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Empire House
175, Piccadilly – Mayfair
London W1J 9TB

Article by Mr. Ross Biggam, General Director, The Association of Commercial Television in Europe (ACT)

The Digital Era: What Next for Consumers, Broadcasters – and Regulators?

If all goes to plan, Europe should finally switch off analogue television broadcasting sometime between 2012 and 2015. Finland got there first – the entire country has been all-digital since February 2008. But for consumers, digital TV isn't revolutionary any more. It certainly was in 1996 when Europe's first digital television service was launched by the French satellite platform Canal +, closely followed by other cable and satellite services who were prepared to take the commercial risk of upgrading to digital. The late 90s were of course also the era of the first internet boom and bust. But the internet's infrastructure was not then capable of carrying video to large numbers of devices simultaneously – so it was not a serious competitive platform to broadcasting.

The world of 2008 looks very different. Terrestrial distribution is also moving from analogue to digital –more slowly than cable or satellite, and with more involvement from civil servants and regulators, as a consequence of the state's greater interest in how to allocate relatively scarce terrestrial frequencies. Web 2.0 has ushered in, among many other things, the concept of Internet Protocol Television (IPTV). The Personal Video Recorder, unheard of in 1996, is now a mass-market consumer device – in over 3m homes in the UK alone. And mobile phones, already ubiquitous in the 90s, have developed into devices capable of receiving television signals as well.

Broadcasting is basically a post-war medium, and in most European countries has been a state monopoly for at least half of its existence. So it is a legitimate criticism to say that notions of consumer choice were slow to evolve in television. But not any more. Consumers are now in a position to choose between four means of delivery of television (satellite, cable, terrestrial and IPTV). They can also choose when to watch a programme (PVR), where to watch it (mobile TV) and whether or not to interact with it. It is hardly surprising that the rather pejorative phrase “couch potato” has now been forgotten for good.

To meet these new consumer expectations, European media industry has seen a decade of restructuring. In 1996, a range of industry buzzwords from reality TV to private equity, via user-generated content, were unknown. Nor did anyone expect that a California-based search engine (which, admittedly didn’t exist at the time) would, by 2009, become a bigger advertising medium than any European broadcaster. The need for flexible thinking, the ability to see opportunities in every challenge (and maybe even vice-versa?) is essential for broadcasters today, if only to respond to the increasingly complex questions of “what do our consumers want to watch, when, how, and on which platform?”

In Europe at least, no discussion of broadcast media can be complete without considering the many regulators who take an interest in our sector. For historical reasons – and they are by no means all irrelevant – television remains one of the most regulated sectors of the modern economy. But too often, this regulation is nothing to do with television, but rather with wider social problems: banning advertisements for unhealthy food in the name of reducing childhood obesity, for example. Even today, we have detailed rules on what programmes can be shown, at what time, by which producers, and even how much time must elapse between adverts. Most of which is based on an outdated notion of consumer protection.

Regulators are not blind to the changes going on in the sector – the European Commission employs many highly-qualified people who have grasped the scale of the changes and are trying to facilitate, rather than stand in the way of, this consumer revolution. But the good intentions of individual regulators will not be enough, without a structural overhaul of the framework governing television, and without politicians letting go of the old habit of regulating television as a tool of social engineering. The pace at which legislation moves may make it impossible to continue to prescribe every last detail of what a broadcaster does. To finish with an example: the EU brought forward proposals for a modest deregulation in television advertising in December 2005. Two years later, these were agreed by the Member States, who now have a further two years to implement them. Elsewhere in December 2005, some bright young grad students invented YouTube. In the time it took the EU to negotiate its new directive, this had grown into a $1.65bn business.

European politicians, rightly, worry about how to remain competitive in the global knowledge economy. If they can get the regulatory framework right, European media companies are ready to help build a new economy, based on consumer choice rather than paternalism.

Ross Biggam, Director General Association of Commercial Television in Europe (ACT)
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