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(From PPT Presentation)

THE EUROPEAN AUDIOVISUAL OBSERVATORY

Who we are

… a pan-European public service body operating within the legal framework of the Council of Europe

… financed by 36 European Member States and the European Union, represented by the European Commission

Mission

… to increase transparency by providing information about the European audiovisual sector: TV, Cinema, Video, New Media

What we do

… collect and prepare key facts & figures covering our 36 Member States

… follow relevant legal developments on the national as well as pan-European level

1

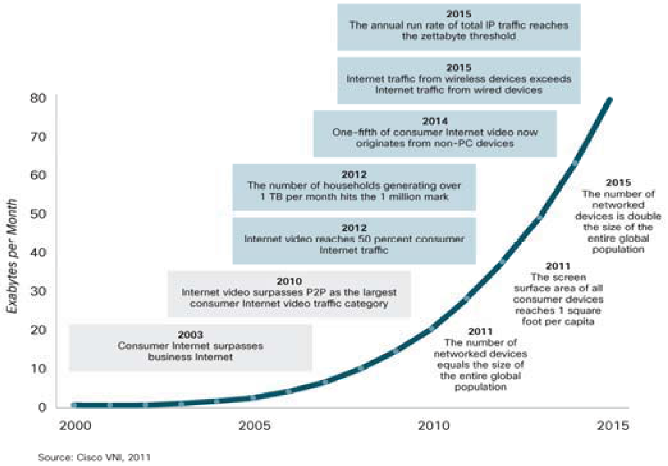
RECENT TRENDS

- The main recent trends in media consumption
  - Development of Internet and its impact on the classical media
  - The multichannel TV universe - Fragmentation of the TV audience
  - Decline of the printed press
- The economic challenges for the freedom of expression and media pluralism
  - Free vs Pay
  - Evolution of advertising market
  - Redefinition media concentration , role of gatekeepers and access to the market
- Other issues to be discussed

2

WORLD IP TRAFFIC DEVELOPMENT (2000-2015) - Exabytes per Month

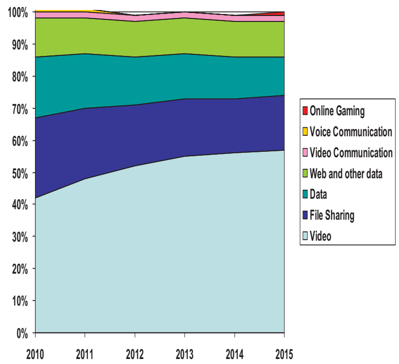
Source : CISCO VNI, June 2011



3

FORECAST OF GROWTH OF THE WORLD IP TRAFFIC (2010-2015)

Source : CISCO

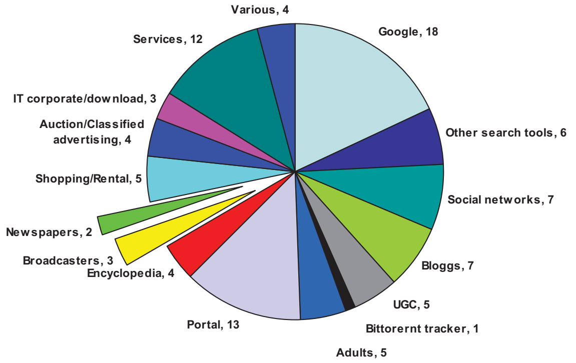


- **Annual global IP traffic will reach the zettabyte threshold (966 exabytes or nearly 1 zettabyte) by the end of 2015**. In 2015, global IP traffic will reach 966 exabytes per year or 80.5 exabytes per month.
- **Global IP traffic has increased eightfold over the past 5 years, and will increase fourfold over the next 5 years**. Overall, IP traffic will grow at a compound annual growth rate (CAGR) of 32 percent from 2010 to 2015.
- **In 2015, the gigabyte equivalent of all movies ever made will cross global IP networks every 5 minutes**. Global IP networks will deliver 7.3 petabytes every 5 minutes in 2015.
- **The "terabyte club" will reach 6 million by 2015**. In 2015, there will be 6 million Internet households worldwide generating over a terabyte per month in Internet traffic, up from just a few hundred thousand in 2010. There will be over 20 million households generating half a terabyte per month in 2015.
- **The number of devices connected to IP networks will be twice as high as the global population in 2015**. There will be two networked devices per capita in 2015, up from one networked device per capita in 2010. Driven in part by the increase in devices and the capabilities of those devices, IP traffic per capita will reach 11 gigabytes per capita in 2015, up from 3 gigabytes per capita in 2010.
- **A growing amount of Internet traffic is originating with non-PC devices**. In 2010, only 3 percent of Internet traffic originated with non-PC devices, but by 2015 the non-PC share of Internet traffic will grow to 15 percent. PC-originated traffic will grow at a CAGR of 33 percent, while TVs, tablets, smartphones, and machine-to-machine (M2M) modules will have growth rates of 101 percent, 216 percent, 144 percent, and 258 percent, respectively.
- **Traffic from wireless devices will exceed traffic from wired devices by 2015**.

4

THE 100 MOST POPULAR WEBSITES BY CATEGORIES IN JUNE 2011

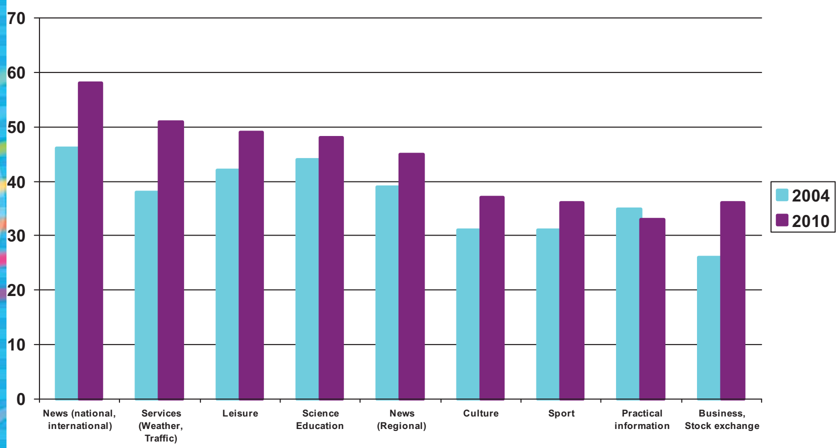
Source : European Audiovisual Observatory from Alexa ranking



5

INFORMATION SEARCH OF THE WEB BY GENRES IN GERMANY (2004-2010) (% of Web users regularly using the web for)

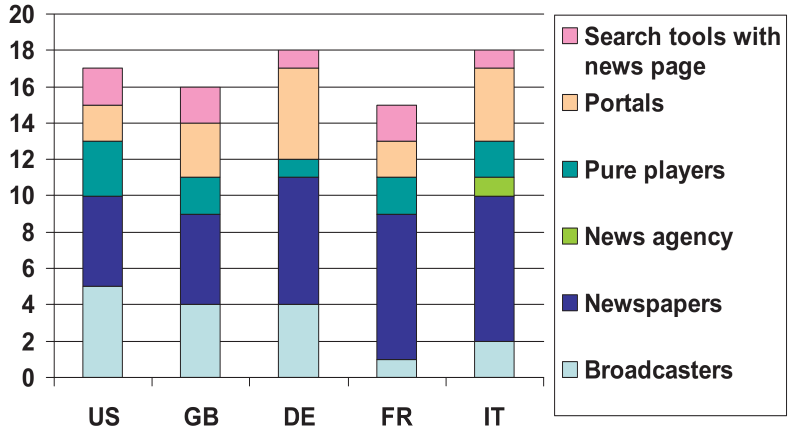
Source : ARD/ZDF Onlinestudien 2004-2010



6

NEWS WEBSITES AMONGST THE 100 TOP WEBSITES IN THE COUNTRY – JUNE 2011

Source : European Audiovisual Observatory from Alexa rankings



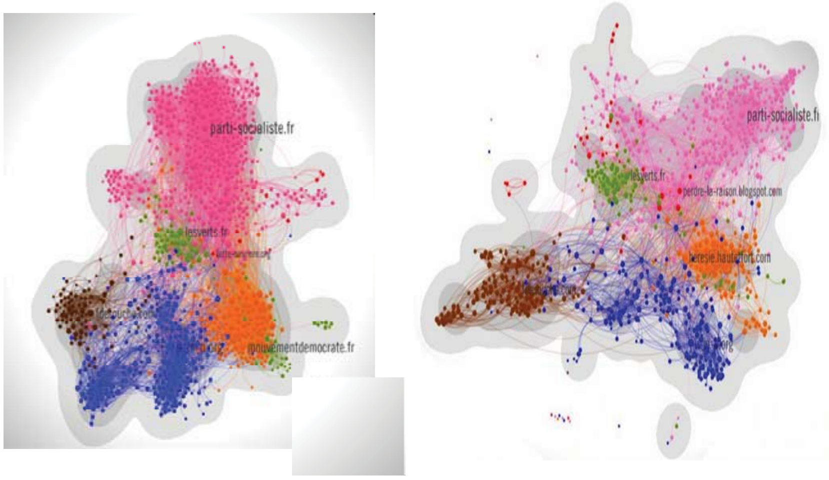
7

THE « BLOGOSPHERE » AS NEW FORM OF PUBLIC SPHERE – CARTOGRAPHY OF POLITICAL BLOGS IN FRANCE (2009-2011)

Source : Linkfluence

2009 : 1059

2011 : 1052



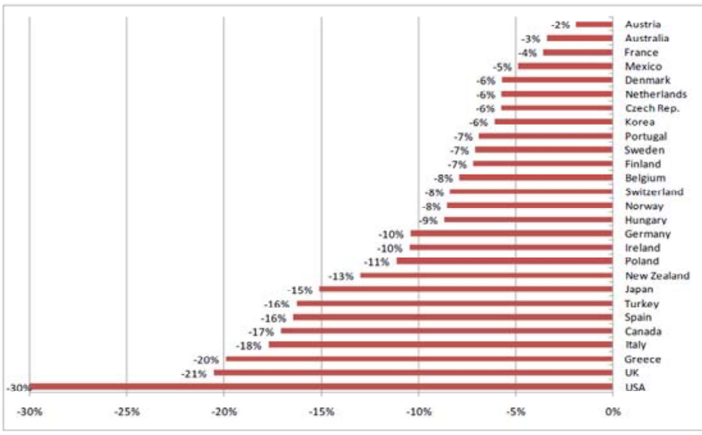
8

IMPACT OF THE INTERNET ON THE CULTURAL PRODUCT SALES : THE LONG TAIL THEORY (ANDERSON, 2004) – REVIEW BY A. ELBERSE, 2008

9

ESTIMATED NEWSPAPER PUBLISHING MARKET DECLINE IN OECD COUNTRIES 2007-2009 (in %)
Source : OECD

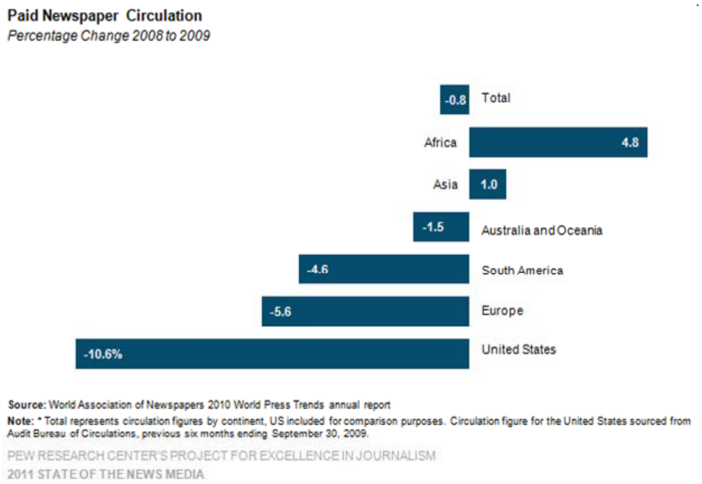
Figure 2. Estimated newspaper publishing market decline in OECD countries, 2007-2009 (in per cent)



10

DECLINE OF PAID NEWSPAPER CIRCULATION (2009/2008) in %

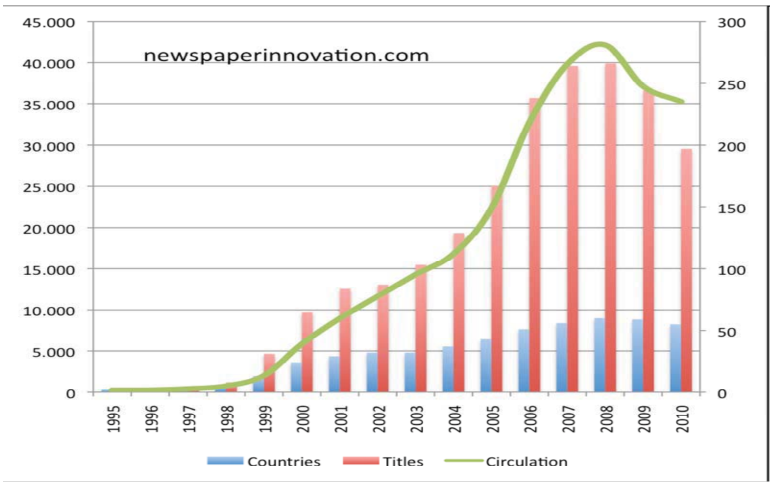
Source: Word Association of Newspapers 2010



11

DECLINE OF FREE DAILIES IN THE WORLD (1995-2010)

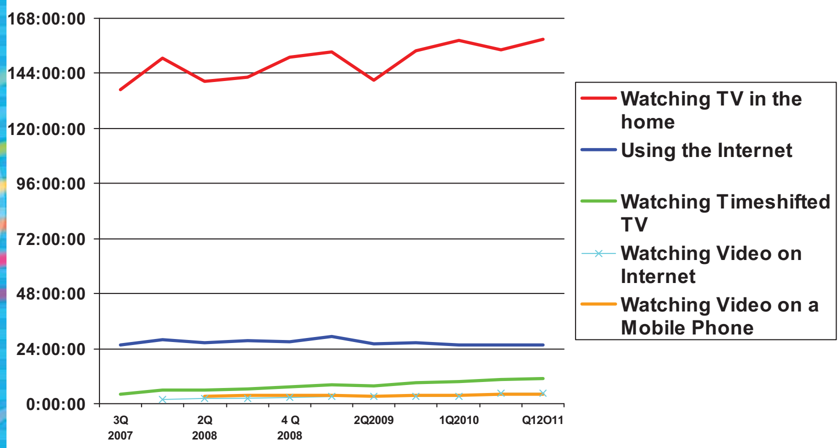
Source : Newspaperinnovation.com



12

MONTHLY TIME SPENT WITH TV, TIME SHIFTED TV, INTERNET, VIDEO ON INTERNET AND MOBILE PHONE IN US (2007-2011) in hours

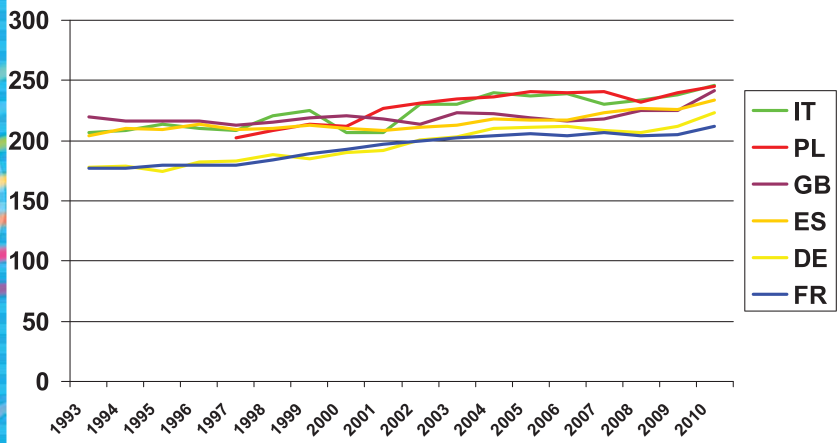
Source : Nielsen



13

AVERAGE DAILY INDIVIDUAL VIEWING TIME (1993-2010) IN THE 6 LEADING EUROPEAN COUNTRIES (in minutes/day)

Source : Eurodata-TV

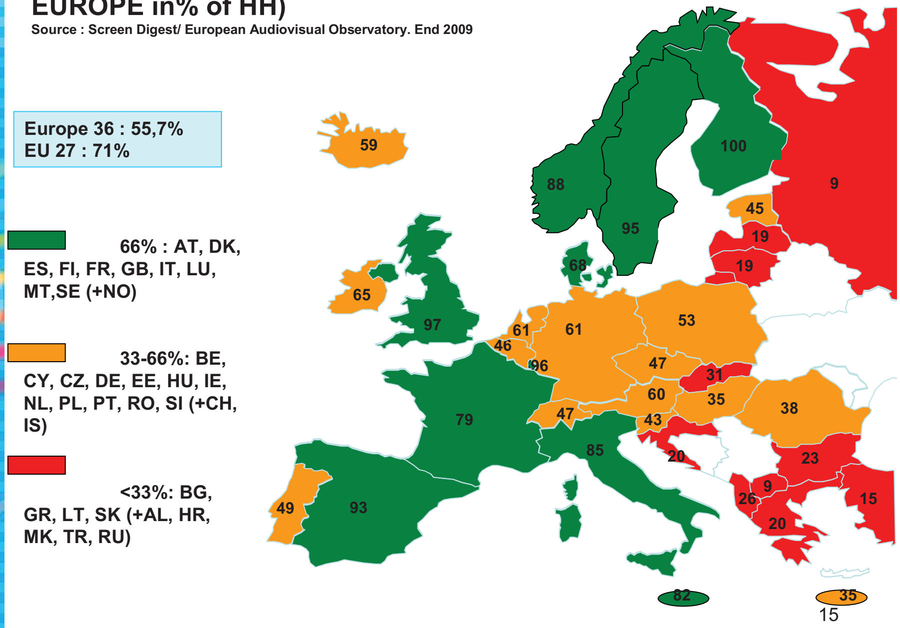


14

RATE OF PENETRATION OF DIGITAL TV IN EUROPE in% of HH)

Source : Screen Digest/ European Audiovisual Observatory. End 2009

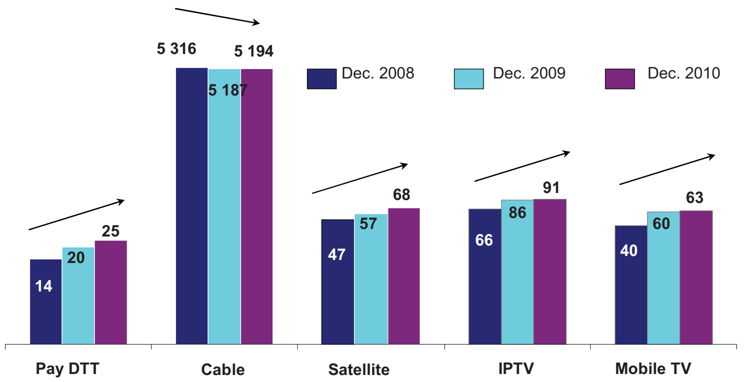
Europe 36 : 55,7%
EU 27 : 71%



15

NUMBER OF TV DISTRIBUTION PLATFORMS IN THE EU (2008-2010)

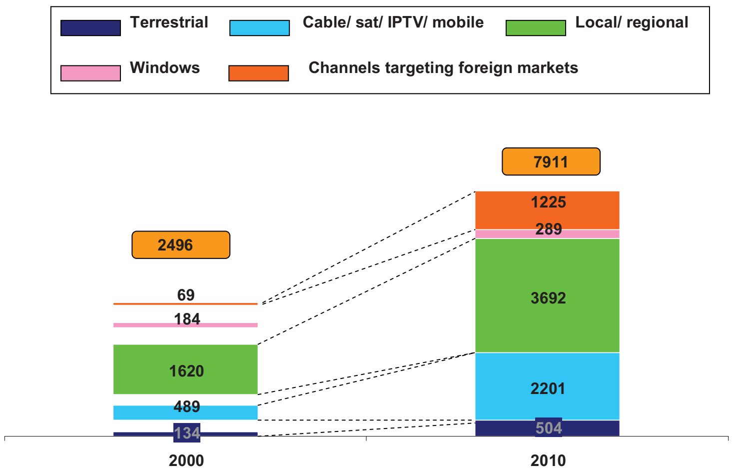
Source : European Audiovisual observatory / MAVISE



16

NUMBER OF TV CHANNELS IN THE EUROPEAN UNION (2000-2010)

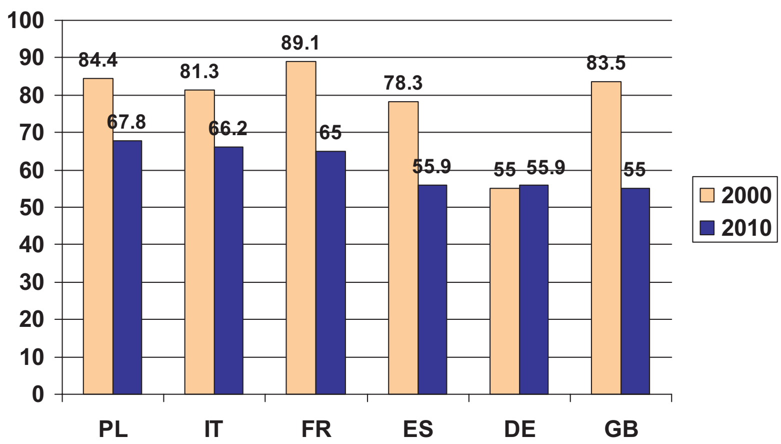
Source : European Audiovisual Observatory / MAVISE



17

CUMULATED DAILY AUDIENCE MARKET SHARES OF THE 5 LEADING TV CHANNELS IN 6 EUROPEAN MAJOR MARKETS (2000-2010)

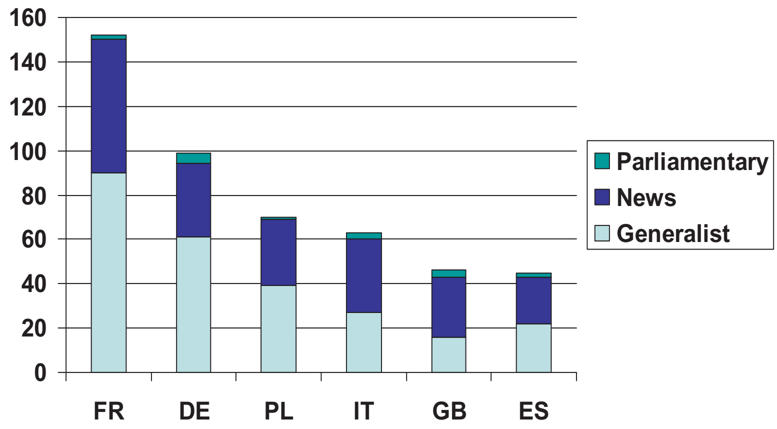
Source : European Audiovisual Observatory on Eurodata-TV data



18

NUMBER OF CHANNELS WITH INFORMATION OR DEBATES IN 6 EUROPEAN COUNTRIES (December 2010)

Source : European Audiovisual Observatory / MAVISE



19

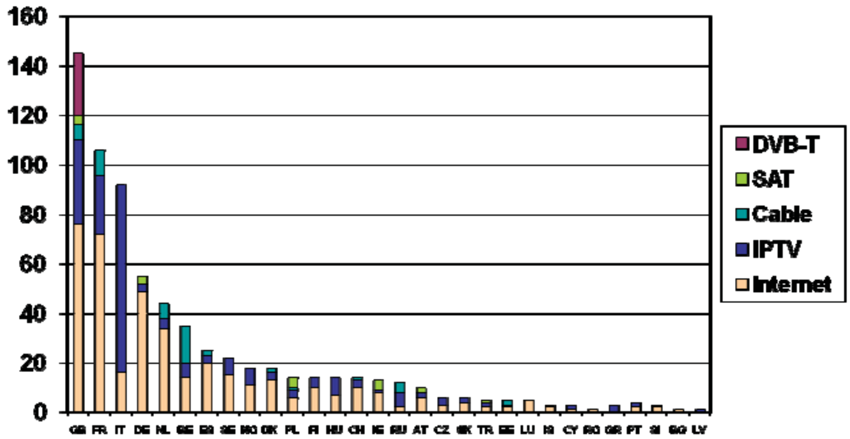
TYPES OF ON-DEMAND SUPPLY IN RELATION WITH THE KIND OF PLATFORMS

	nVoD	VoD services (film, TV catalogues)	Catch-up	Archives on-demand	Video sharing	Piracy	Social network
Direct Online		X	X	X	X	Streaming P2P	X
Mobile Internet		X	X	X	X	X	X
VoD Stores on-line		X	X		Videopodcasts		
Cable	X	X	X				
IPTV		X	X		X	X	
Satellite	X	Push VoD	Push & Hybrid (Web)				
DTT	X	Push VoD	Push				
Over the top (OTT)		X	X	?			
Connected TV		X	X	X	X (Viewing)		X (Viewing)

20

NUMBER OF ON-DEMAND AUDIOVISUAL SERVICES IN EUROPE (December 2008): 698 services

Source : OBS

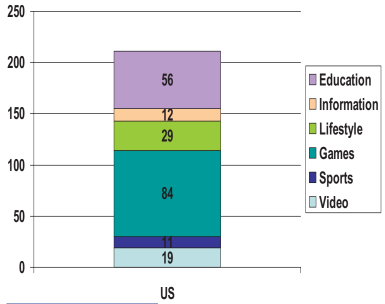


21

2011: SAMSUNG APPLICATIONS FOR CONNECTED TV SETS (June 2011)

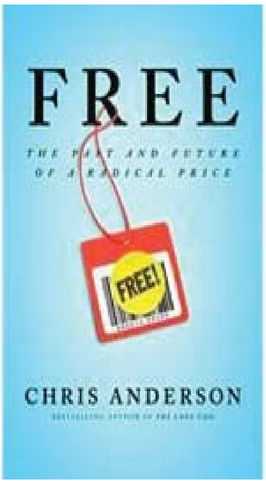
Europe

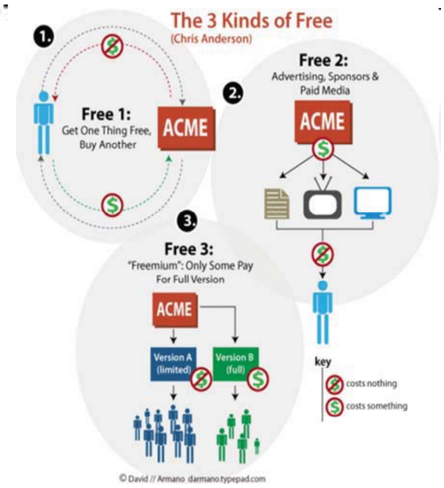
US



22

THE ECONOMY OF THE FREE

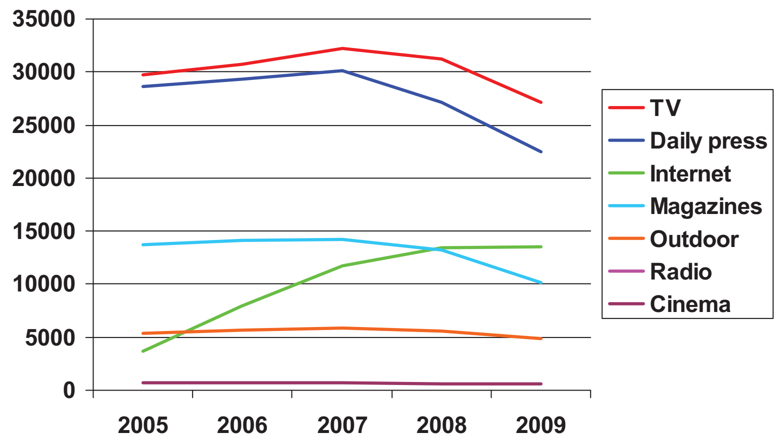




23

DISPLAY ADSPEND IN THE EUROPEAN UNION (2005-2009) EUR million

Source : WARC

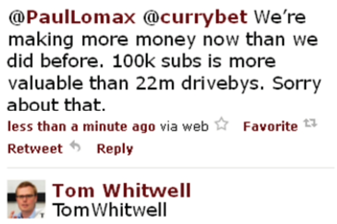


24

WILLINGNESS TO PAY FOR NEWS ?
The exemple of *The Times*

Source : Paidcontent, 30 June 2011

- "We intend to charge for our news websites. The *Wall Street Journal*'s WSJ.com is the world's most successful paid news site and we will be using our profitable experience there and the resulting unique skills throughout News Corp. to increase our revenues from all our content." Rupert MURDOCH, 5 August 2009
- One year after it introduced digital charges, News Corp.'s Times Newspapers in the UK says it has 101,036 digital subscribers across the web, tablets and e-readers.
- Since the £2 weekly subscription is billed as £8.66 per month, this would seem to give the publisher **£874,971 in monthly paid digital revenue**.
- The publisher is especially keen on tablets. "The Times is **downloaded onto an average of 35,000 iPads every day**, an increase of 40% in the 4 months since February". "The average for *The Sunday Times* is 31,000, an increase of 41%."



25

OTHER ISSUES TO BE DISCUSSED

- Impact of the new business models on the quality of journalism
- Role of the UGC and social networks in the production of news.
- Role, missions and financing of the public media
- Internationalisation of the public sphere. The leading country impose *de facto* its rules to the rest of the world.
- Fragmentation of the public sphere.
- Impact of digital technologies on IPR (piracy, financing of creation, of production of news)
- Efficiency of self-regulation
- Media literacy.
- Respect of privacy.

26