

Public Service Media funding and advertising

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TNO | Kennis voor zaken



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Main research question

How do digital TV / online audiovisual innovations affect PSMs potential to generate advertising income?

Context

- Advertising on PSM controversial
 - Audience reach prevails over quality
 - Market distortion / unfair competition
- Pressure from newspaper industry and commercial TV on advertising as source of income for PSM
- Recent ban on advertising on PSM channels in France and Spain

Source: OBS, 2008		Licence fee & subsidies %	Advertising sponsoring %	Other %	Total in mln Euro
Portugal	RDP	100	0	0	45,0
	RTP	76,3	15,7	8	299,0
Netherlands	NPO	63,6	27,1	9,3	843,0
Belgium Flemish	VRT	64,4	12,2	23,4	460,3
Belgium French	RTBF	72,4	21,1	6,5	280,9
Austria	ORF	50,6	26,3	23,1	999,0
Switzerland	SRG-SSR	72,6	20,6	6,8	1.061,8
Ireland	RTÉ	45,6	46,5	7,9	441,0
Sweden	STR/SR	97,1	0,0	2,9	199,4
	SVT	93,0	0,8	6,2	385,3
Danmark	DR	92,2	0,1	7,7	493,0
	TV2/Danmark	0,0	82,6	17,4	228,3
Norway	NRK	95,8	0,8	3,4	430,9
	TV2 AS	0,0	82,3	17,7	274,2
Finland	YLE	95,6	0,0	4,4	397,5
	MTV3	0,0	79,8	20,2	258,0

Variations in PSM sources of income

- Large variations between EU member states
- In favour of advertising as extra source of income for PSM
 - To back up fluctuations in public funding
 - To strengthen PSM independence
 - For advertisers: reach among high income groups that watch little TV

New advertising formats enabled by digital media and changes in media use

- Increase in Internet use, TV remains strong, total media consumption time increases, more multitasking
- Increased options to build personal programme schedules (PVR, delay TV, DVD-R/EPG) enables viewers to skip commercials
- People use more devices, platforms and channels to watch video / TV, especially on the internet

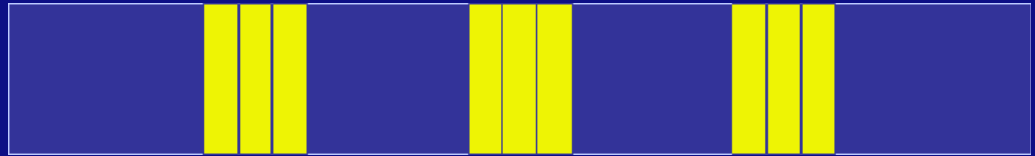


To what extent do these shifts in media use cause shifts in advertising budgets?

Nature of TV advertising changes

- 'traditional model'

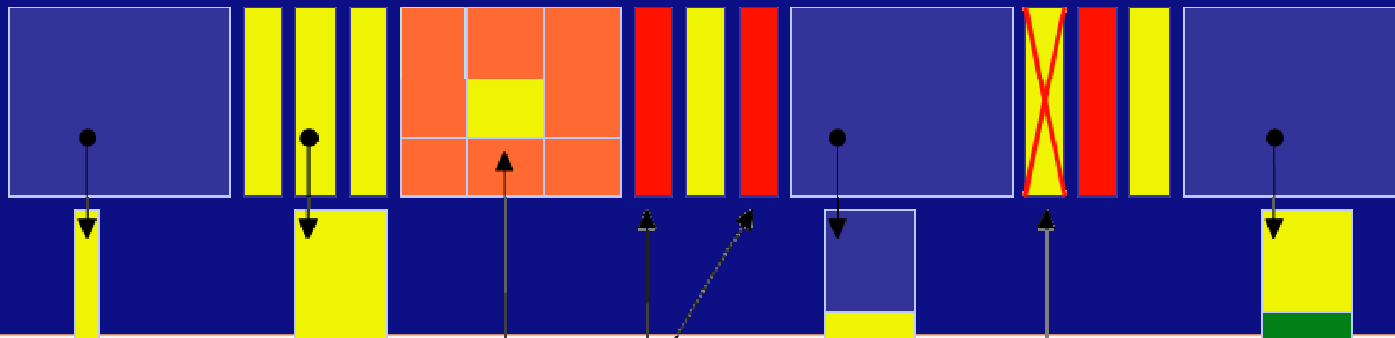
- spot advertising on TV channels
- advertiser funds TV channels



Bron: Advanced Television Systems Committee, 2004

- New models:

- Non-spot advertising
- users create their own schedules, various new advertising options
- advertisers can circumvent broadcasters, more direct contact with consumers



Telescopen van een product placement reclame

Telescopen van een spot naar een lange vorm

In navigatie reclame

Getargete Ads

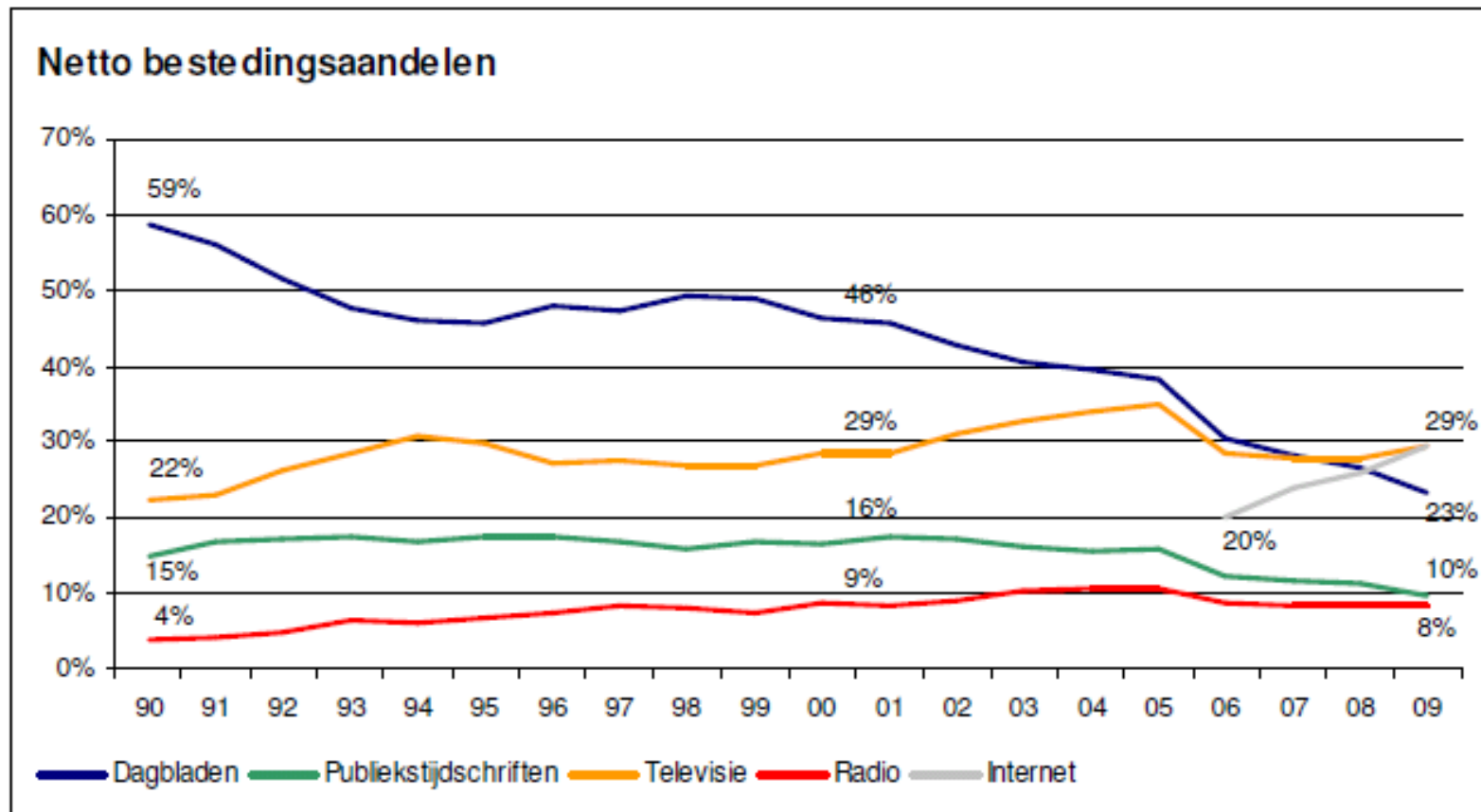
Bonusmateriaal in een gesponsorde show

Overgeslagen spot

Telescopen van een product placement reclame met transactiemogelijkheid

Changes in advertising budgets: The Netherlands

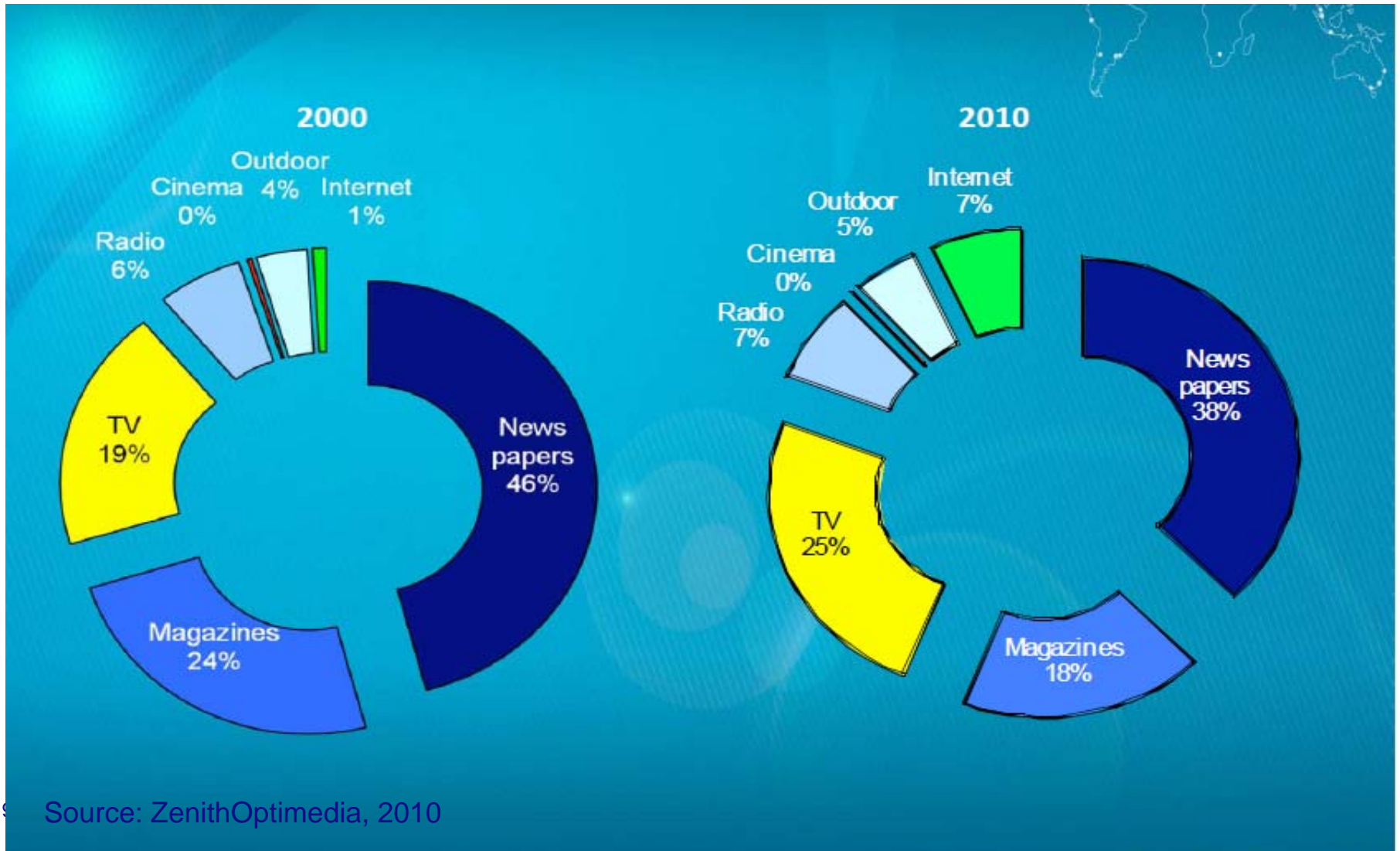
Share newspapers declines, TV stable, Internet steep growth



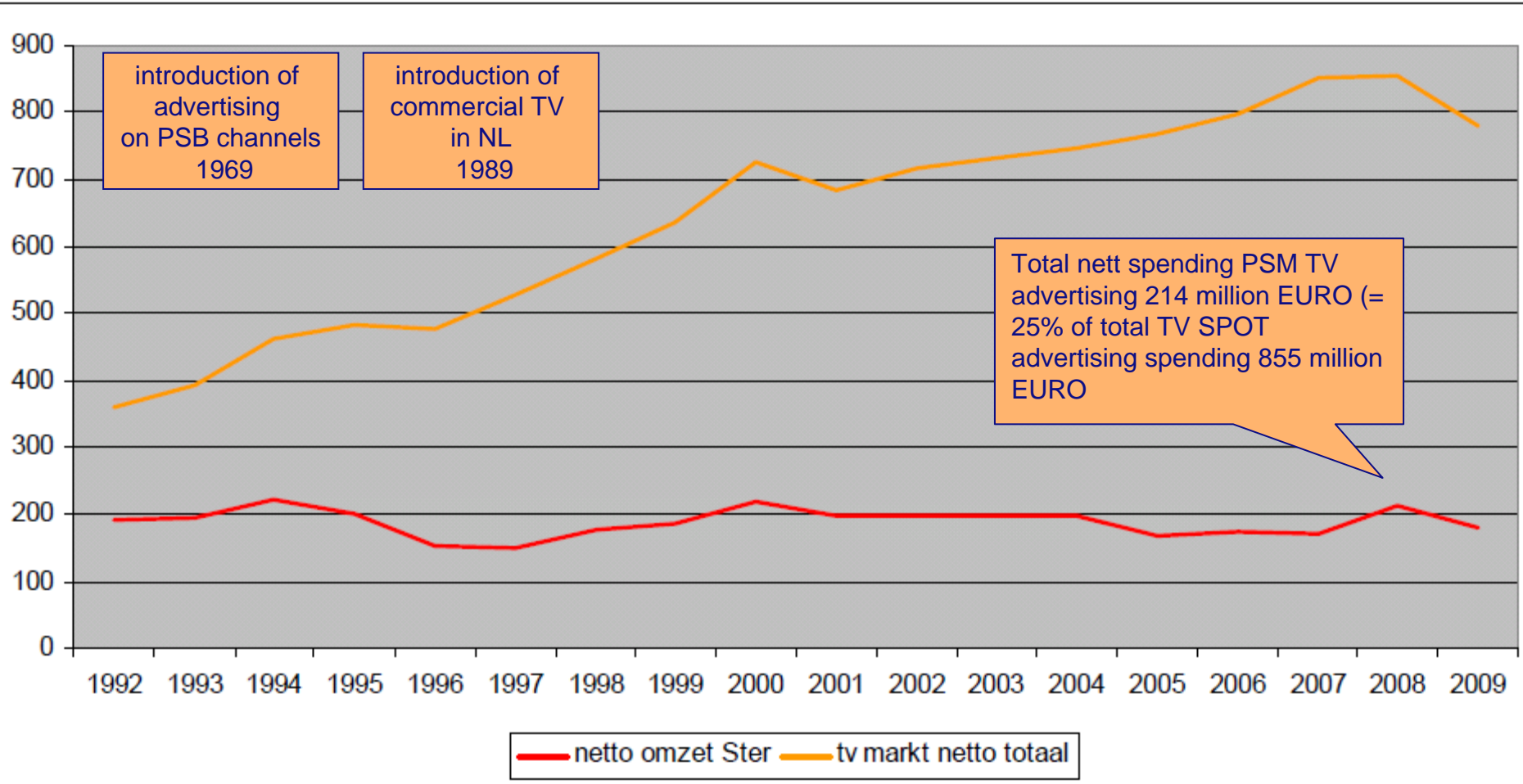
Nett shares 5 main media types in advertising market

Advertising budgets: worldwide 2000-2010

TV & Internet grow, print media decline



Commercial TV channels have benefitted most from growth in TV advertising spendings

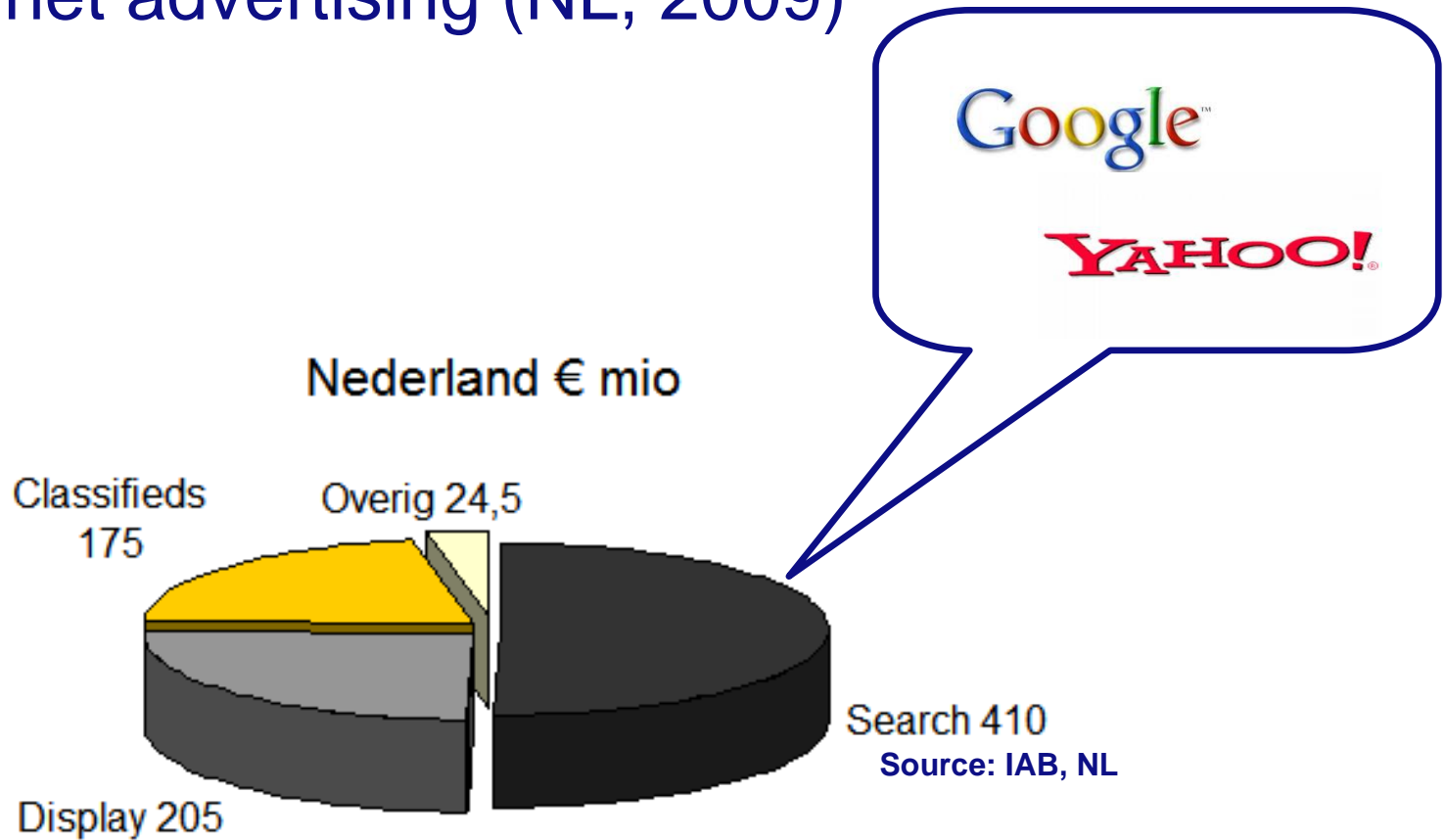


Sources: STER / Nielsen, 2009

Nett income TV advertising PSB versus total nett income TV advertising in Dutch market, 1992-2009.



New, online companies have largest share in internet advertising (NL, 2009)



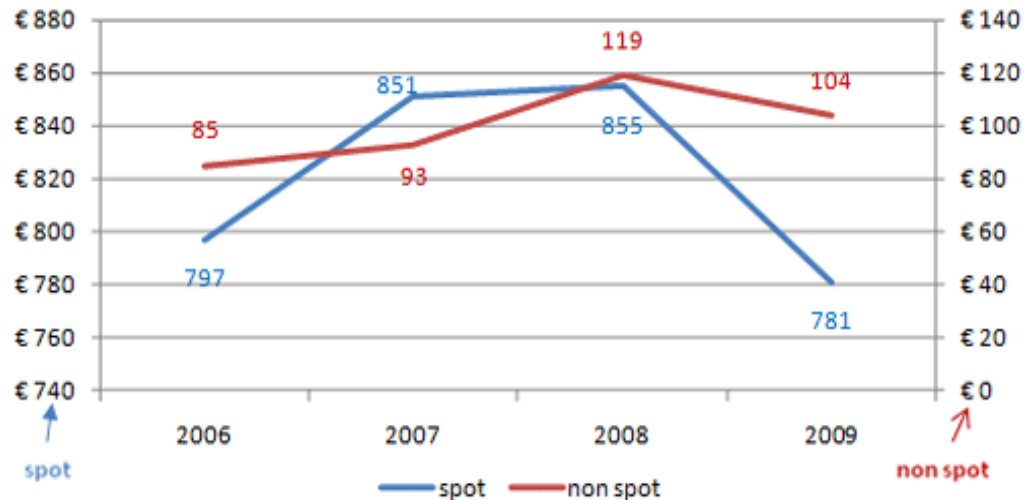
Bron: IAB Nederland

Regulation of advertising on TV in NL

	PSM	Commercial TV channels
Separation between commercial and editorial content	Strict	Loose
Maximum amount	10% of total broadcast, 12' hour	15%
Sponsoring	No, except in cultural & sports programmes	Yes, if clearly indicated
Intra programme	No	Yes

TV advertising: spot / non spot, NL 2006-2009

netto bestedingen spot en non-spot 2006 - 2009 in mln euro



Non spot = sponsoring & product placement.

Sponsoring not allowed in PSM programmes (except in culture & sports progr.)

Source: SPOT 2009

	spot	non-spot
2006	90%	10%
2007	90%	10%
2008	88%	12%
2009	88%	12%

Cross media campaigns

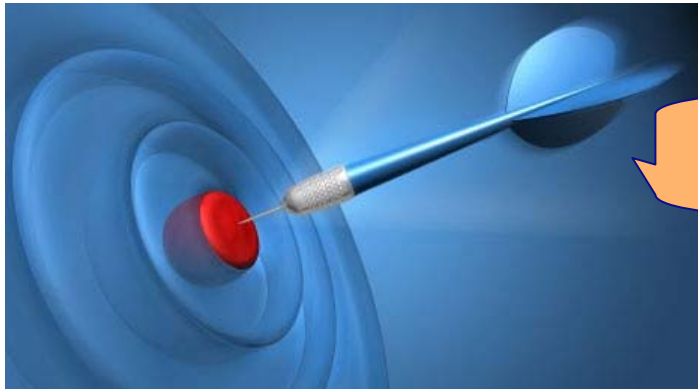
Food and cooking, TV programmes and related web content

rt(4)

The screenshot shows the website 'rt(4) Eten Vandaag'. At the top, there is a navigation bar with 'BESTEL 'M NU VIA BOL.COM' and a search bar for 'trefwoord'. Below the navigation bar, there are three tabs: 'ZELF KOKEN', 'UIT ETEN', and 'BESTELLEN'. The main content area is divided into three columns. The left column features a recipe for 'Aardappelen in citroenboter' (Potatoes in lemon butter) with a photo of the dish and a 'WIJNTIP Sauvignon Blanc'. The middle column features a 'RECEPT VAN DE DAG' (Recipe of the Day) for 'Aardappelen in citroenboter' with a photo of the dish and a 'VOLLEDIG RECEPT' button. The right column features a 'RESTAURANT VAN DE DAG' (Restaurant of the Day) for 'Deeg in Utrecht' with a photo of the restaurant and a 'BESTELLING VAN DE DAG' (Order of the Day) for 'BAGELS BEATS'. At the bottom, there is a 'BLOG' section with a post titled 'Joey Chestnut is verslagen!' and a 'KOOKBOEKEN' (Cookbooks) section with a photo of a chef and a 'Dinner' button.

Requires coordination between commercial campaigns and programme/web content & close cooperation between advertisers and programme producers

Other new, digital advertising formats



Targeted advertising

Interactive advertising

Direct communication between advertisers & consumers, e.g. through social media

twitter

facebook

1

2

Linked in

Requires collection of personal profile data
Distinction between editorial content and commercial content becomes fluid



Remaining options for advertising on PSM platforms

The screenshot shows the Uitzending Gemist website interface. At the top, there are navigation tabs for 'omroep', 'TV', 'RADIO', 'UITZENDING GEMIST', 'GIDS', and 'THEMA'S'. The main header features the 'Uitzending Gemist' logo and a search bar. Below the header, there are filters for 'Kies een net' (Nederland 1, 2, 3, Z@PP), 'Kies een dag' (vandaag, gisteren, maandag, dinsdag, woensdag, donderdag, vrijdag, zaterdag, zondag), and 'Kies een titel' (A-Z). A search bar is also present with 'Zoek een uitzending' and 'Zoek' buttons.

The main content area is divided into several sections:

- Moet je zien:** A featured article about a preview of 'In 'ochtendspits'' featuring a young man. It includes a 'bekijk uitzending' button and viewer statistics (1490 views, 4.5 rating).
- Nieuw toegevoegd:** A section for 'MAX... (09:40)' with a 'bekijk' button and a list of 'Meer nieuwe afleveringen' including NOS Journaal, Ochtendspits, and Sesamstraat.
- Live:** A section for 'Het laatste nieuws' with a 'bekijk' button and a list of 'Meer digitale televisiekanalen' including Holland Doc 24, Journaal 24, and Geschiedenis 24.
- Extra:** A section for 'Youtube Het wetenschappelijk seksperiment' with a video thumbnail.
- Morgen op Uitzending Gemist:** A section for 'Ochtend spits' with a 'Website' button.

On the right side, there is a large vertical banner for 'ALARM!' featuring a white rabbit and the text 'PROFEDIERVRIJ'.

At the bottom, there is a table titled 'uitzendingen' showing broadcast dates, views, and ratings. The table has columns for 'datum', 'views', and 'waardering'. The data is as follows:

datum	views	waardering	888	bekijk
04-09-2010	13.140	4.8	€	☞
05-09-2010	12.505	4.9	€	☞
03-09-2010	8384	4.7	€	☞
04-09-2010	7932	4.7	€	☞
02-09-2010	5034	4.2	€	☞
03-09-2010	4604	4.8	€	☞
02-09-2010	3936	4.8	€	☞
05-09-2010	3429	4.2	€	☞
03-09-2010	3183	4.2	€	☞
04-09-2010	3103	4.7	€	☞

Below the table, there is a button 'Bekijk de uitzendinggemist Top-50'.

- Spot advertising
- Bumperads
- Banners on web pages

Remaining options for PSM: cultural marketing / cooperation with cultural institutions

The screenshot shows the Avro website's search results page for cultural events. The top navigation bar includes links for HOME, DE AVRO, WEBSHOP, PROGRAMMA'S, THEMA'S, and COMMUNITY, along with 'log in' and 'Zoeken' buttons. The main header features the Avro logo and the word 'KUNST' in large letters. Below the header are tabs for 'Klassiek', 'Kunst', 'Musical', 'Cultuurgids', and 'Mijn favorieten'. The search results section displays '10282 resultaten gevonden' and 'pagina 1 van 857'. The results are sorted by 'Datum'. The left sidebar contains filters for 'Zoeken', 'Locatie?' (with 'Plaats' and 'Straal' sliders), and 'Wanneer?' (with a date range of '08-09-2010'). The main content area shows a grid of event cards:

- BorderKitchen met K...**: 8 september 2010, Den Haag
- Stadsafari**: 8 september 2010, Leiden
- Woensdagmarkt**: 8 september 2010, Maastricht
- Tuin van Holland**: 8 september 2010, Den Haag
- Robisco Festival**: Genre: Overigen, Locatie: De Roode
- Pub Quiz**

Conclusion

- So far no decline in TV viewing and TV advertising. Spot advertising is still valued by advertisers.
- But; new, digital advertising formats are becoming more popular.
- Internet companies and commercial TV channels take up largest part of growth in TV and internet advertising
- PSM have fewer options to engage with the new modes of advertising. In the long run this threatens advertising income for PSM.
- Not only licence/subsidies under pressure, also advertising income. Financial models for PSM will have to be reconsidered.