



**ANDERSEN**

**Business Consulting**

Technology, Media & Communications



Outlook of the development of technologies and markets for the European Audio-visual sector up to 2010

June 2002



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- Conclusions and recommendations



# Background and methodology of the study

## Background of the study

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- The "Television without Frontiers" directive establishes the legal frame of reference for the free movement of television broadcasting services in the Union in order to promote the development of a European market in broadcasting and related activities, such as television advertising and the production of audio-visual programmes
- The development and application of digital technologies, combined with other developments in the broadcasting markets, are changing the reality of European broadcasting. Consequently, in order to prepare the statutory report on the implementation of the directive "Television without Frontiers", the Commission has requested three studies that will provide the necessary input:
  - Lot 1 : « Evaluation of the impact of measures concerning the promotion of distribution and production of television programmes in the European audio-visual sector »
  - *Lot 2 : « Outlook of the development of technologies and markets for the European Audio-visual sector up to 2010 »*
  - Lot 3 : « The development of new advertising techniques »
- Andersen has been awarded the realisation of Lot 2

# Background of the study

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The purpose of this study is to provide scenarios for the likely development of European audio-visual services up to 2010, the prevailing business models and the associated changes in consumer behaviour

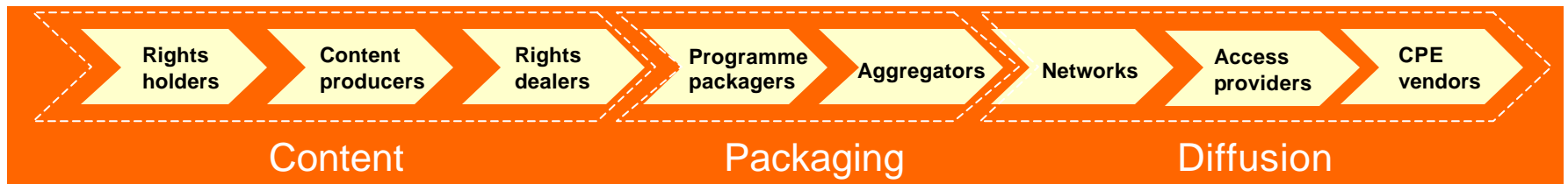
In order to define the future state of the industry, Andersen has worked out possible scenarios that address the following questions:

- How will the economic viability of the sector and its operators evolve in the future?
  - *The size and the evolution of the two main revenue sources of the industry: the advertising flows and the subscription and consumer spending flows (Public funding has been considered as a given “exogenous variable”)*
  - *The size and the evolution of the revenue flows of the key industry stakeholders, that have been regrouped in three categories (content producers and rights holders, programme packagers, networks and access providers)*
  
- How will consumer choice and control evolve in the future?
  - *Consumer choice and control has been retained as a quantitative and identifiable variable in order to estimate the consumers' welfare in terms of audio-visual offering and more generally as an effective dimension to synthesise the achievement of general interest objectives such as cultural diversity and pluralism*
  - *The main quantitative variable used in this prospective is the number of channels available in each country. Yet the number of channels needs to be supplemented by other qualitative variables, especially in the personalisation scenario. In this scenario, the faculty to broadcast, record and release content on demand enables the user to benefit from a larger choice than traditional TV channels.*



# Methodology of the study

- This report is based on three main sources of information:
  - Secondary market research
  - A Delphi study conducted amongst 49 European audio-visual organisations
  - Two workshops with industry expert groups
- The framework of the study is based on a common understanding of the audio-visual value chain



- The report also takes into account the diversity of the countries forming the EU and EEA. Andersen has approached the industry in defining characteristics among limited subgroups of countries. The selected key dimensions are:
  - The size and revenue potential of the local media markets
  - The dominant market model in the local media markets
  - The main distribution and reception mode in the local media markets



# The current European audio-visual market (trends 1995-2000)

## Trends in the audio-visual industry (1995-2000)

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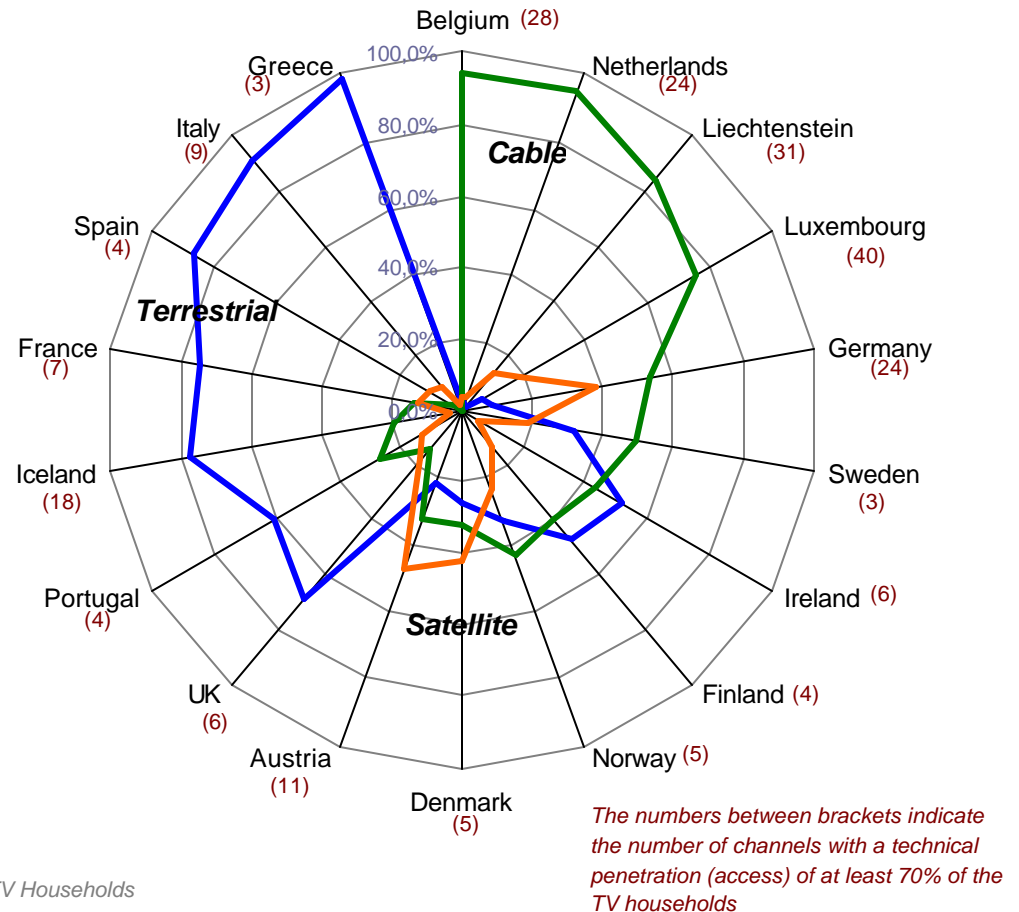
- **Trend 1** - Continuing growth of multi-channel and/or digital platforms
- **Trend 2** - Public service and commercial free-to-air channels maintain their audience share
- **Trend 3** - Decreasing financial strength and progressive consolidation of all operators
- **Trend 4** - Creation of large integrated and international groups
- **Trend 5** - Subscription revenues gain relative weight





# Trend 1: Continuing growth of multi-channel and/or digital platforms

- A growing number of television households can access multi-channel access platforms
- The continuing growth of these platforms provides consumers with an increasing choice of content
- However, some television households still have access to less than 5 channels

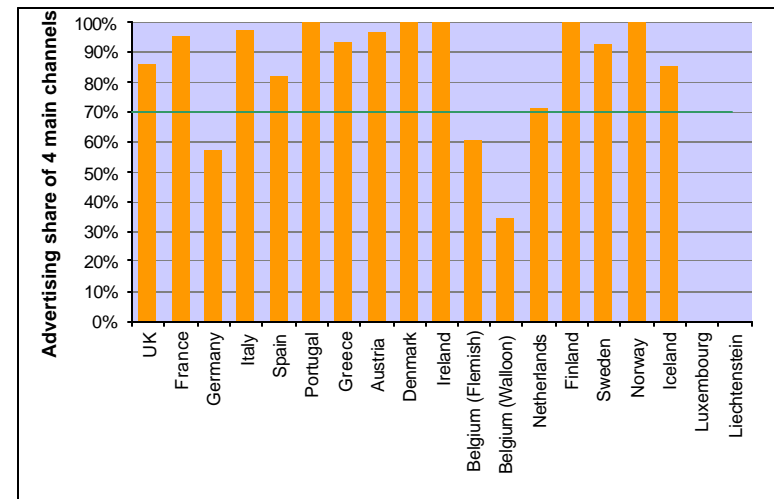
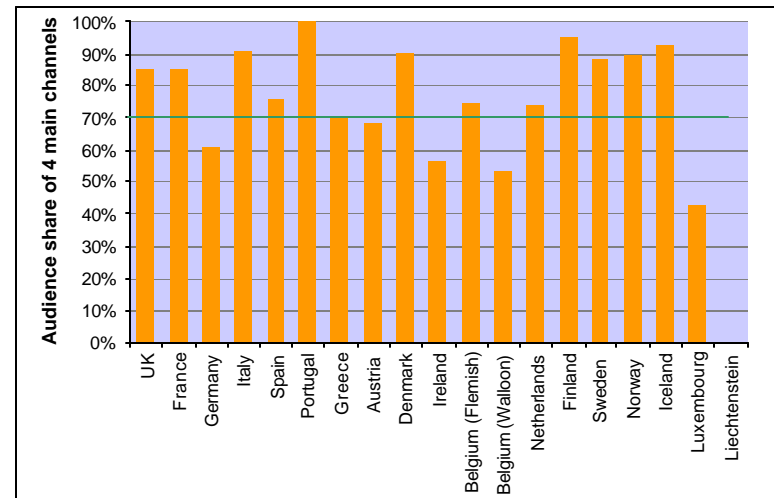


% of TV Households

Source: IP, TV 2001, 2000 figures

## Trend 2: Public service and commercial free-to-air channels maintain their audience share

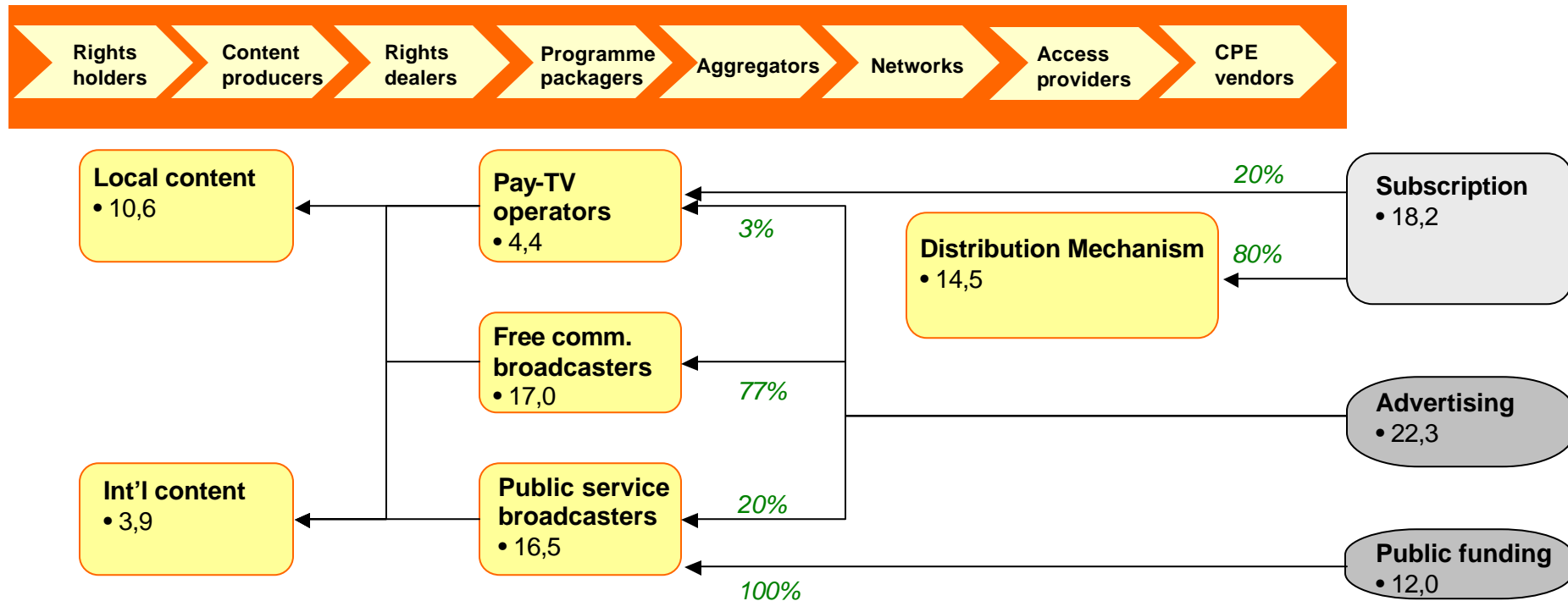
- Although new platforms bring an enlarged offer of content, European consumers have not yet changed their behaviour
- In most European countries, the four largest channels still capture 70% of the audience
- This also means that advertising revenues are still captured by these large channels, decreasing the funding available for small channels and indirectly for the producers associated to these channels



Source: IP, TV 2000, 1999 figures



# Trend 3: Decreasing financial strength and progressive consolidation of all operators

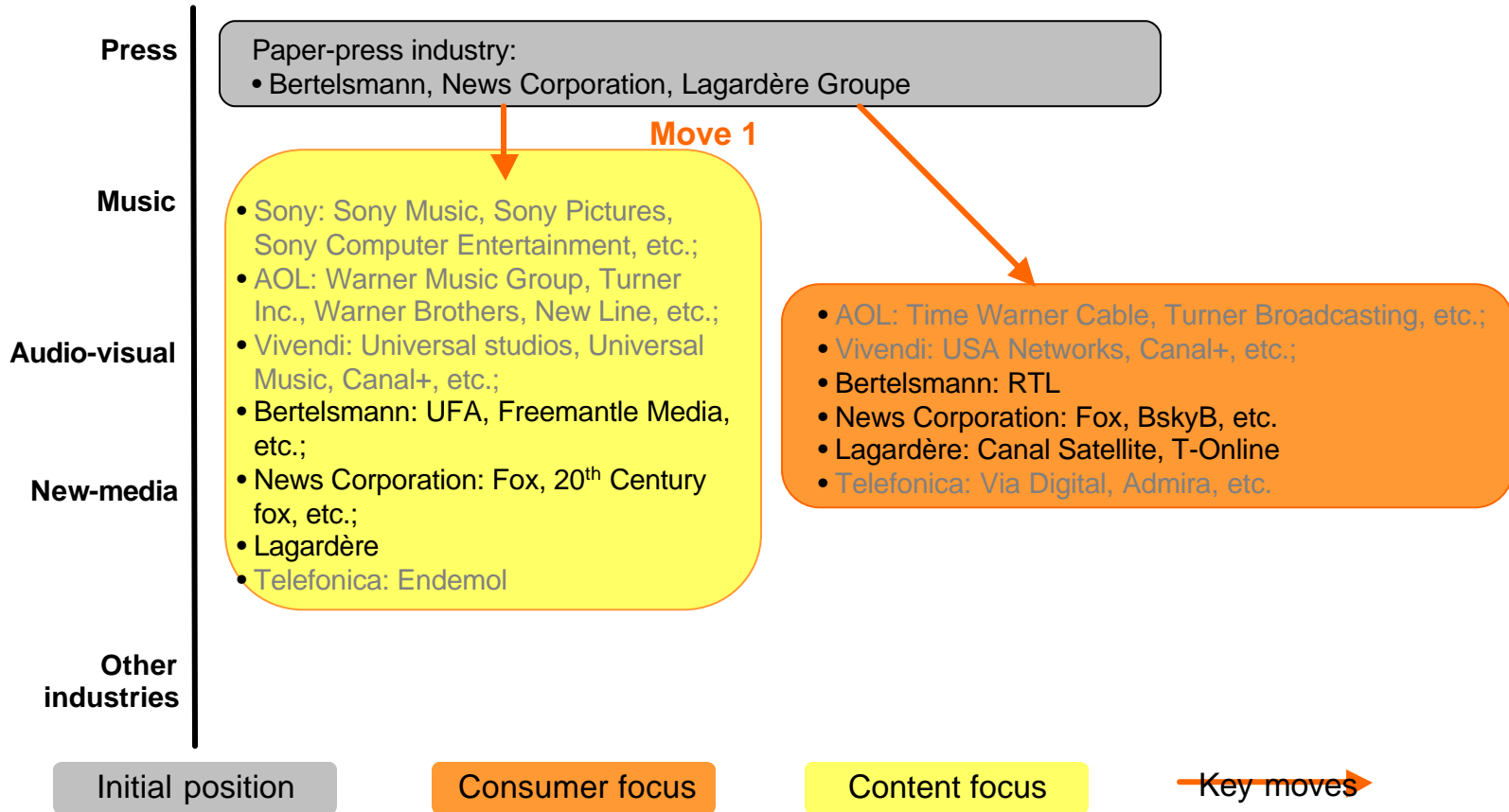


All figures relate to 1999  
 All figures in billion Euro  
 Figures represent totals for the 18 EEA countries.



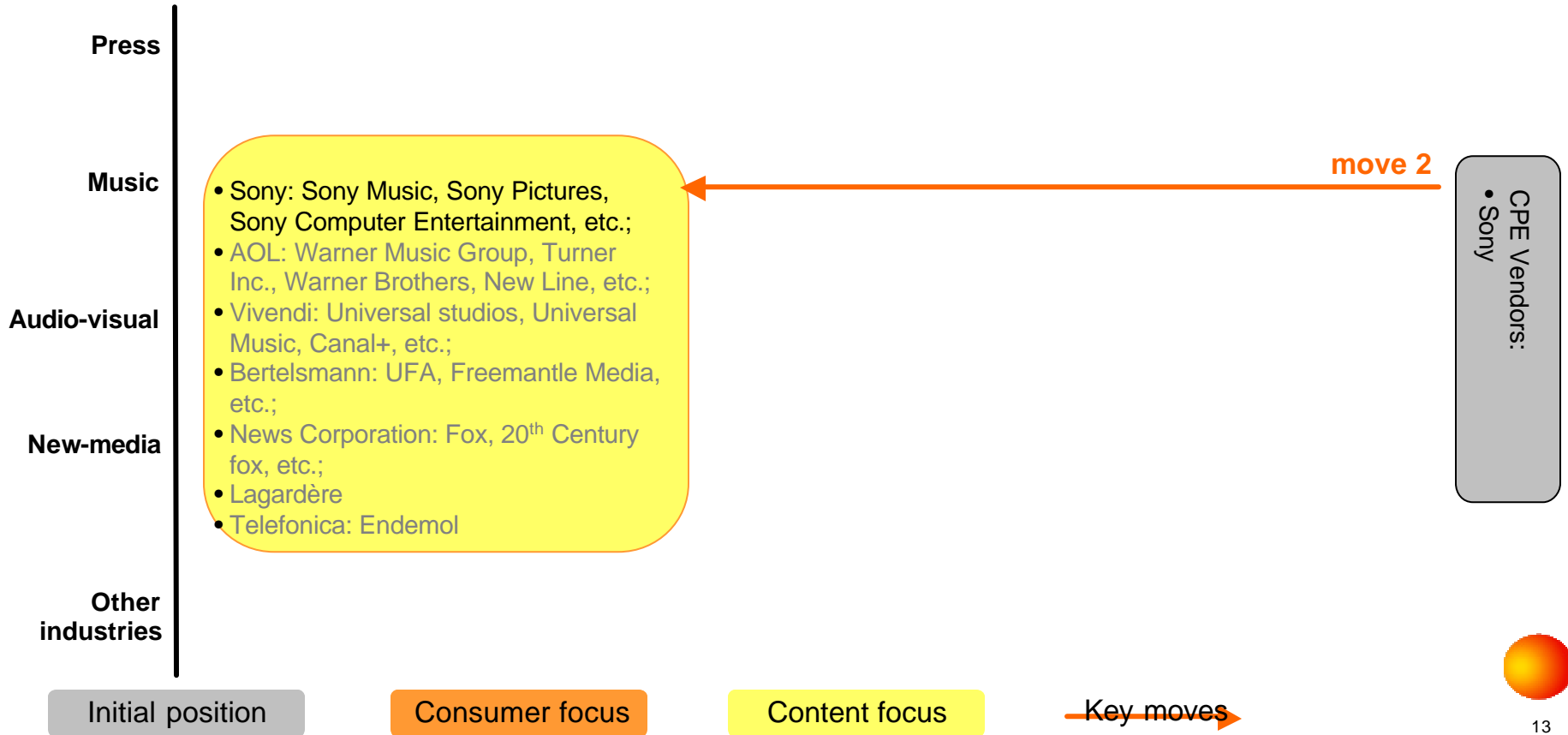
# Trend 4: Creation of large integrated and international groups

*The first move relates to the massive investment of paper-press companies into the audio-visual industry*



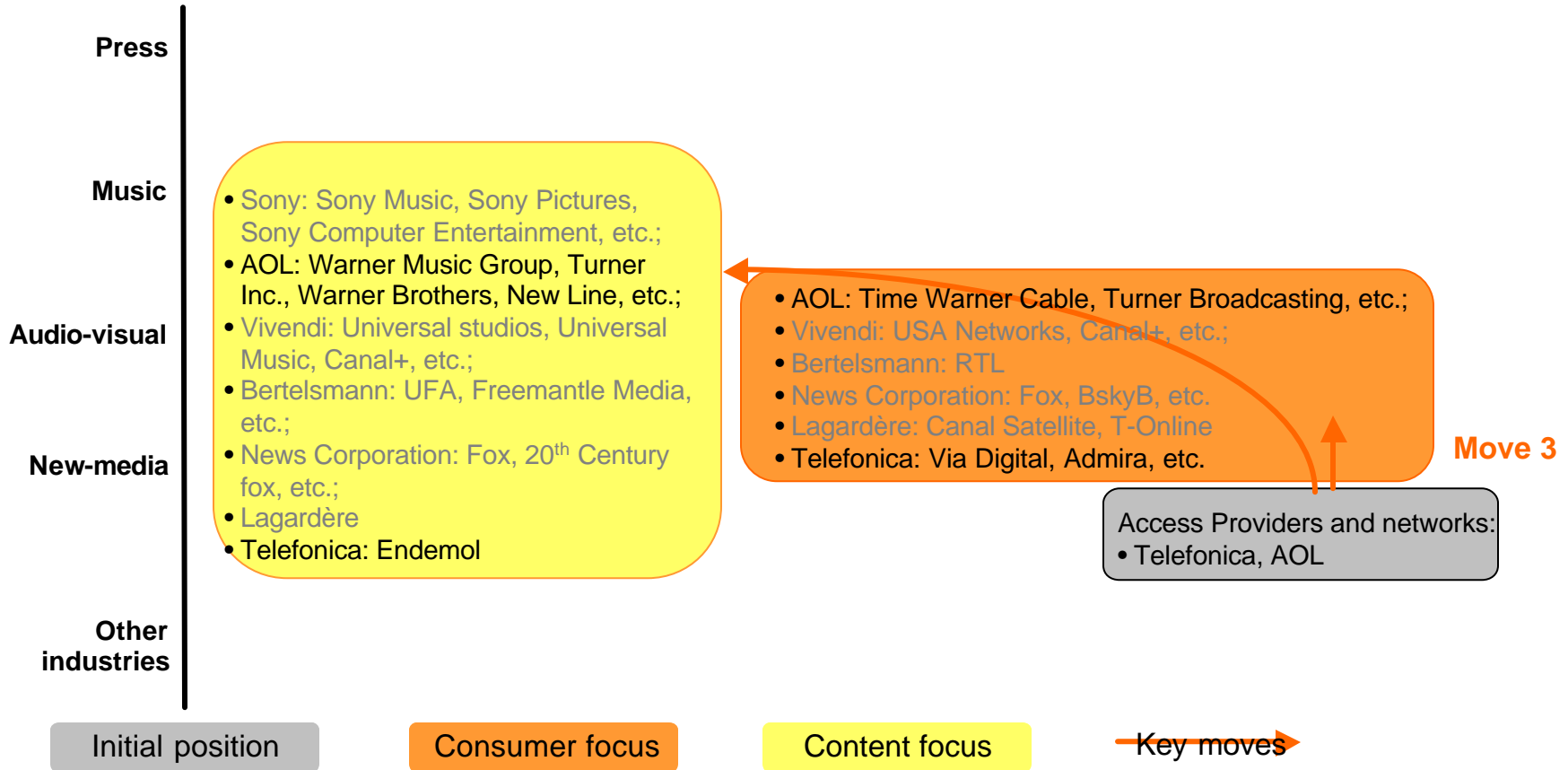
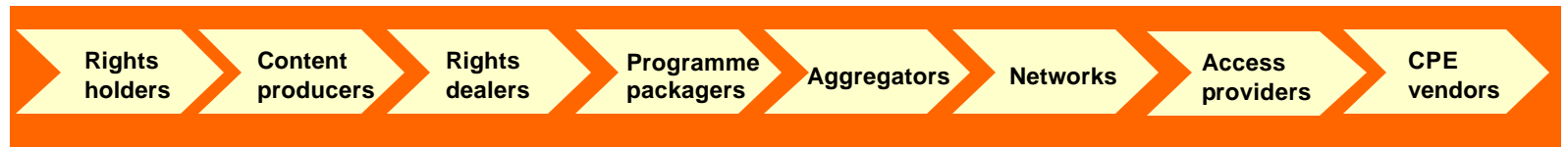
# Trend 4: Creation of large integrated and international groups

*The second move relates to the diversification of customer premises equipment vendors into the content production industry*



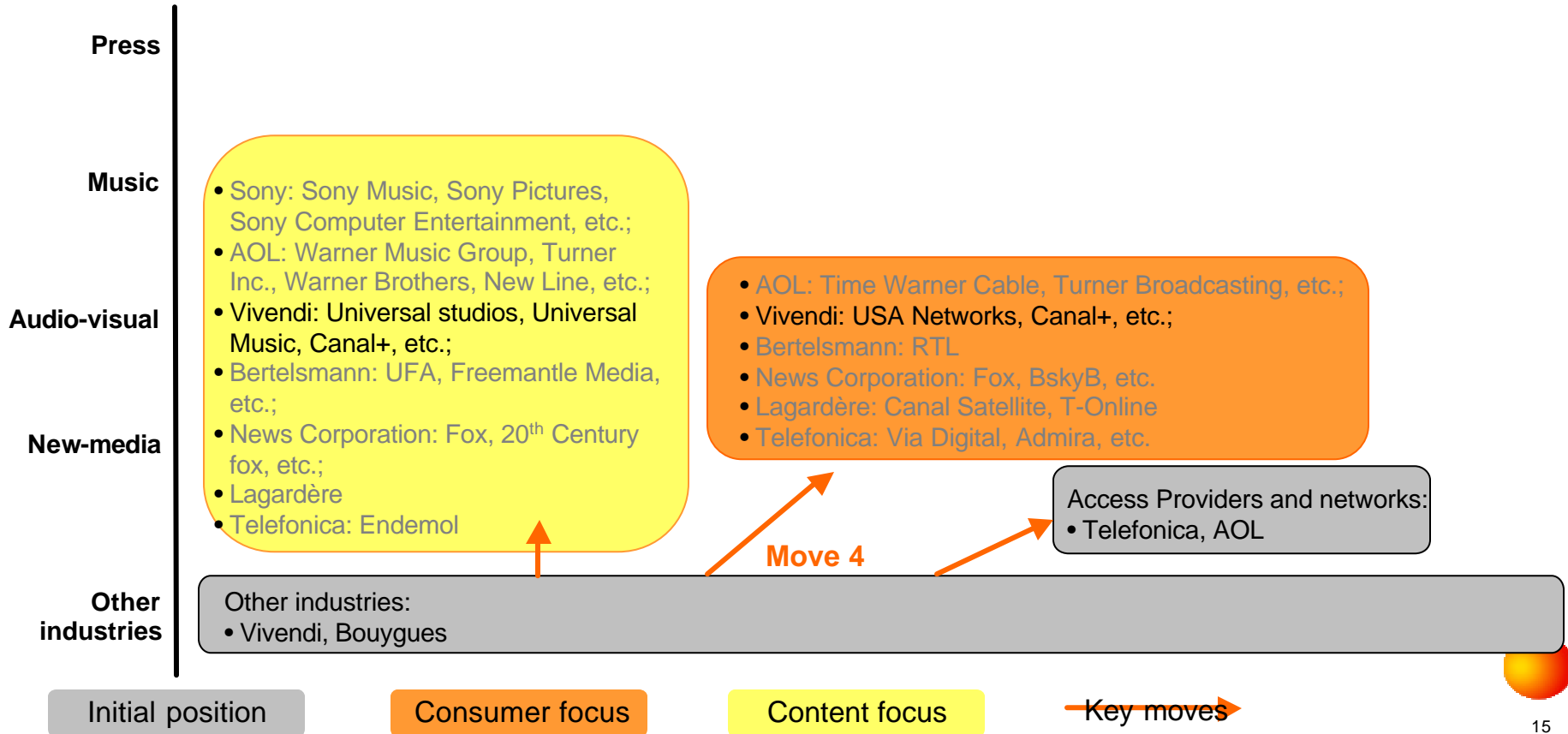
# Trend 4: Creation of large integrated and international groups

*The third move relates to the diversification of access providers and networks to the content production and packaging industry*



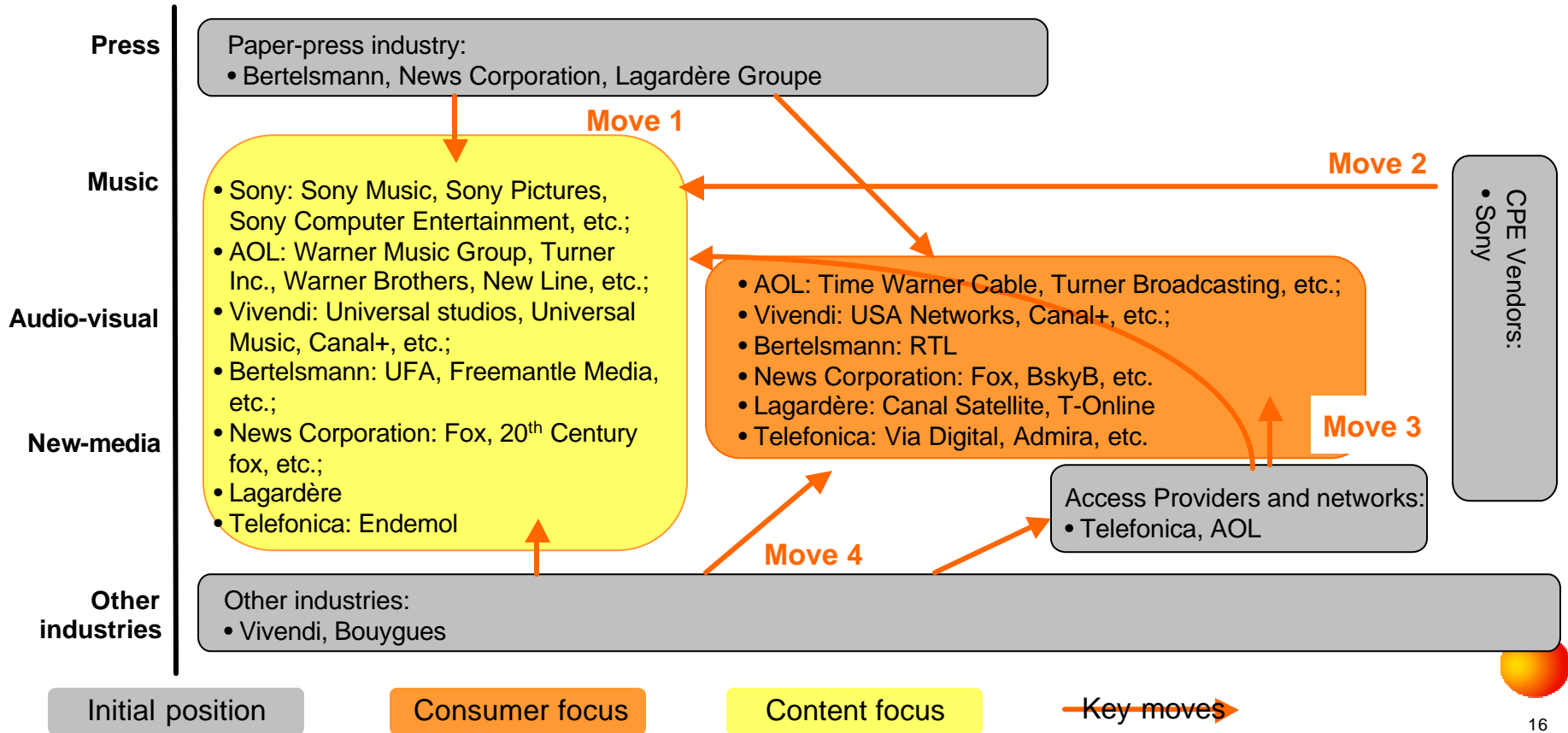
# Trend 4: Creation of large integrated and international groups

*The fourth move relates to the creation of large audio-visual groups by companies that were previously not active in the media industry*



# Trend 4: Creation of large integrated and international groups

## Overall view

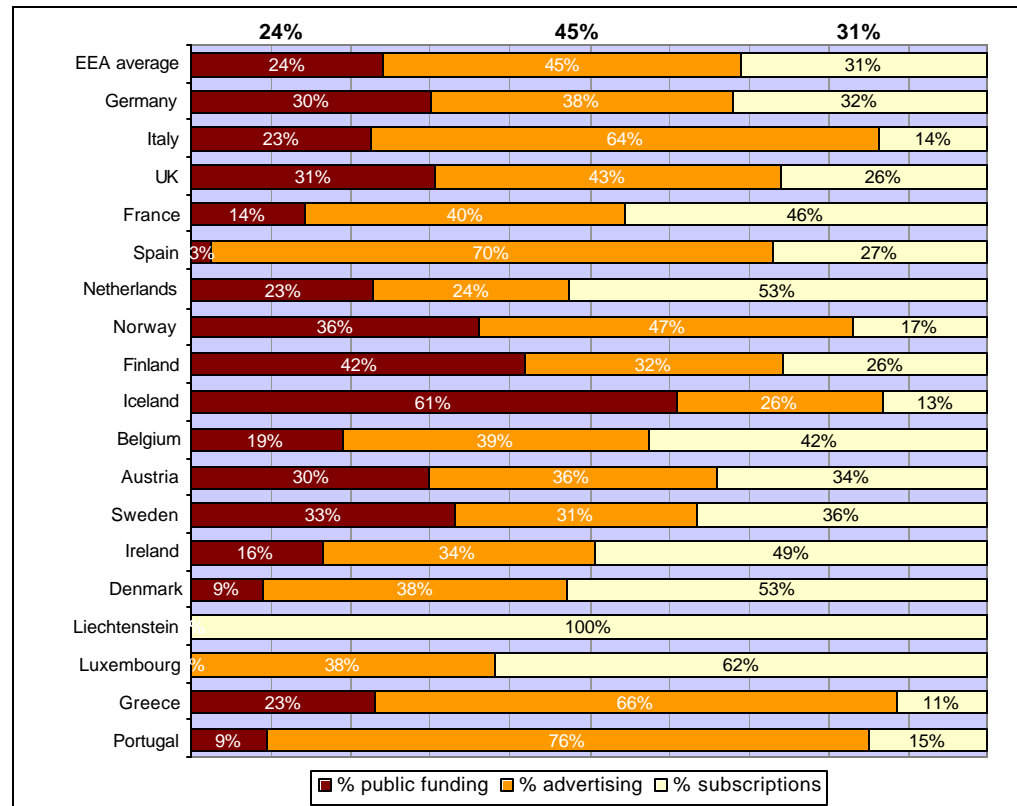




## Trend 5 – Subscription revenues gain relative weight

*The current European audio-visual market (trends 1995-2000)*

- Subscriptions and other revenues, the second source of revenue after advertising, are gradually gaining in importance
- This growth in importance also implies a shift in the balance of power towards access providers, traditionally the main beneficiaries of subscription revenues



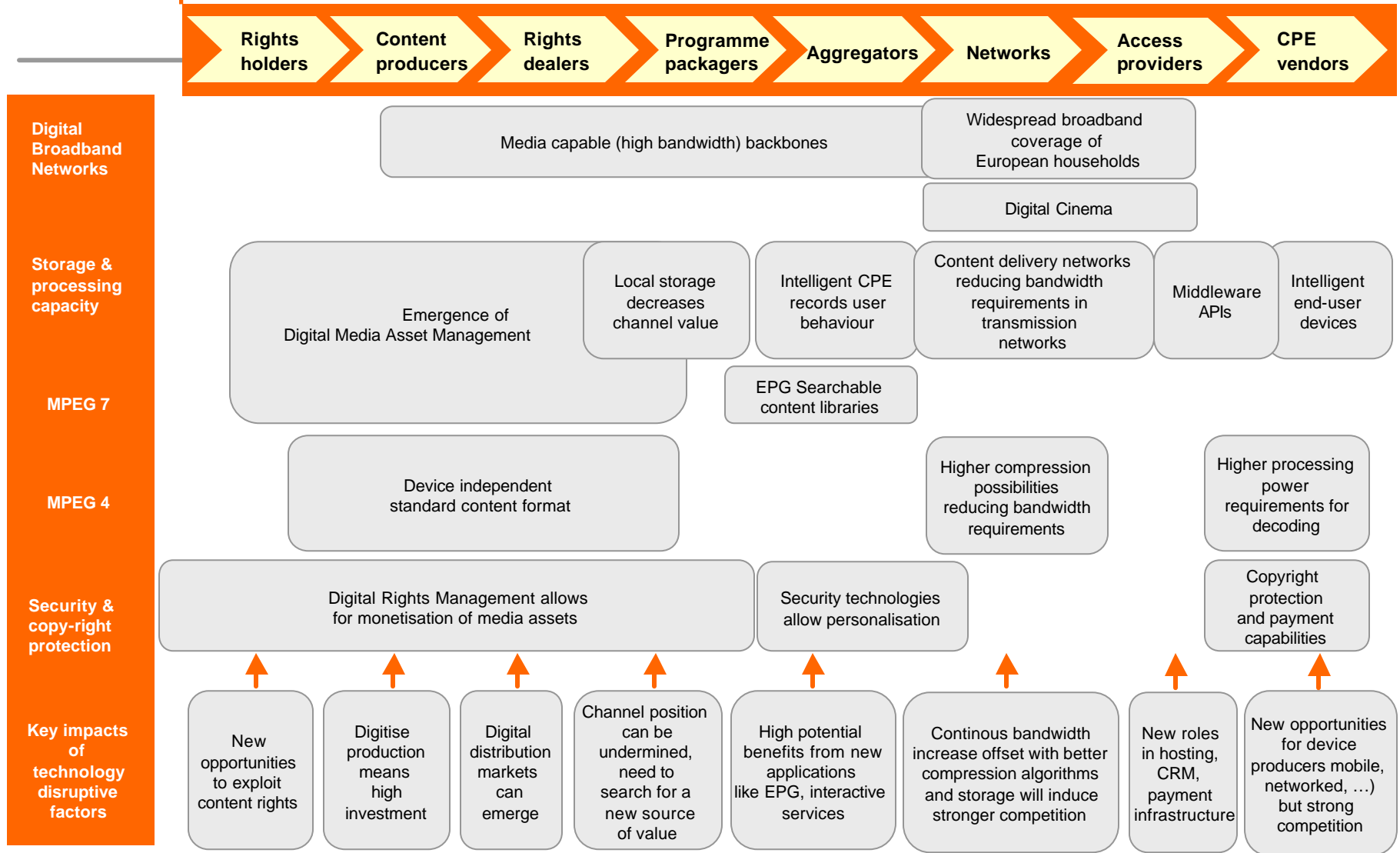
Source: Public funding: Compilation by Andersen based on EAO, Statistical Yearbook 2001, 1999 figures; Subscriptions and advertising: Zenith Media, 1999 figures

Note 1: "Other broadcaster income" include pay-TV subscriptions, tele-shopping, merchandising and various revenues coming from new multimedia applications such as SMS commissions, etc.

Note 2: In some countries, public funding is also provided through direct public subsidies, government-secured loans, etc. These amounts have not always been taken into account resulting in the understatement of the importance of public funding in some countries

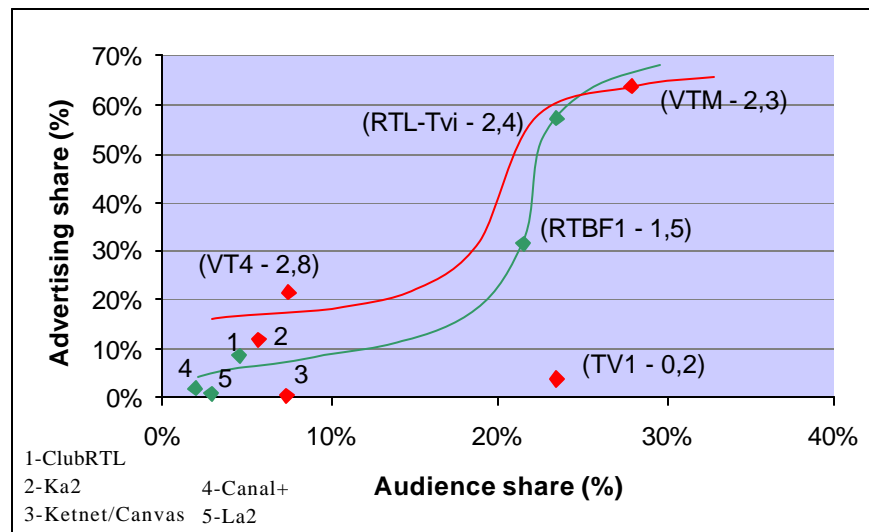
Some technology and economic disruptive factors are challenging the status quo

# Combined technology advances are expected to enable new forms of consumption of broadcast media



# Emerging business models are likely to redistribute the economic opportunities of the operators

- Subscriptions and consumer spending, as a source of revenues for the audio-visual industry, are expected to grow in the future. The importance of subscriptions in the total revenue sources of the industry is likely to grow from 35% in 2000 to 55% in 2010.
- New ways of advertising emerge, old ways become defective
  - New measurement systems will remove the traditional 3-5% audience threshold
  - The power ratio (advertising share divided by audience share) will tend towards 1



- Competition for the consumers' time increases

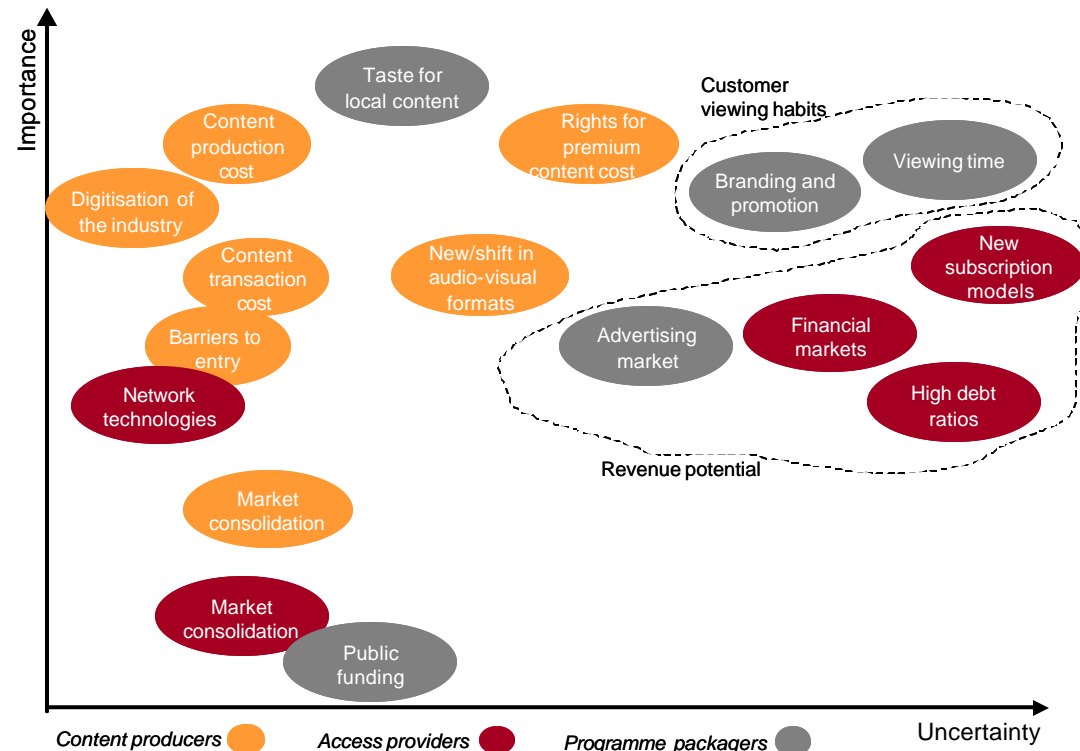


The likely future (up to 2010) balances between interactivity and full personalisation

# Overview of the scenarios

## Scenario choice based on significant but uncertain key trends

- Based on the questionnaires and interviews, a number of **key trends that will drive the industry** evolution have been identified. These key trends have been ranked according to the importance and uncertainty of their potential impacts
- These main trends relate to **customer viewing habits** and **revenue potential**, which are used as the two axes for the scenarios. Based on this, three scenarios were developed ("Business-as-usual", "Interactivity" and "Personalisation")
- These scenarios were tested in two **economic environments**: recession (-1% GDP growth) and growth (+2,5% GDP growth)



# Overview of the scenarios

## *Key dimensions of the scenarios*

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### Scenario 1: Business-as-usual scenario

- Technology disruptive factors will not impact service offerings and consumer behaviour
- Economic and market trends that have been identified between 1995 and 2000 will continue

### Scenario 2 : Interactivity

- The television screen will be used to access more and new entertainment services  
Consequently, viewing time will be fragmented over television's different uses

### Scenario 3 : Personalisation

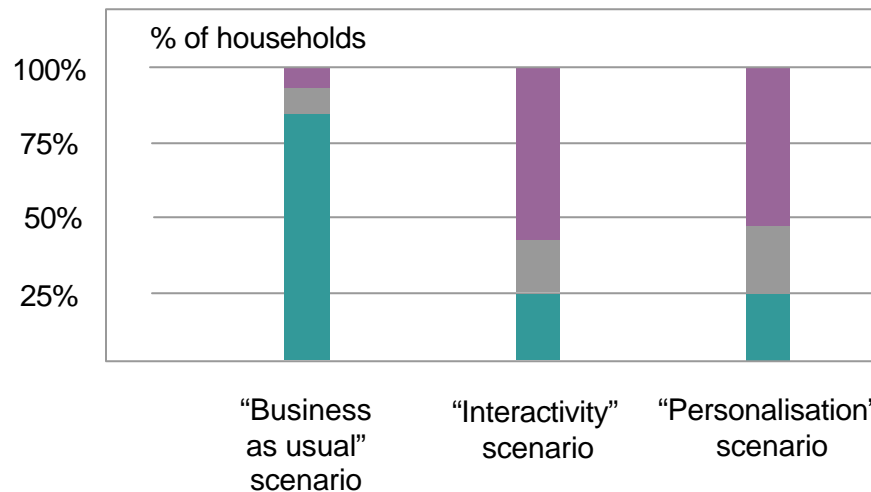
- A paradigm shift will occur from channel-based viewing to programme-based viewing:
  - Simultaneous TV viewing at the time it is broadcast will be reduced
  - Most content will be pre-recorded and accessed “on demand”



# Overview of the scenarios

*Disruptive factors will interact with different levels of intensity in each scenario*

- Consumers will embrace the new services differently:
  - Some will fully embrace the new services and radically change their behaviour
  - Other will have access to the new services but will only partly make use of them
  - Finally, a third category of consumers will not subscribe or not have access to these services



## Key

- Households that regularly use new services
- Households that have access to new services but don't use them
- Households that don't have access to new services

- New services are both services that relate to interactivity and personalisation
- The relative importance of "interactivity" or "personalisation" will depend on the scenario





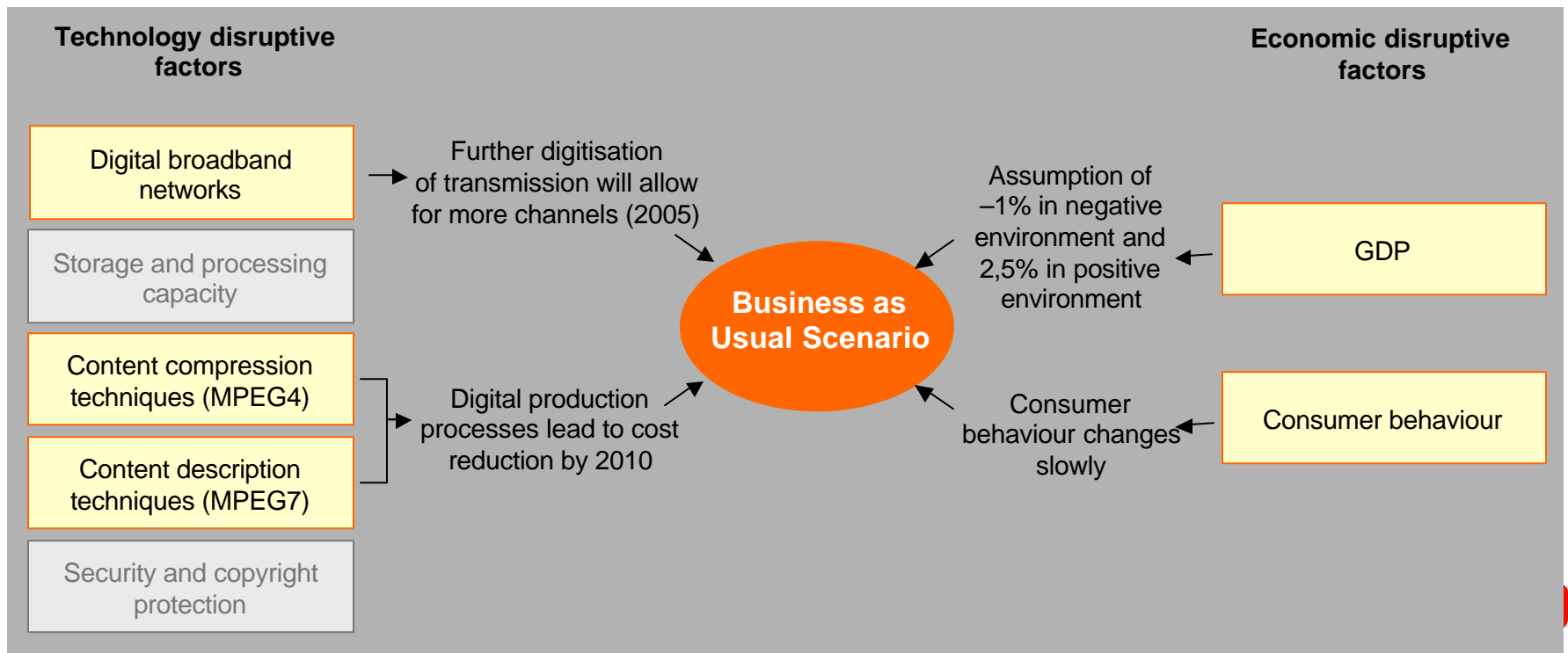
# 1. The 'Business-as-usual' scenario

## Key hypotheses for a 'business-as-usual' scenario

### Key hypotheses

*"Technology disruptive factors will not impact the service offerings nor consumer behaviour"*

*"Economic and market trends that have been identified between 1995 and 2000 will continue"*



# 1. 'Business-as-usual' scenario

## *Enablers / Barriers*

### Enablers

- Economic slowdown favours the "Business-as-usual" scenario
  - 71% of Delphi study respondents believe that consumers will still prefer local content, 51% of the respondents believe that TV viewing time will not significantly change
- So, consistent consumer behaviour and hence consumer spend will favour continuation of the current model
- Digitisation is a slow process both for the industry players and in consumer acceptance (~ penetration). Most players indicate that 2010-2015 is the deadline

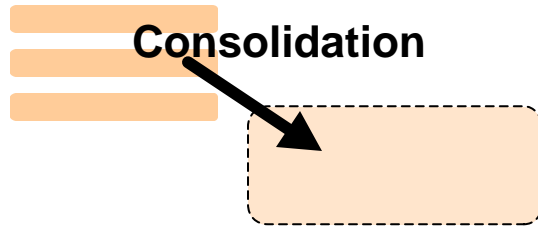
### Barriers

- Stakeholders expect major changes, especially around:
  - Networks and access providers that already invested heavily in broadband digital networks enabling new media services
  - Large content producers are already starting to produce their first interactive content (SMS, Internet,...)
  - CPE vendors and associated software vendors are moving to the entertainment market as the current PC market stagnates
- In some advanced countries (i.e.the UK), consumer behaviour and consumer spend are already changing rapidly in response to digital TV products being launched on the market



# 1. 'Business-as-usual' scenario

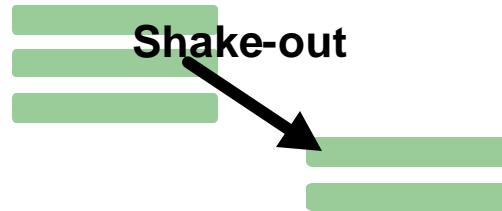
## The likely impact on key stakeholders



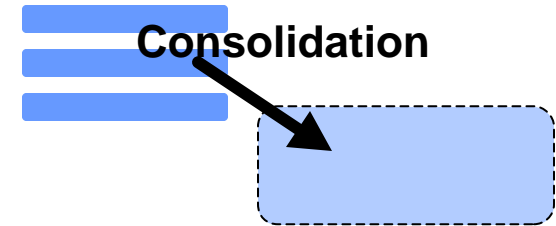
**1** The European content production market remains fragmented despite the **consolidation** of the top-end players and the shake-out of the low-end of the market

Increase of costs of rights will be limited, partly due to the slowing down of advertising market and the fact that subscription revenues are still limited.

Profitability will further decrease



**2** **Shake-out** of the number of pay-TV operators, especially in the large markets



**3** Continued **consolidation** of the access provisioning industry and repricing of the infrastructure

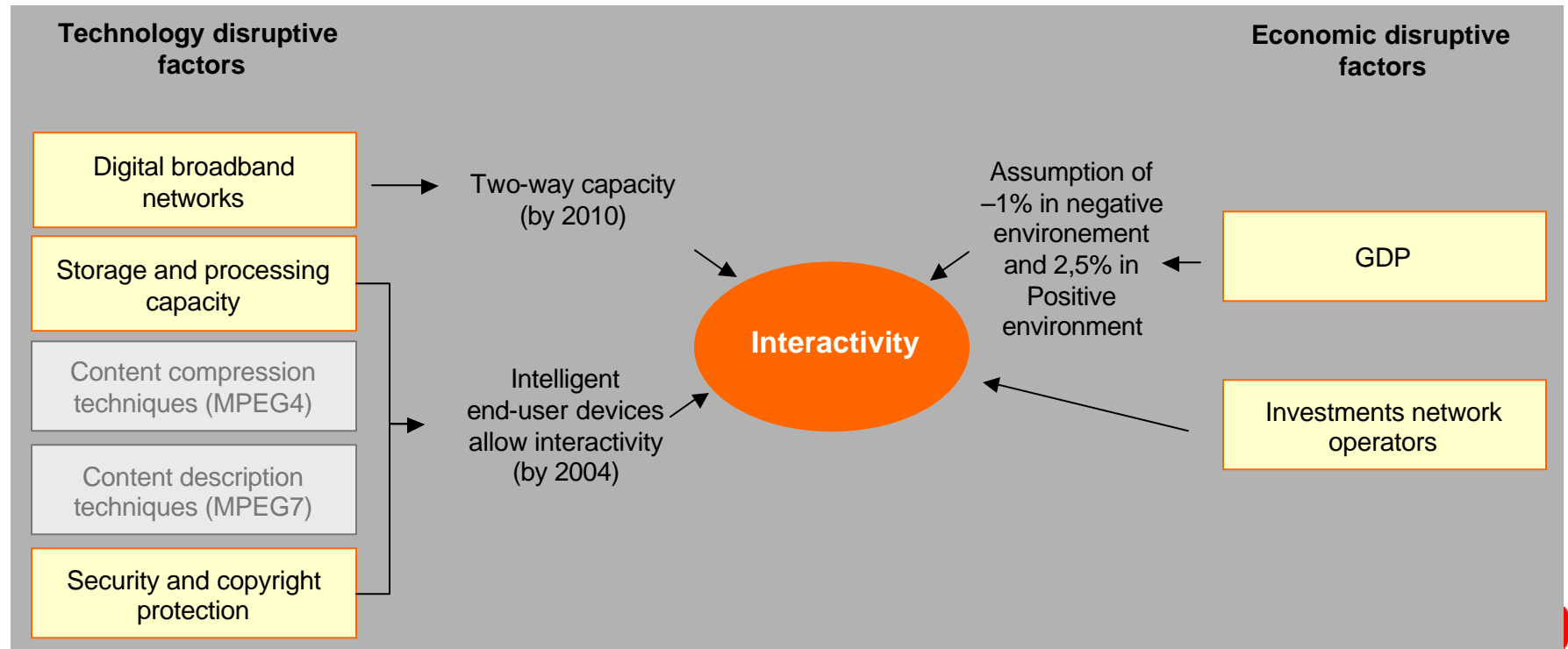


## 2. 'Interactivity' scenario

*The combination of disruptive factors that produces "Interactivity"*

### Key hypotheses

*"The television screen will be used to access more and new entertainment services. Consequently, viewing time will be fragmented over television's different uses"*



## 2. 'Interactivity' scenario

### *Enablers / Barriers*

#### Enablers

- Access providers will stimulate use of non-broadcast content as they stand to gain from the revenue streams created. It mainly relates to:
  - On-line publishing (magazines,...)
  - Games (most cited item by industry experts)
  - T-Commerce
- Programme packagers will want to maximise their audience share and will offer interactive functionality in programmes
- Advertisers will push for more active audiences and one-to-one interactivity in order to increase the attention span of audiences and therefore the effectiveness of the ads
- Some technology disruptive factors will lead to :
  - High penetration of digital broadband networks
  - Intelligent end-user devices being widely spread
- A new generation of interactive consumers will emerge

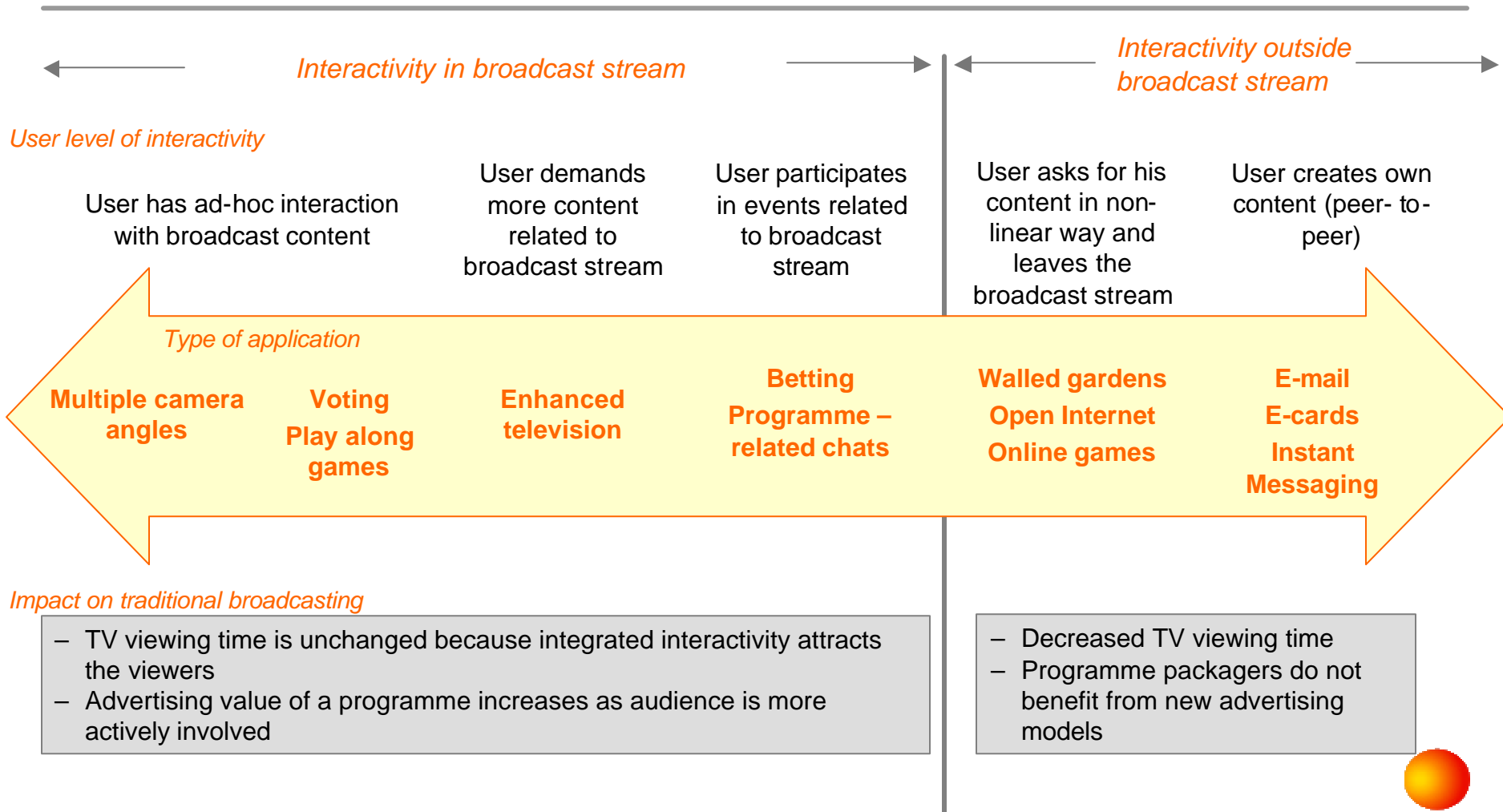
#### Barriers

- Penetration and standardisation of digital television platforms by 2010
- Possible strong increase in production costs of interactive content
- Change of consumer behaviour is slower than expected as majority of consumers are still in a "lean-back" viewing mode
- New business and advertising models are unproven and past Internet experience has been disappointing for advertisers. They will be cautious before investing large advertising budgets on these new formats



## 2. 'Interactivity' scenario

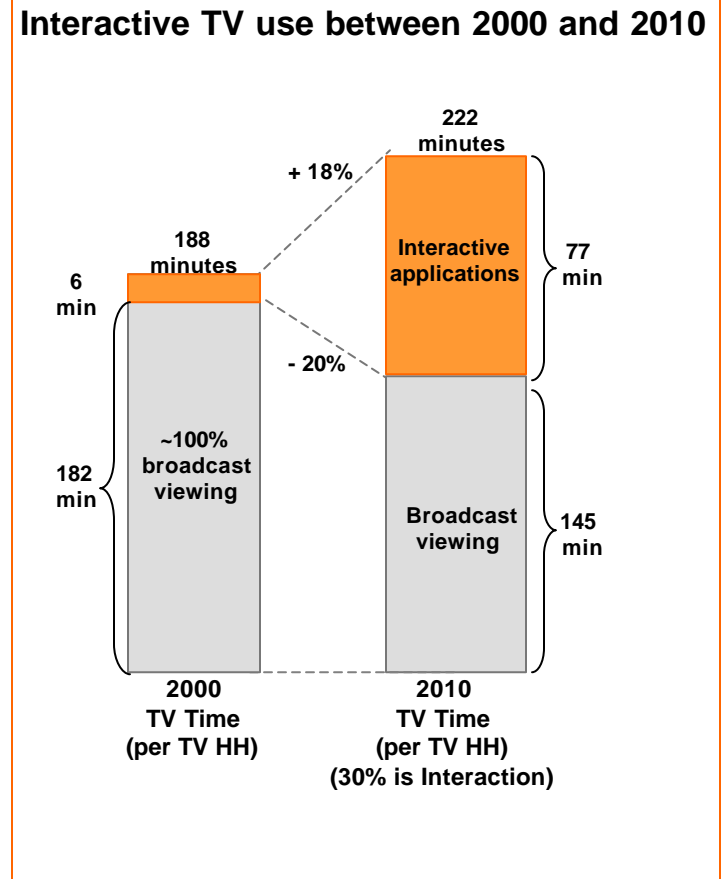
### *New functionalities available to the consumer*



## 2. 'Interactivity' scenario

### *Impact on consumer behaviour*

- Between 1995 and 2000, TV viewing time has only slightly increased while the number of TV channels has exploded
- Time spent using **services** provided on the **television**, will increase while TV viewing time is expected to decrease (Andersen estimate)
- The current online behaviour provides some indication on the future iTV killer applications
  - Community and communication activities** such as e-mail, chat and IMS are the most important activities online.
  - Entertainment sites** are the second largest sites, with betting and gaming taking the lead
  - News and **information** sites are the third largest sites in terms of visits



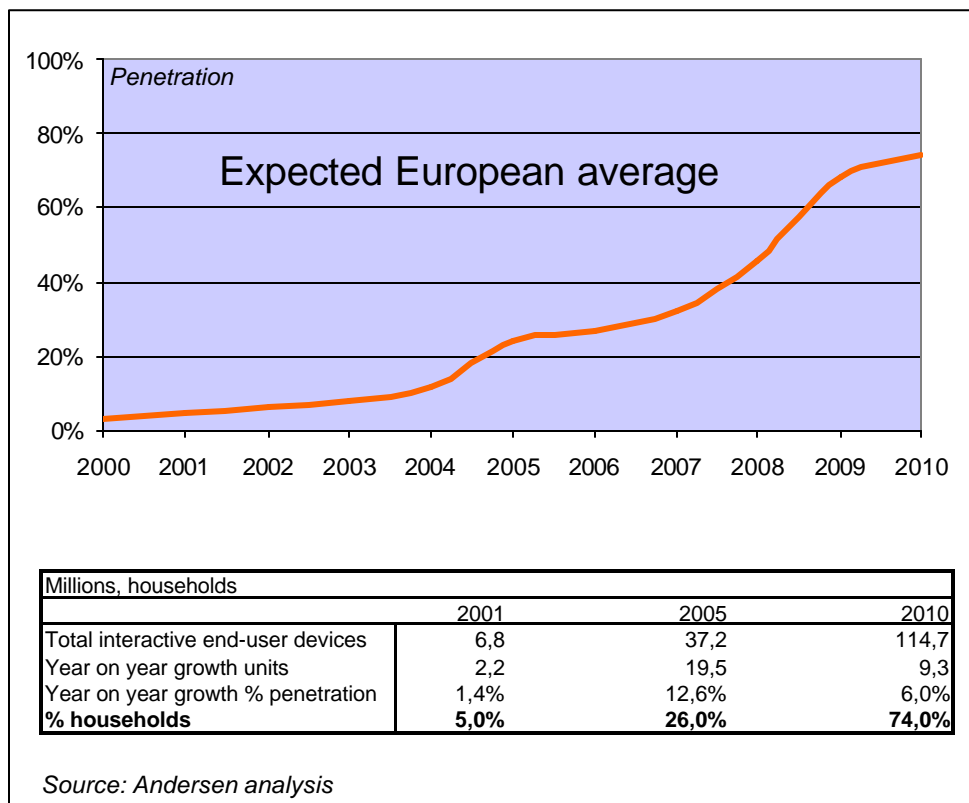
Source: Andersen analysis

Note: Current online use relates only to broadband (2001 data)

## 2. 'Interactivity' scenario

### Market penetration of iTV services

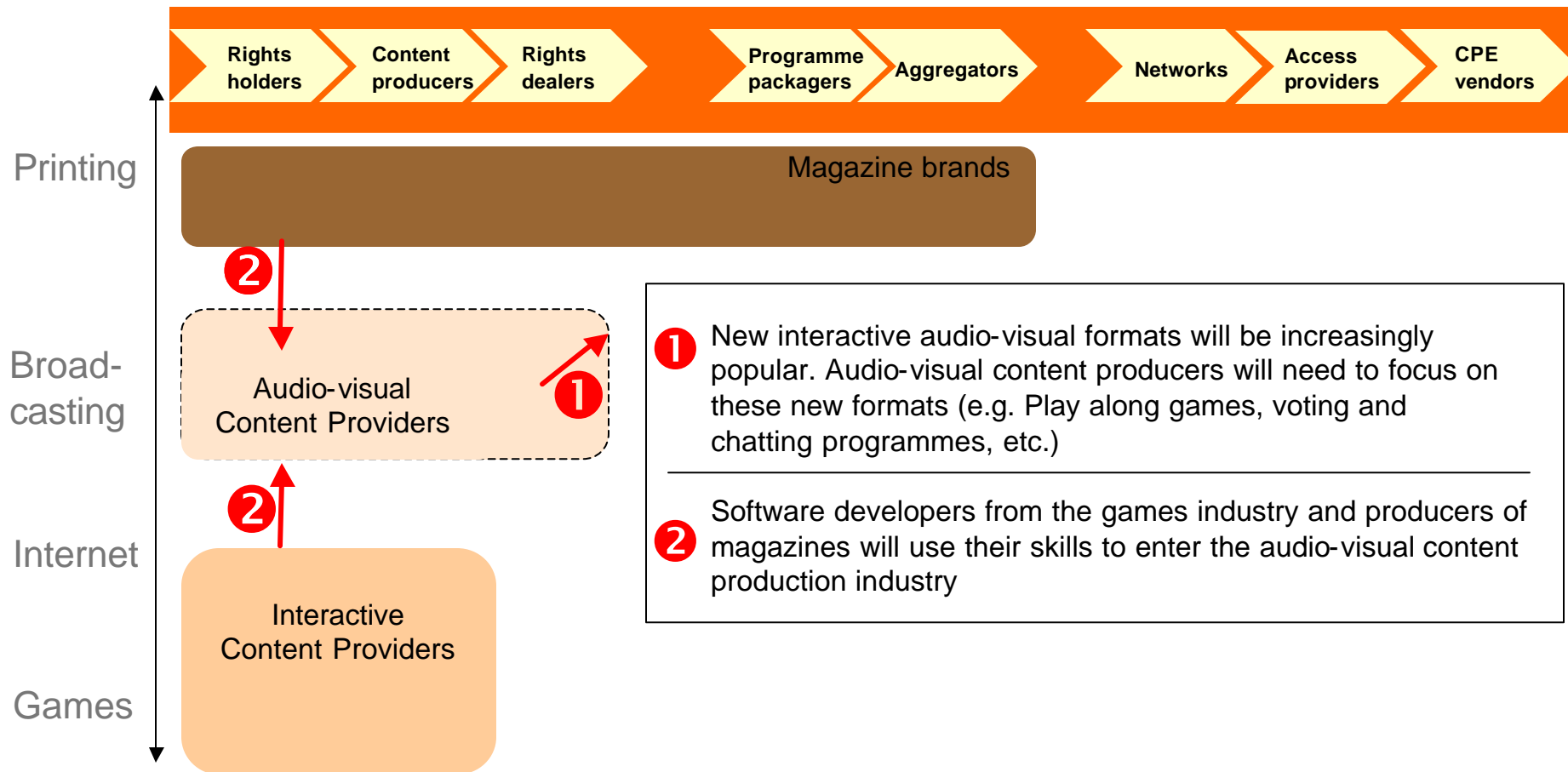
- **Cable** platforms will quickly make the transition to interactive services as their technology is inherently better suited to offer interactive services (Andersen expects high growth for 2000 – 2005)
- **Satellite** and digital **terrestrial** services will depend on the evolution of broadband platforms (e.g. xDSL) to offer the return path in order to have true interactive media capabilities (Andersen expects growth after 2005)





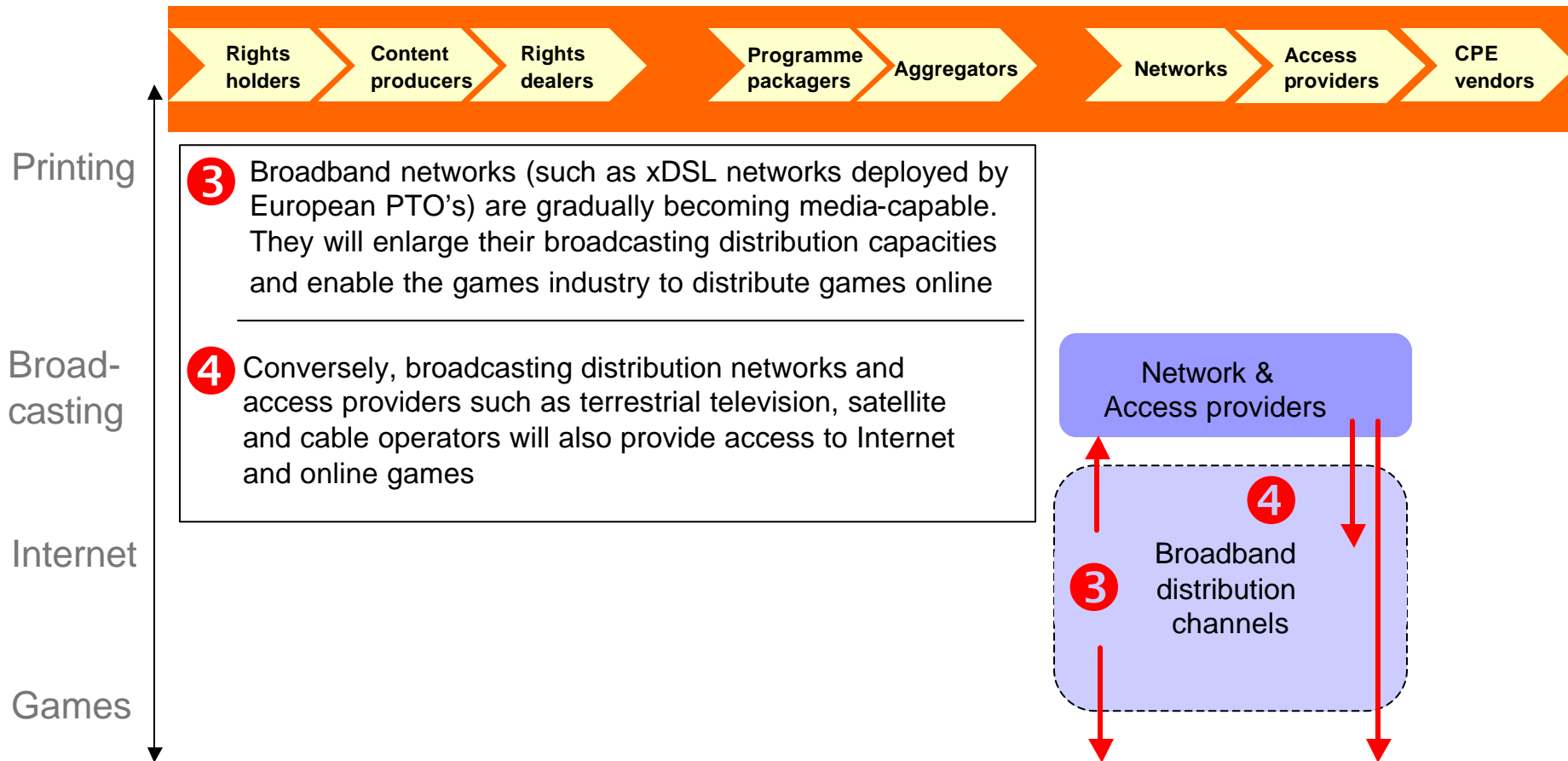
## 2. 'Interactivity' scenario - Likely impact on key stakeholders

*The content production industry is expected to focus on new interactive formats*



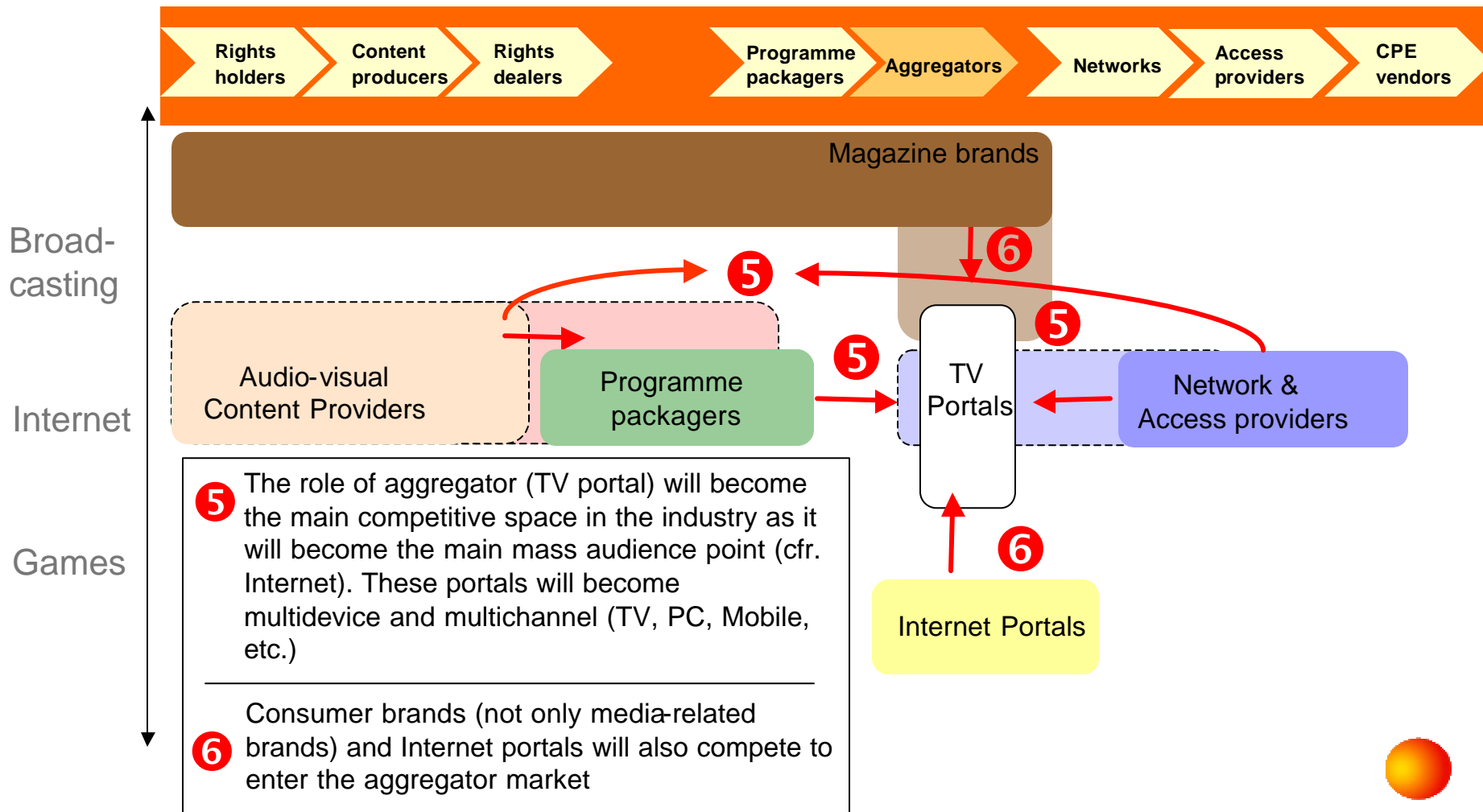
## 2. 'Interactivity' scenario - Likely impact on key stakeholders

*Technological convergence will likely occur between broadcast networks and broadband distribution channels*



## 2. 'Interactivity' scenario - Likely impact on key stakeholders

*Aggregation becomes a viable stand-alone position*



## 2. 'Interactivity' scenario - Likely impact on key stakeholders

### Overview of the likely evolution in market strength of the key stakeholders



Evolution of role in a positive economic climate

- New types of content producers will enter the market (software developers, game developers, magazines)
- A new competitive space could be created. The audiovisual industry could win if it is able to acquire the skills to develop interactive content (software engineering, interactive storyboarding, etc.)

- More competitors for viewing time from new applications
- Decreasing bargaining power as a consequence of market fragmentation

- Aggregator will be the TV portal
- New mass audience applications (advertising opportunities)
- New entrants (publishers, Internet)
- Could dominate customer relation or become content trader

- Television will be used to access more content types
- Large part of the interactivity is platform provided (new revenues)
- Monetisation of audience data (interactive advertising)

Evolution of relative strength in the value chain

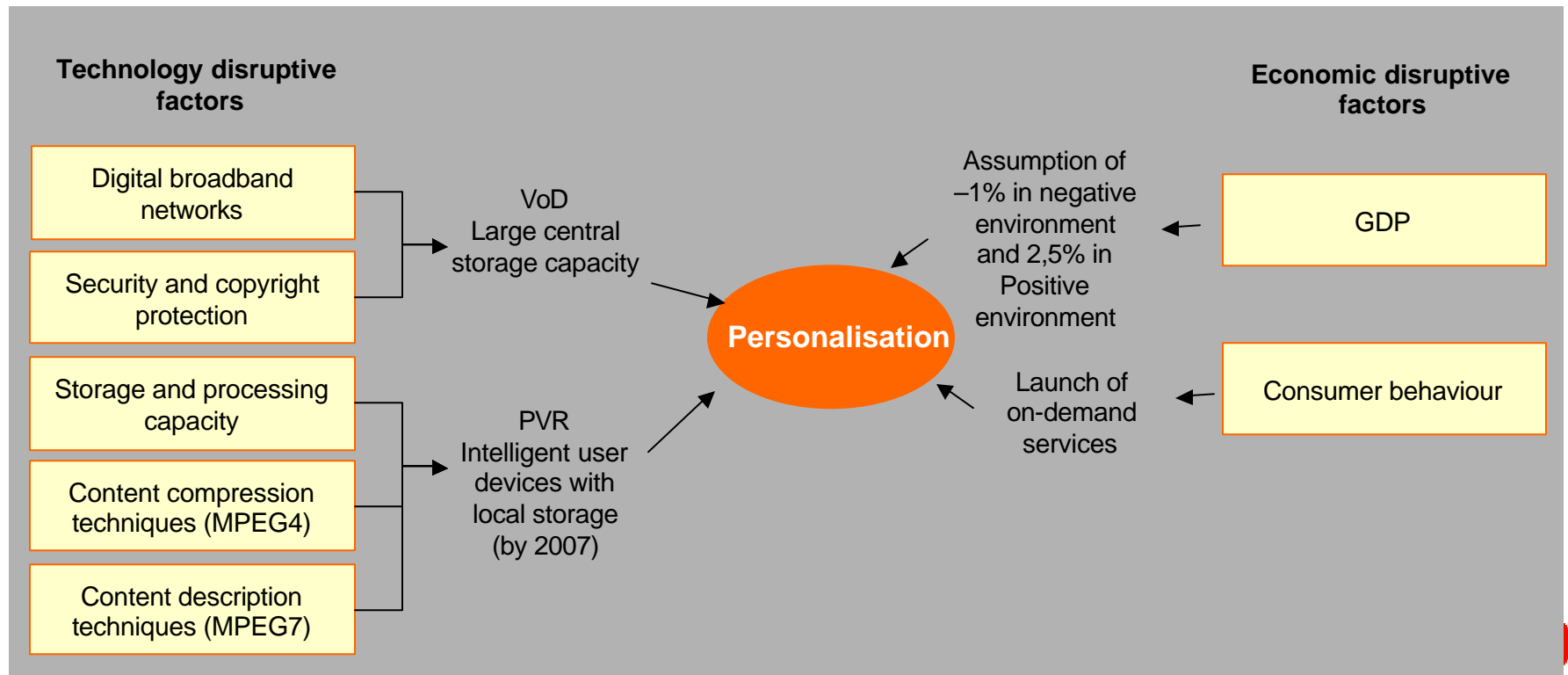


### 3. 'Personalisation' scenario

*The combination of disruptive factors that produces "Personalisation"*

#### Key hypotheses

*"There will be a paradigm shift from channel-based viewing to programme-based viewing"*



### 3. 'Personalisation' scenario

#### *Enablers / Barriers*

##### Enablers

- The paradigm shift is made possible by the breakthrough of (a) intelligent user devices with local storage (PVR) or (b) central storage and on-demand networks (VoD). This is the result of the breakthrough of the key disruptive technologies:
  - Digital broadband networks
  - Security and copyright protection
  - Storage and processing capacity
  - Content compression techniques
  - Content description techniques
- Set-top box manufacturers and software providers can develop a new market opportunity
- Access providers have already invested in digital platforms and need to secure their return on investment
- New entrants (PVR: Tivo, ReplayTV, etc.; VoD) will enter in this market
- Consumer acceptance is very favourable

##### Barriers

- Rights owners still have doubts on security and copy protection issues
- Programme packagers will have a decreased role and could be reluctant to participate in this model (only 23% of respondents indicate programme packagers will gain control of the set-top box)
- The advertising market is relatively conservative, while new business models, enabled by PVR and VOD, are still not proven
- Current capacity of local storage is still a barrier to provide enough compelling content on a PVR
- Cost of deployment is still a barrier:
  - STB for PVR
  - VoD central systems



### 3. 'Personalisation' scenario

#### *New functionalities available to the consumer*

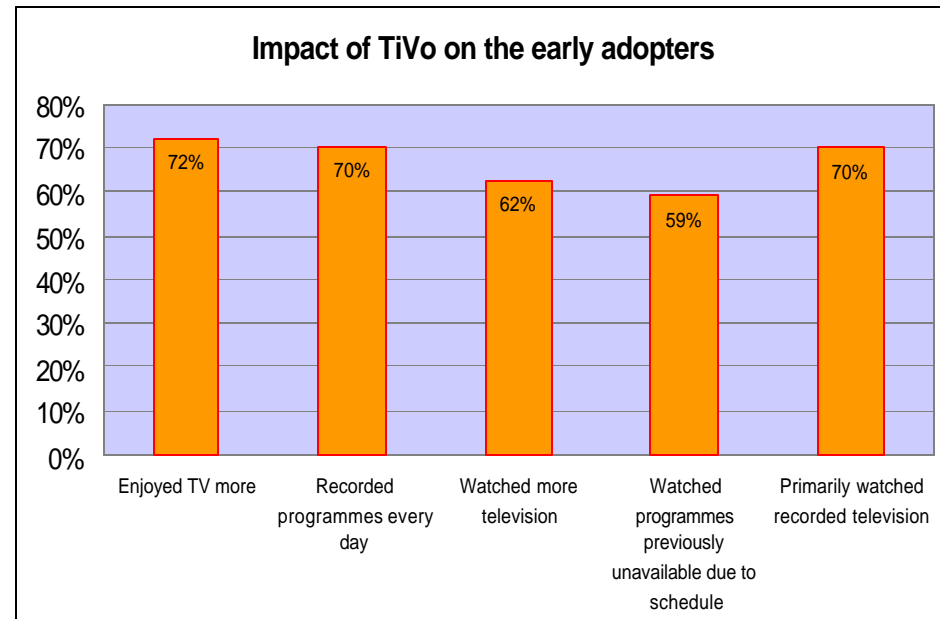
<ul style="list-style-type: none"><li>▪ VOD services allow users to search and select programmes centrally stored</li><li>▪ A PVR (Personal Video Recorder) is a device that allows users to search, select, record and replay programmes</li><li>▪ These systems have following main characteristics:<ul style="list-style-type: none"><li>– They have a user-friendly on-screen interface</li><li>– They (centrally or locally) store and interpret metadata</li></ul></li></ul>	<ul style="list-style-type: none"><li>▪ Time shifting</li></ul>	<ul style="list-style-type: none"><li>▪ Pause live TV programs</li><li>▪ Rewind live TV programs</li></ul>
	<ul style="list-style-type: none"><li>▪ Channel schedule independence by easy recording of multiple programmes</li></ul>	<ul style="list-style-type: none"><li>▪ Less live TV viewing</li><li>▪ Individual channel creation</li><li>▪ Availability of previously “unreachable” programmes because of timing</li><li>▪ Skipping inter-programme commercials</li></ul>
	<ul style="list-style-type: none"><li>▪ New services</li></ul>	<ul style="list-style-type: none"><li>▪ Electronic programme guide (EPG)</li><li>▪ Searchable content libraries (VoD)</li><li>▪ Real-time or “download” based VoD for specific content</li><li>▪ Virtual channels (aggregators using search engines and VoD solutions to create a channel)</li></ul>



### 3. 'Personalisation' scenario

#### *Impact on consumer behaviour*

- 70% of early PVR adopters use the PVR daily to **record programmes** and watch the recordings afterwards:
  - For programme packagers, this decreases the importance of scheduling and the value of repeat scheduling
  - Niche programming becomes more popular while peak-time programming decreases in importance and therefore in revenue potential
- **TV viewing time** remains unchanged (compared to a decrease in viewing time in the interactive scenario)
- **Lean back** viewing remains dominant
- Consumer **selection of platform** is mainly based on the availability of VoD and PVR services



Source: BBC/TiVo & Magid associates, taken from Durlacher 2000

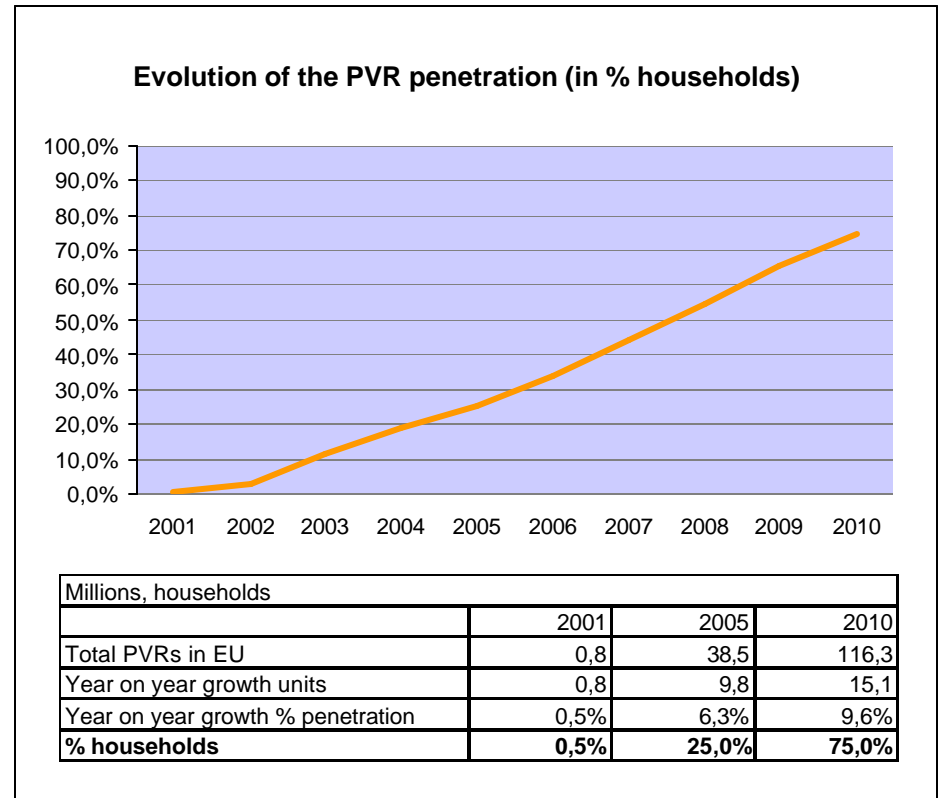




### 3. 'Personalisation' scenario

#### Market penetration forecast

- Initial growth of PVR/VOD systems (calculation based on penetration forecasts of PVR's) is modest: ranging from 0,5% in 2001 to 7,6% in 2004.
- The growth rate is higher from 2006 onwards, ranging from 6,3% in 2005 to 9,6% in 2010
- Penetration rate grows towards 75% in 2010. This is slightly less than the current penetration rate of VCRs (80,1%)
- The **acceleration in uptake** is due to:
  - Falling prices
  - Mature technology
  - Switch to digital transmission
  - Instinctive of use compared to a VCR
  - Search for convenience



Source: Durlacher 2000

Note: In our scenario, PVR systems and VOD systems are considered to be substitutes. The choice between technologies will largely depend on the choice of network operators that want to optimize their networks



### 3. 'Personalisation' scenario - Likely impact on key stakeholders

*EPG's are likely to become the main competitive space*



VHS/DVD  
Cinema

Broad-  
casting

Internet

- 1** Networks and Access providers move to the EPG space and position themselves as aggregators

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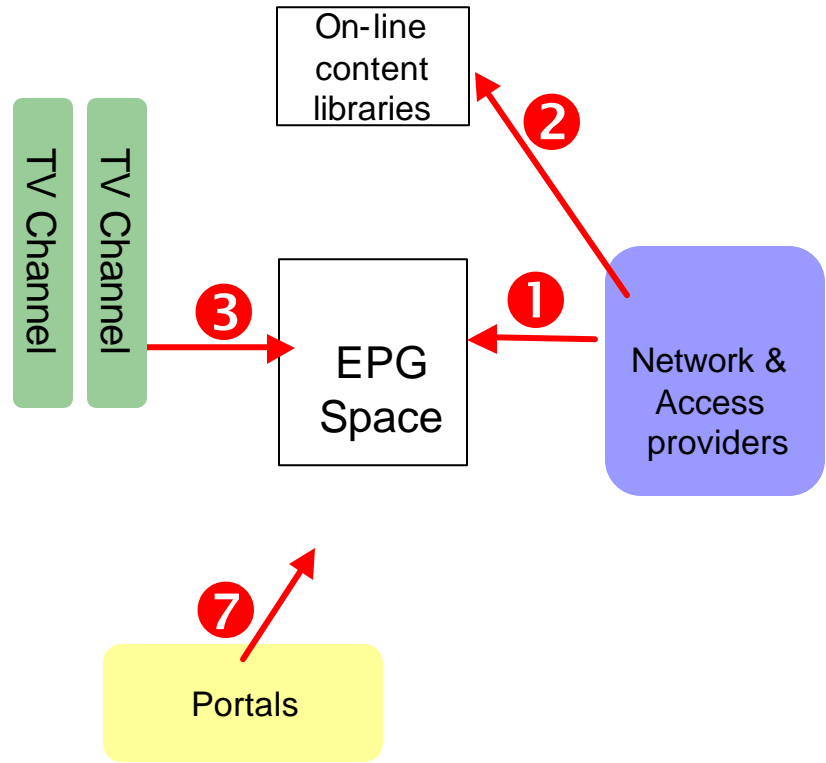
- 2** Access providers and networks move to video/DVD rental and sales distribution

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- 3** Channels with a strong brand become target-group specific EPGs

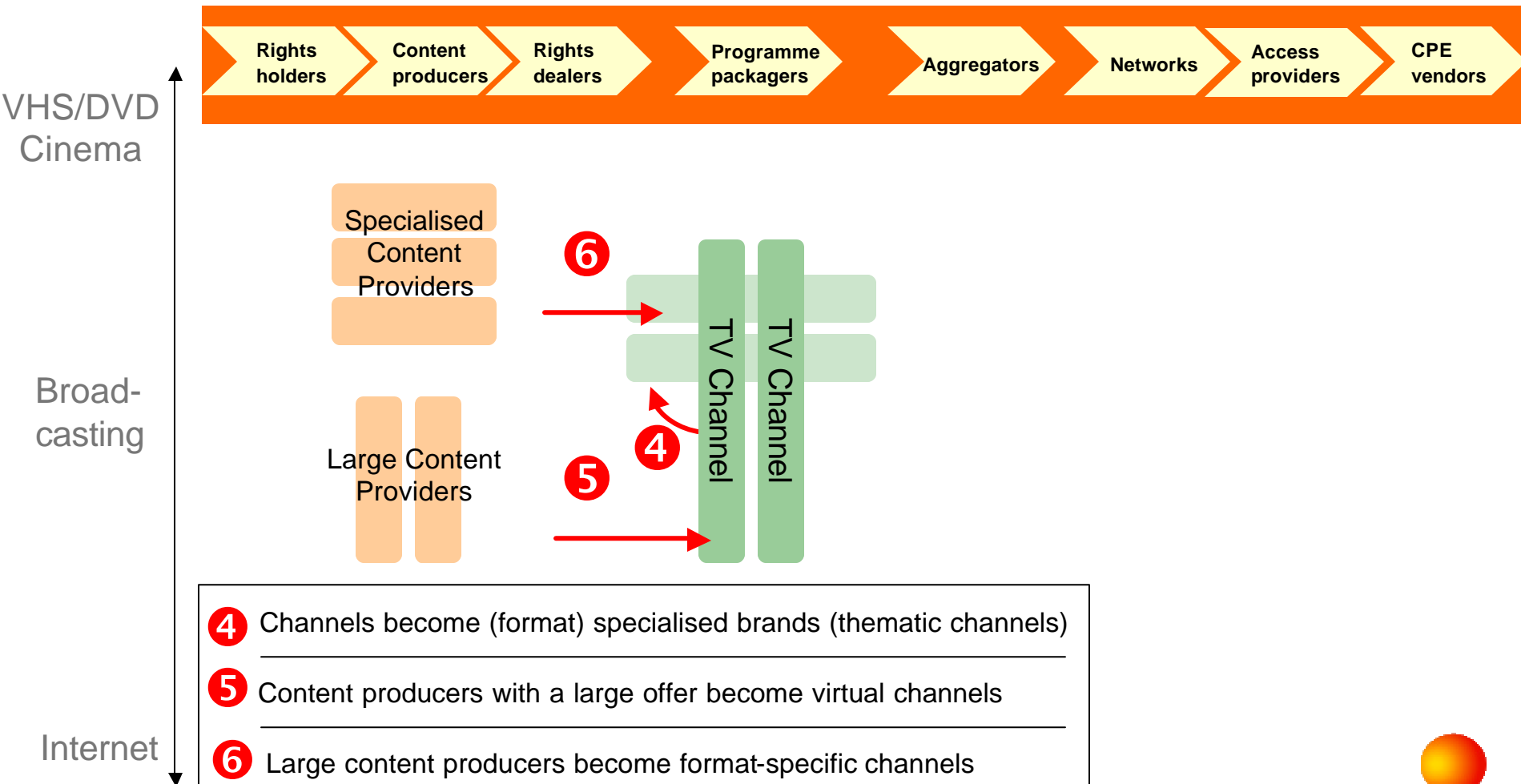
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- 7** New entrants from the Internet (portals) and the publishing world



### 3. 'Personalisation' scenario - Likely impact on key stakeholders

*Specialised content providers and channels could become specialised brands and evolve towards niche channels*



### 3. 'Personalisation' scenario - Likely impact on key stakeholders

*Overview of the likely evolution in market strength of the key stakeholders*



Evolution of role or power in the chain

- Will form direct links with the aggregators
- Market for content will further expand (Pay-TV expansion)

- Free commercial broadcasters lose revenue model
- Pay-TV operators can expand further
- Role of public service broadcast is questioned

- Stand-alone role sustainable
- Will gain advertising revenue

- Develop new services around (download) VoD
- Build on aggregator role

Evolution of relative strength in the value chain

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How will the European  
audio-visual industry  
evolve?

# Scenario conclusions

## Impact on the industry revenues

- The previous scenarios highlight extremes in the possible evolution of the future and do not predict the exact future. It is unclear at the moment in which direction the European audio-visual market will evolve
- The European audio-visual industry as a whole would mostly benefit from an evolution towards the interactivity scenario (in both economic environments)
- But individual industry stakeholders have other economic interests

Overview of the industry stakeholders revenues in 2010		Content		Packaging		Diffusion		Overall Industry Revenues	
		Bio Euro	Ranking	Bio Euro	Ranking	Bio Euro	Ranking	Bio Euro	Ranking
1999		14,5		37,9		14,5		52,5	
Positive Economic Environment	Business as usual Scenario	21,8	1	52,8	1	28,4	3	81,3	2
	Personalisation Scenario	20,4	3	49,4	3	36,2	2	81,2	3
	Interactivity Scenario	20,8	2	50,3	2	39,1	1	89,4	1
Negative Economic Environment	Business as usual Scenario	16,3	1	40,6	1	20,1	3	60,7	2
	Personalisation Scenario	15,3	3	38,1	3	25,4	2	60,7	2
	Interactivity Scenario	15,6	2	38,9	2	27,4	1	66,3	1



## Scenario conclusions

### Impact on the number of channels - quantitative analysis

- In general, a negative economic environment could lead to a decrease in the number of television channels. This will therefore lead to a reduced consumer choice
- The impact is most visible on the pay-TV operators and in large countries. This is mainly due to the fact that the profitability of these channels is already low

Overview of the number of channels in 2010		Public Service channels	Free Commercial channels	Pay TV channels	Total
1999		90	151	233	<b>474</b>
Positive Economic Environment	Business as usual Scenario	94	175	330	<b>599</b>
	Personalisation Scenario	88	154	387	<b>629</b>
	Interactivity Scenario	86	142	379	<b>607</b>
Negative Economic Environment	Business as usual Scenario	82	117	185	<b>384</b>
	Personalisation Scenario	81	103	224	<b>408</b>
	Interactivity Scenario	80	95	217	<b>392</b>

- In general, the different scenarios indicate minor differences in the number of channels (a range of 30 channels on a 10 year period of time), yet they bring additional features to the way users watch television today : interactivity or personalisation
- It is therefore not possible to conclude on the scenario that promotes best consumer choice and control on this quantitative measure only. Other, qualitative measures, such as the amount and the diversity of content could also be taken into account to better understand the evolution in consumer choice and control.

# Scenario conclusions

## *Impact on the number of channels – qualitative analysis*

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- The “business as usual” scenario will only have a minor impact on the way people watch television. The current TV channels features will remain prevalent: a passive way of watching programmes pushed by broadcasters, being public service broadcasters, free commercial broadcasters or pay-TV
- The “interactivity” scenario is the one that sees the highest increase in the number of channels, in both economic environments (compared to a business as usual situation). Beside the enlarged offer of channels, viewers will also benefit from new services allowing them to search for additional information and interact within or outside the broadcast stream
- The “personalisation” scenario has a strong impact on generalist channels as this scenario clearly promotes specialised and thematic channels. Generalist channels will be mostly under pressure by personal video recorders, near video on demand and video on demand services. Beside the relative minor increase in number of channels in this scenario, the additional services offered to viewers through the use of PVR or VOD are important: intelligent search and selection of programme, independence from schedule, etc. All these new services strongly increase consumer choice and control in terms of TV viewing.
- As a conclusion, despite the pure quantitative variable number of channels – which shows minor differences between scenarios, Andersen expects the “personalisation” scenario to be the one that best improves consumer choice and control





# Scenario conclusions

## *Impact on the number of channels*

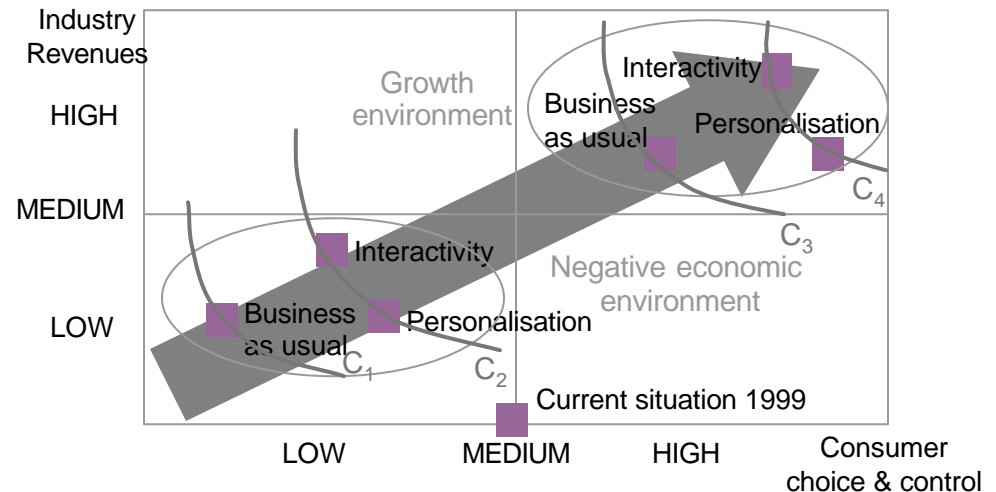
- The following table provides an overview of the average number of channels that will be available to European households in the different scenarios and the different economic environments
- This table takes into account following assumptions:
  - Analogue terrestrial operators carry on average 4 channels
  - Digital terrestrial operators carry on average 18 channels
  - Cable operators carry on average 35 channels
  - Satellite operators carry on average 50 channels
- This table clearly indicates that on average the number of channels available to European households highly depend on the economic environment rather than on the scenario.
- However, the model also indicates that a number of households will still only access to analogue terrestrial networks if analogue switch-off is not enforced

1999		16
Positive Economic Environment	Business as usual Scenario	20
	Personalisation Scenario	21
	Interactivity Scenario	21
Negative Economic Environment	Business as usual Scenario	13
	Personalisation Scenario	13
	Interactivity Scenario	14



## Scenario conclusions

- On the long-term, higher industry revenues should lead to the deployment of infrastructures and to the development of new services. This means that overall higher industry revenues lead to higher consumer choice and control
- In both economic environments, the interactivity scenario will lead to a consumer optimum and to an economic optimum for the industry as a whole
- However, in view of the different economic and general interests of the main stakeholders (industry operators and consumers), it is unlikely that the simple play of the market mechanism will favour optimal consumer choice and control and optimal industry revenues at the same time

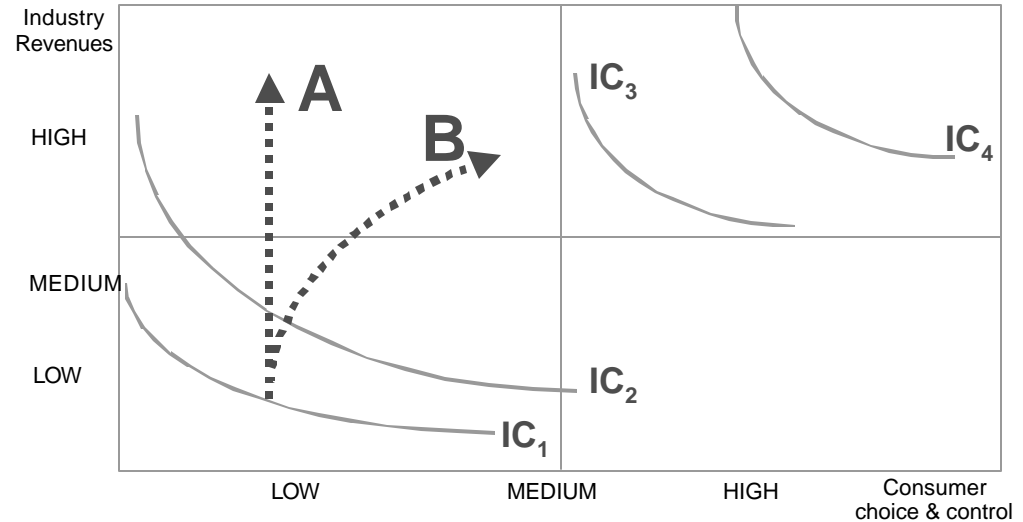


# Conclusions and recommendations

# Conclusions and recommendations

## *Stimulation of the audio-visual industry*

- Regulators could stimulate the audio-visual industry by developing specific industrial policy measures in order to increase the global level of satisfaction
- Possible levers are:
  - Regulatory packages such as equal access to networks and associated services
  - European support mechanisms
  - Other mechanisms such as the “i2i-audio-visual” programme
  - Tax incentives
  - Establishment of a ‘one-stop shopping procedure’
- The immediate impact of these levers would be to increase industry revenues (see arrow A). The longer-term impact would also to increase consumer choice and control (see arrow B)



# Conclusions and recommendations

## *Balancing individual and general interests*

- Regulators could intervene if consumer choice and control is inadequate. In a given economic context and on the short-term, this is often associated with increased pressure on industry revenues
- Possible regulatory levers are:
  - Must carry rules
  - The “major events” regulation
  - Quota’s
  - Regulation relating to advertising, sponsorship and teleshopping

