



Media Lounge – “European Media Revolution – Ensuring Viability”
30 June 2010

Introduction: Television Today and Tomorrow

The business model of TV can be described very simply: we sell advertising and subscriptions in order to reinvest our revenues to continue to offer great content to our consumers.

And it is a model which is proving very popular with European citizens. The average European watched television for 222 minutes per day in 2009 – the tenth year in a row in which viewing time has increased, despite all the talk of fragmentation and of new media. And not only in Europe but also at a global level in US and Asia.

Precisely because people are watching more TV than ever before, the television advertising market retains some great strengths. The main European TV markets are now stable, or recovering, after the unprecedented advertising recession of 2009. And, although there is a pressing need for us to diversify and access new revenue streams, most major European media groups expect the 30-second television spot to account for around 70% of the revenue of free-to-air broadcasters in the medium term.

Indeed, this revenue stream is essential if we are to continue on our current path of relentless innovation, of distributing our content across new platforms, of trying out new programme formats and- regulation permitting – of devising new ways of selling advertising.

Let me use the opportunity to say a few words on Media Regulation

TV is of course more tightly regulated than any other medium. In the very near future, this will need to change – manufacturers are currently designing devices which will take the viewer into the world of “Hybrid TV”. This is the ultimate convergence: a single screen which can show either TV content, or the internet, or even both at the same time. Broadcast or broadband, will the viewer know the difference?

Yet the regulatory worlds of linear and non-linear services remain very different, with a much more permissive environment prevailing online. In broadcasting, even the modest but helpful deregulation introduced by AVMS has been further diluted by over-detailed implementation of the Directive by Member States.

And of course we are never far away from proposals to ban, label or tax television advertising.

Now, many businesses believe they are over-regulated. Why should you, as MEPs, care about the television sector? Quite simply, not because of the economic impact on the P&L of this or that European media group – but rather, because of what we do with the money we earn from advertising, subscription and other commercial sources.

Furthermore, I would like to elaborate further on TV revenues being re-invested in content

It is still fashionable in some quarters to believe that everything can be had for free, as if the internet had abolished all the normal rules of business or the right to be paid for your work. Well, I can assure you that the content we make cannot be made for free – all programming costs money, some genres more than others. And, like any business, broadcasters – commercial broadcasters at least - need to make a return on investment. Let me give you four examples.

Making your own programme costs more than importing one from overseas – ten times as much, in smaller European markets.

Television news is one of the most expensive genres of all : yet it was the commercial sector, not the public stations, which took the financial risk to launch the first 24-hour news channels in France, the UK, Germany, Poland, Italy, Turkey...

In television fiction, a one-hour episode can cost well over €1 million to produce;

And how could I ignore the football? €120 million invested in the French TV rights for the World Cup – money which has been essential in transforming grassroots sport and rebuilding stadia across the world;

Dear ladies and gentlemen, just a few words to conclude

In 2008, the wider creative industries represented 14.4 million jobs in Europe, 6.5% of EU employment;

We are ready to play our role in economic recovery, as part of the EU 2020 Plan;

To do so, we need the right regulatory framework, if we are to remain competitive against the new methods of delivering audiovisual content to viewers;

Our vision of Digital Europe is one in which professional content – news, sport, fiction, movies – retains its central role in the world of media and entertainment. I believe this is also the vision of most MEPs. And, most importantly, it is also the preference of European citizens, watching professionally-produced television content for 222 minutes of every day.

So encouraging commercial enterprises to earn money from selling advertising, and then to take the risk to reinvest our revenues in content helps you to shape the sort of digital economy we all want.
