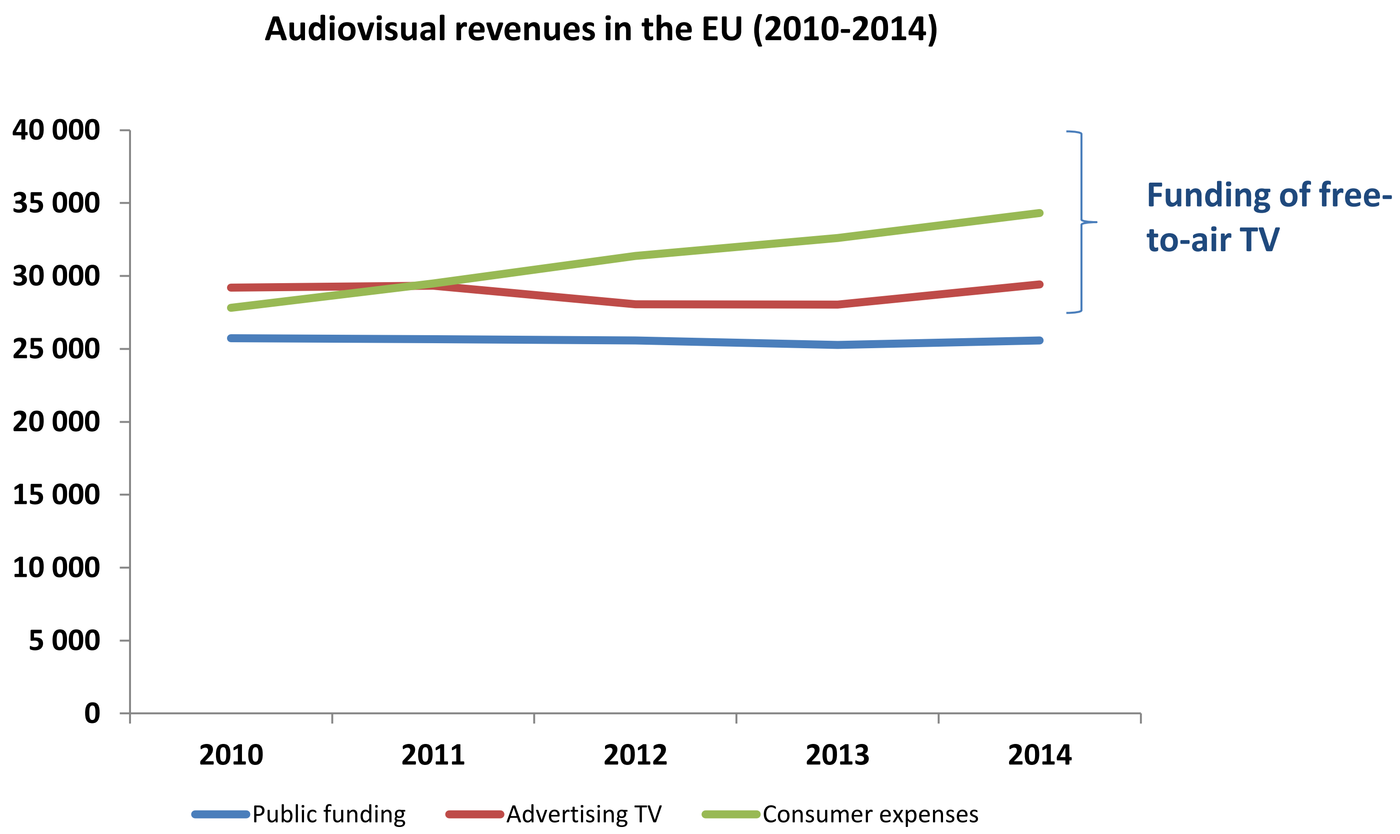
The audience share of the top 4 TV channels decreased between 2011 and 2014



MEDIAMETRIE EURODATA TV

4. Resources of free-to-air channels

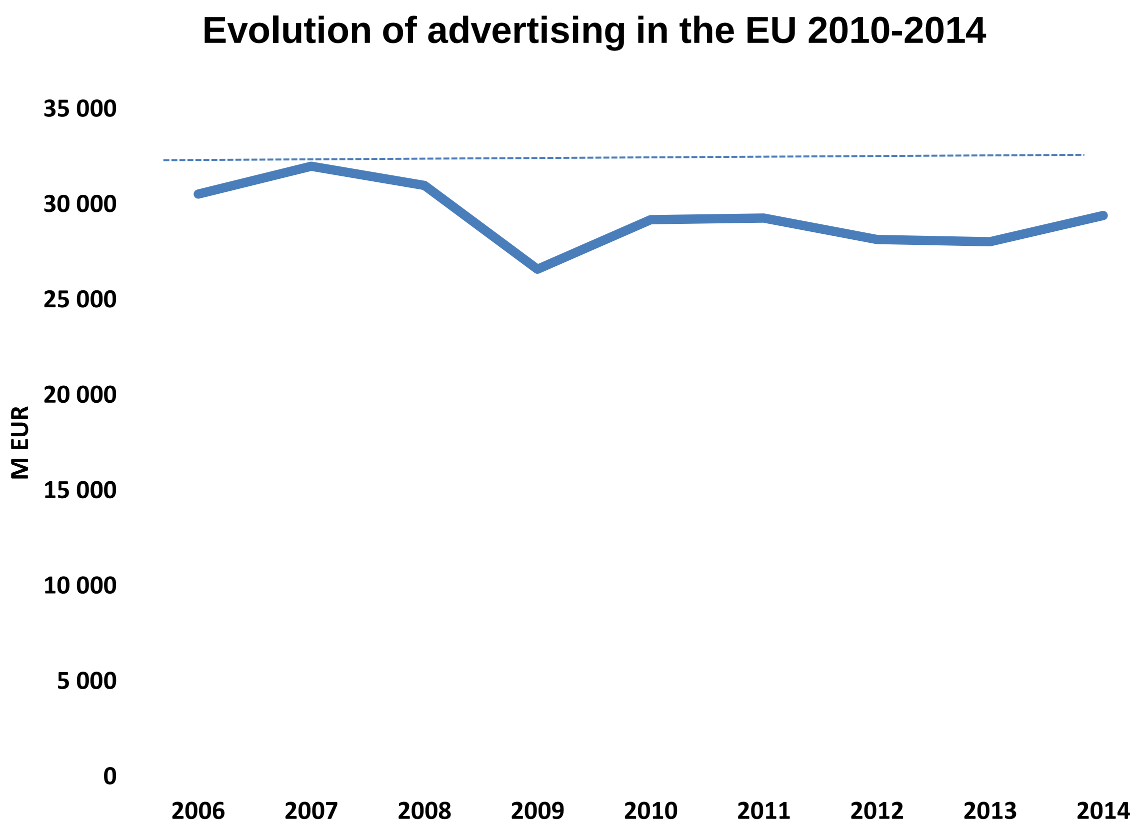
Different market dynamics for free and pay-TV



EBU/MIS WARC AMPERE ANALYSIS

4. Resources of free-to-air channels

EU TV advertising is recovering

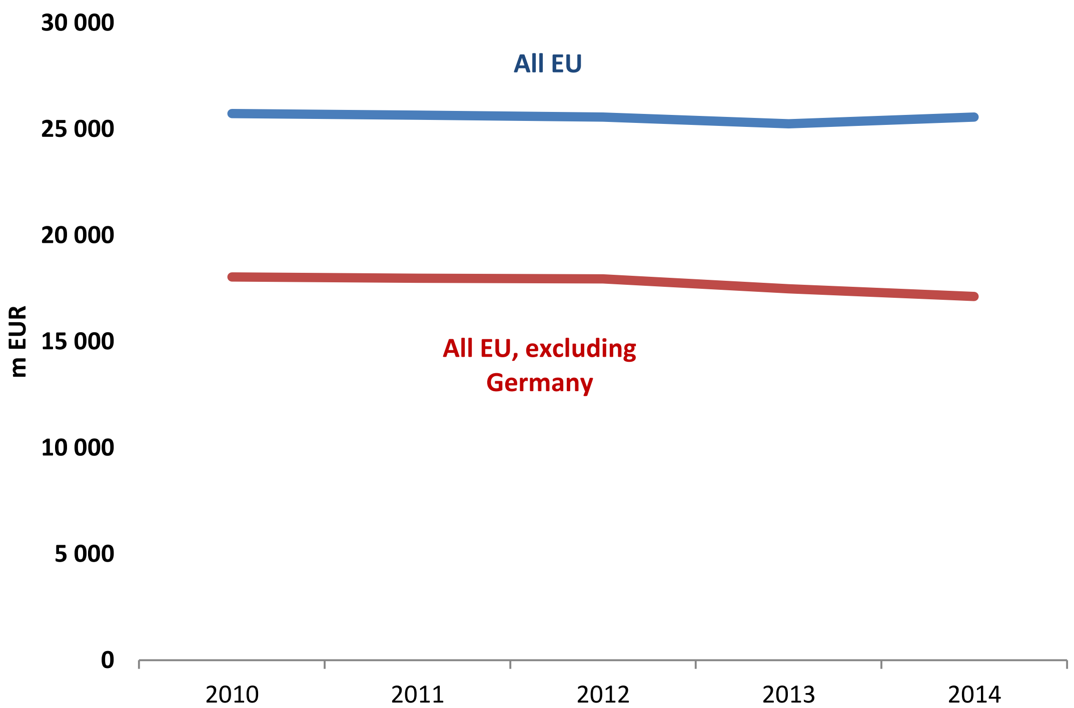


WARC

4. Resources of free-to-air channels

Public funding under pressure

Evolution of public funding in the EU 2010-2014

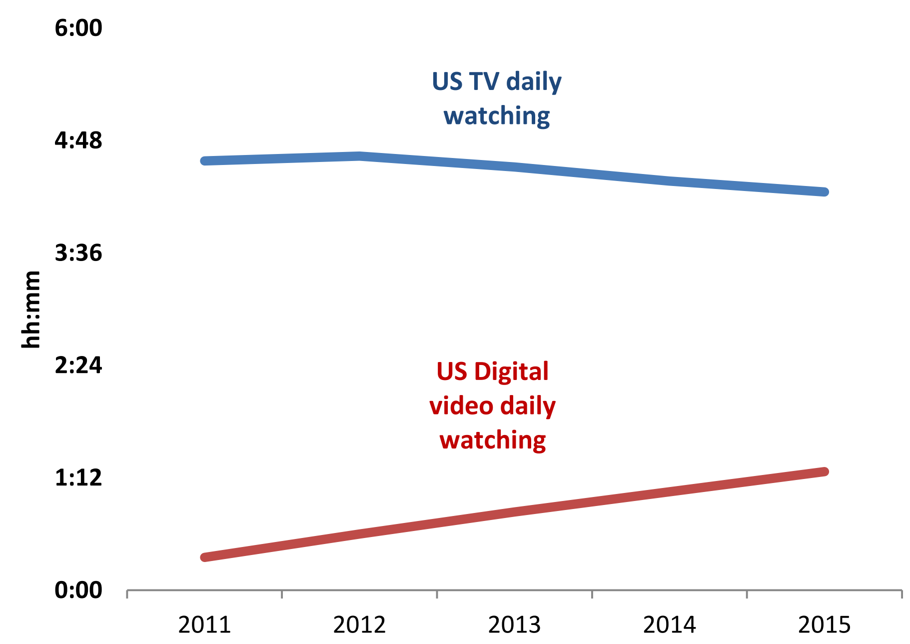


May include funding of public radio services

OBS, EBU/MIS

5. The impact of on-demand

- Linear still represents the vast majority of time spent and revenues
- On-demand is growing (fast)



EMARKETER

5. The impact of on-demand

But…

- Linear euros and on-demand cents
- Broadcasters only capture part of the on-demand video audience
  - No aggregated measure

6. Financing original programming

Fragmentation of audience may impact the level of investment in original programming

- France: France 2, France 3, TF1, M6 account for **62%** of prime-time audience
- … and for **76%** of investments in original programmes (film+TV)

6. Financing original programming

More competition for sports rights

- **A competition between FTA and Pay…**

- **… and/or a competition between TV and online players**

➢ Yahoo/US National Football League

➢ Google/Spain Football Cup/Canadian football league the rights to broadcast for free the championship online.

➢ Twitter/US National Football League.

➢ BT /YouTube/ Football Champions League

➢ **…and/or a competition between leagues and TV**

➢ Clubs TV channels

➢ US sports leagues on the Internet

➢ EURO 2016

5. Key take-away

- FTA channels cannot be defined by a delivery network
- Distributors increasingly play a role in the access to free TV
- Both free and pay-TV compete for advertising
- The fragmentation and the migration to on-demand is a risk for advertising revenues
- And hence for investments in programing