

# Comparative study on “Future prospects of regional television”

29 October 2015





# Overview

## 1. The state of public service regional TV in Switzerland

- How it has developed
- Challenges: low market shares, no profits, poor impact on the audience
- Reasons

## 2. The Study

- Redefinition of Swiss regional public service to be expected in 2018
- Specifications / Framework of the study
- Conclusions

## 3. Recommendations

## 4. Questions for Discussion



# Development and state of regional TV in Switzerland

## Strong regional diversities and big neighbours...

- Switzerland is a “nation of consensus” with strong regional diversity
- “Big neighbours”
- 4 languages
- 26 Cantons



# Development and state of regional TV in Switzerland

**...led to the establishment of a strong nationwide Swiss public service TV broadcaster...**

- The Swiss TV market is small and divided in even smaller linguistic markets
- Strong competition by foreign broadcasters

## **Therefore:**

- Strong public service broadcasting to foster integration and identity of the country
- On national linguistic level, the Swiss Broadcasting Corporation (SRG SSR) is responsible:
  - 8 TV programmes in 3 languages (3 DE, 2 FR, 2 IT and 1 “window” in Romanche)
  - Receives almost the total amount of reception fees (1.3bn CHF)



# Development and state of regional TV in Switzerland

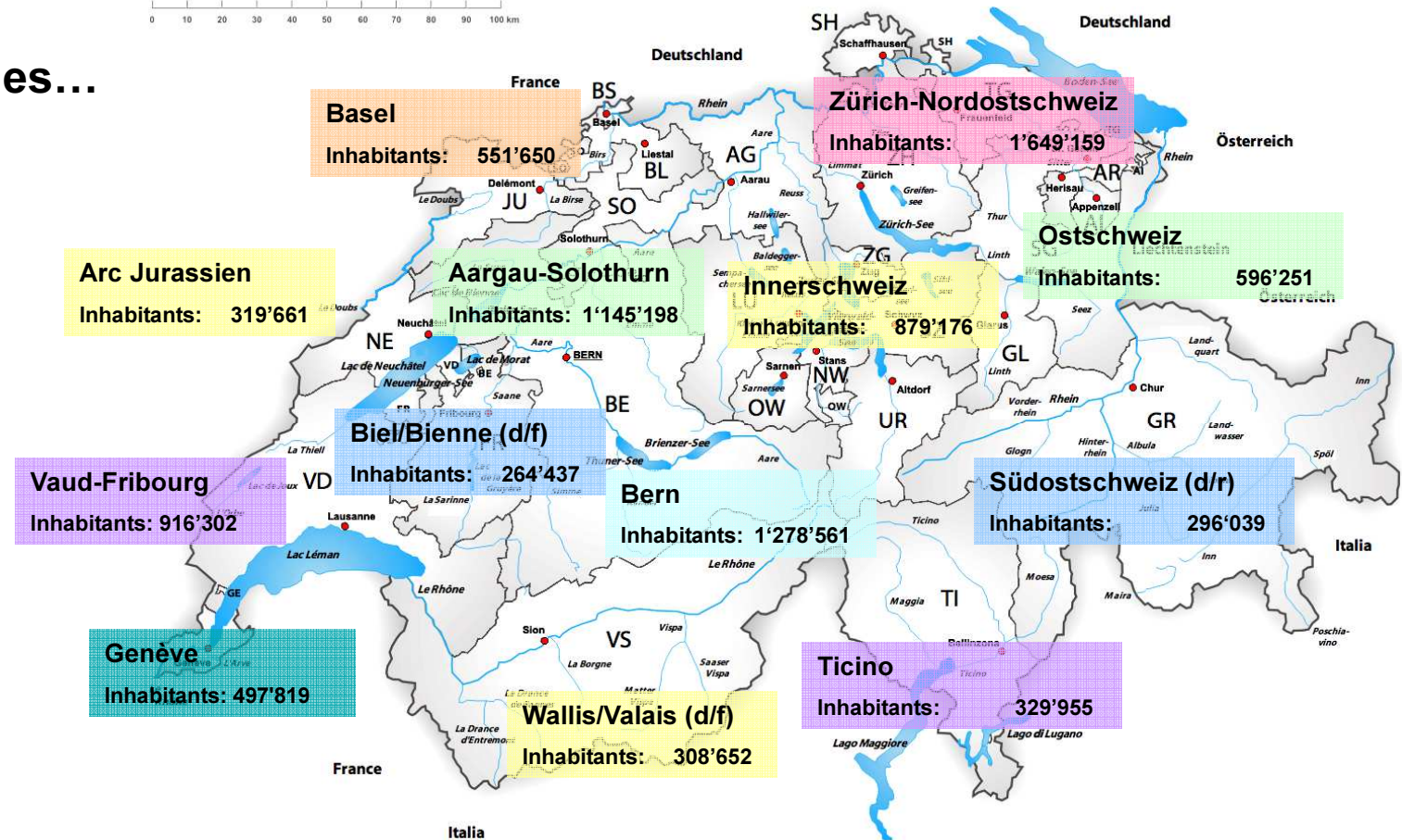
...and regional public service stations.

- Social, political and technological changes in the 1970ies brought forward private local and regional broadcasting activities in Switzerland
- 2 types of local/regional TV broadcasters:
  - 13 private regional broadcasters
    - Holding a licence
    - Regional public service remit (only prime-time)
    - Right to public subsidies (Total 34.6m CHF)
    - Must-carry-Status
  - Approx. 70 local/regional broadcasters
    - No license, but obligation to notify
    - No public funding, no must-carry
    - Only obligation to respect basic rules



# Development and state of regional TV in Switzerland

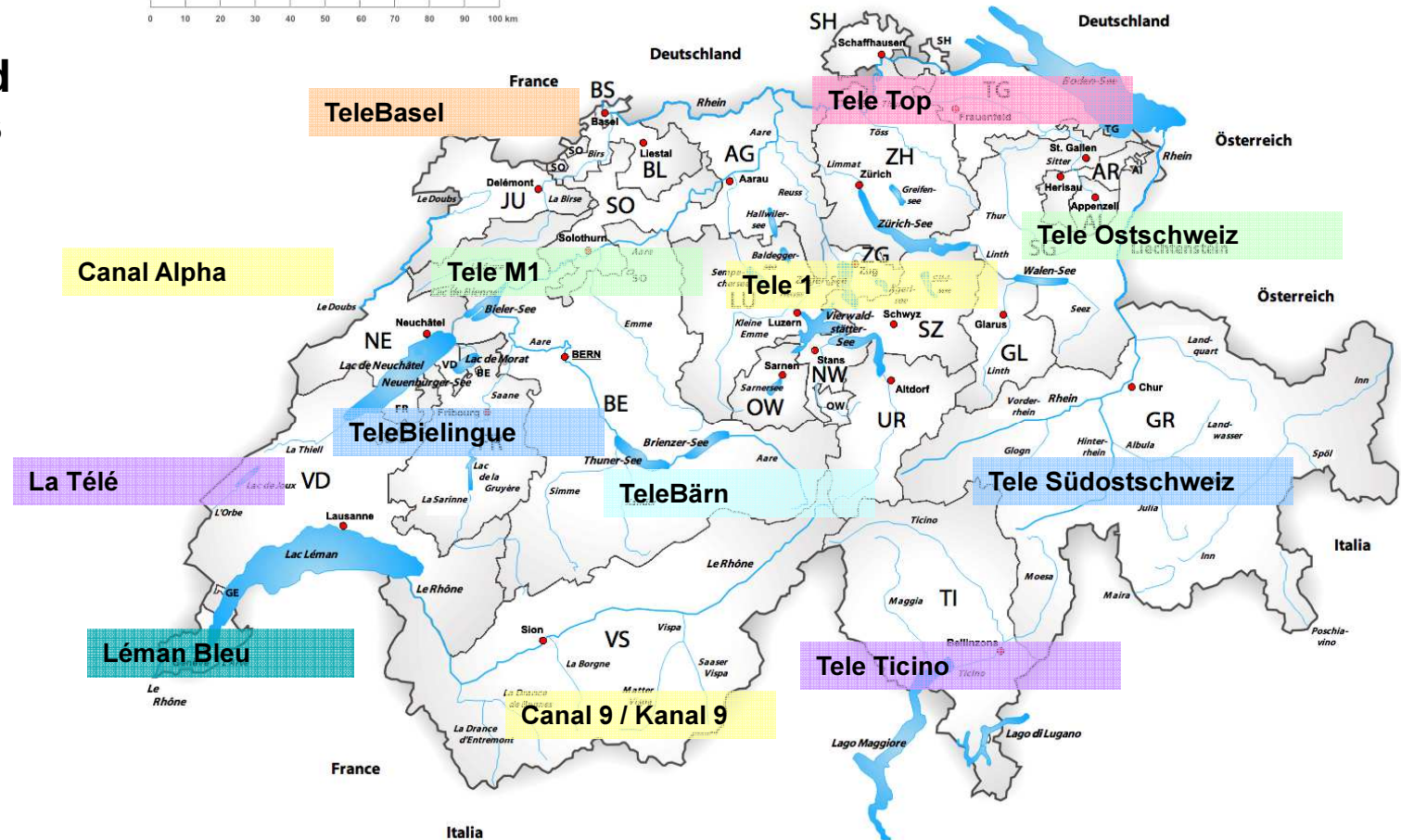
13 coverage zones...





# Development and state of regional TV in Switzerland

...for 13 licensed TV broadcasters







# Challenges

## The financial situation of regional public service TV is difficult...

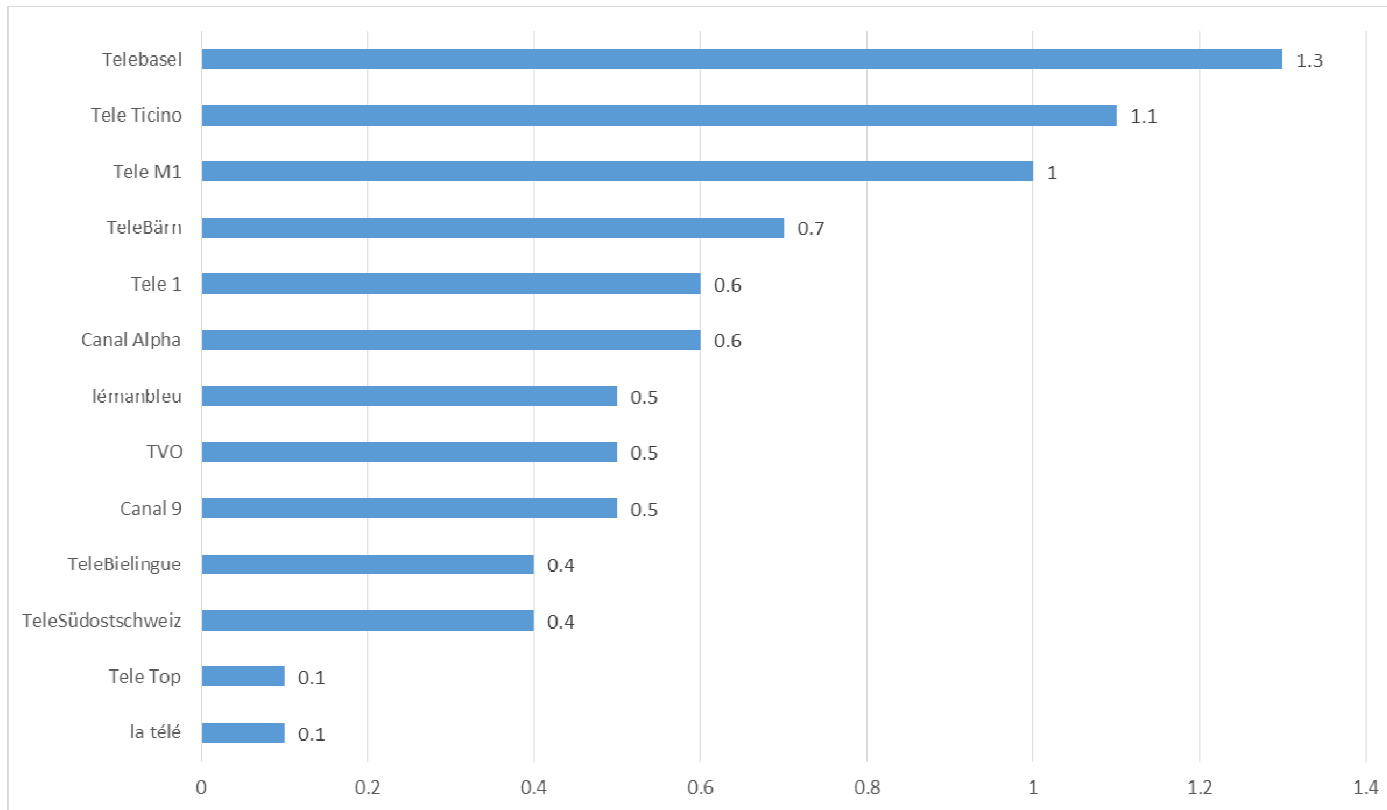
- Nearly 50% of all licenced regional broadcaster are underfinanced or even “over-indebted”, their average equity ratio is only 23%
- Insufficient profitability, all 13 broadcasters only survive with public funding
- Overall, more than half of the broadcaster’s revenues are subsidies
- Minor relevancy for the advertising market (5.5% in TV market, 0.9% in media market)
- Avg. annual advertising revenues: 3.1m CHF / Avg. annual costs: 6.4m CHF



# Challenges

..., further, there are low market shares,...

Regional TV market share per coverage zone in per cent (1<sup>st</sup> Semester 2015)

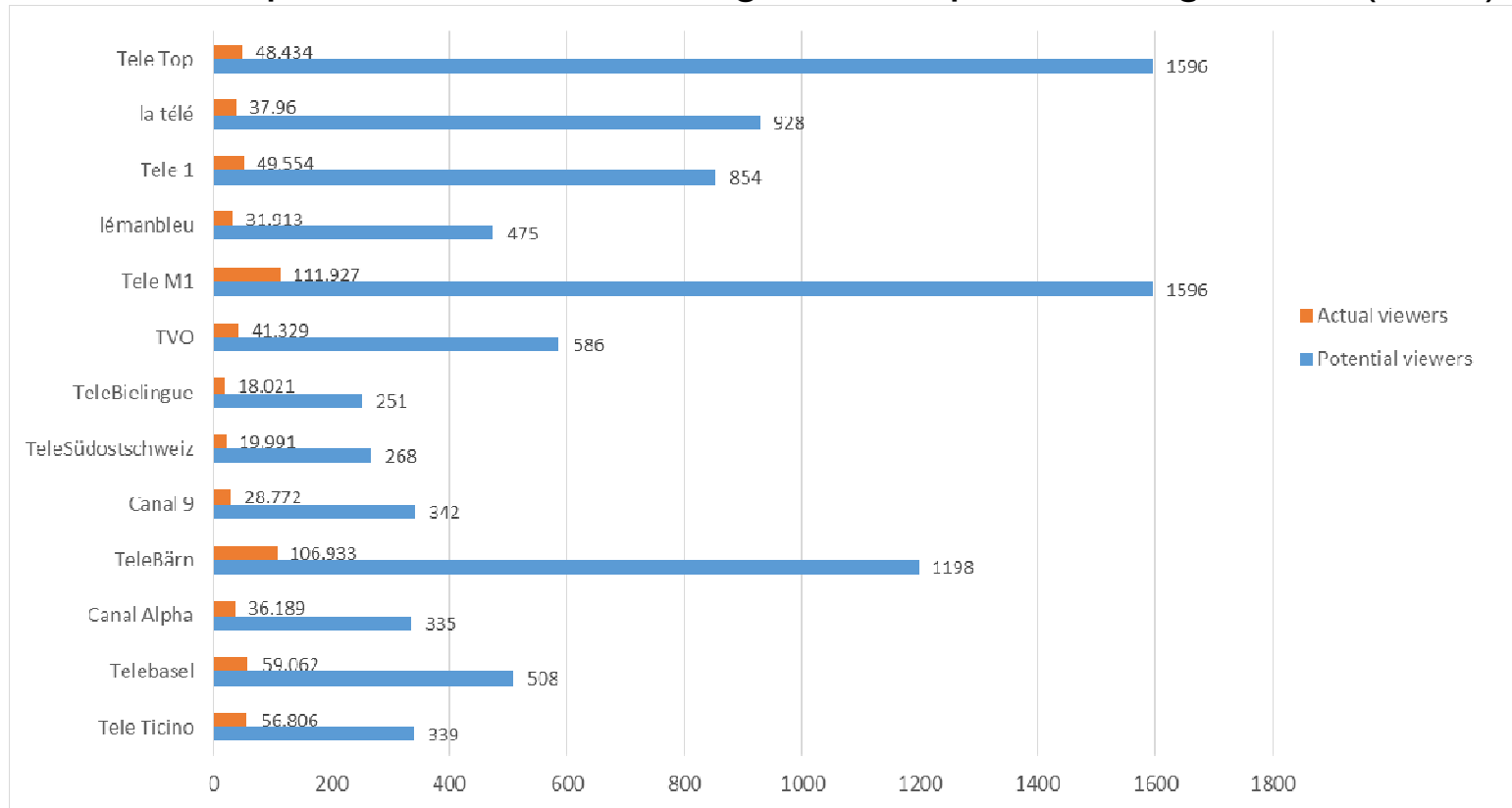




# Challenges

..., poor audience rates...

Actual and potential viewers of regional TV per coverage zone (2014)

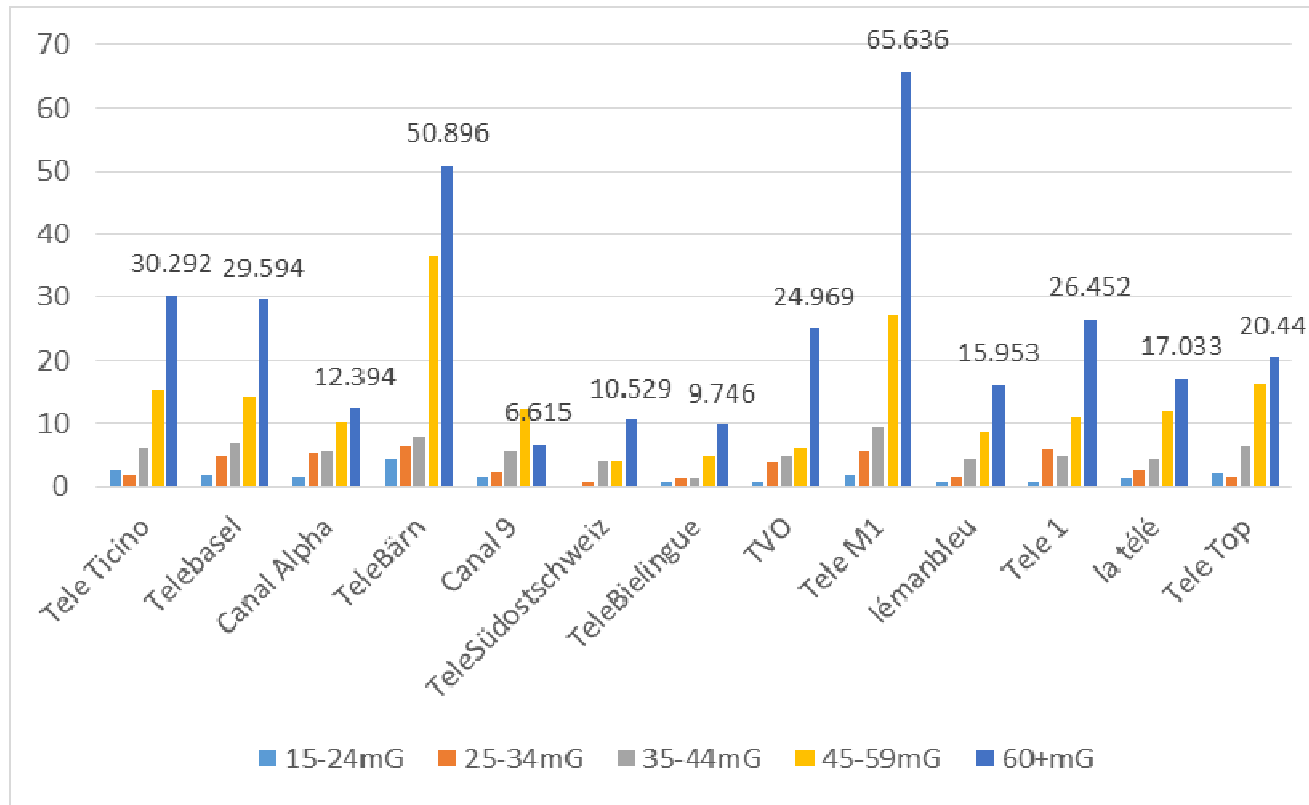




# Challenges

...and the viewers are overaged.

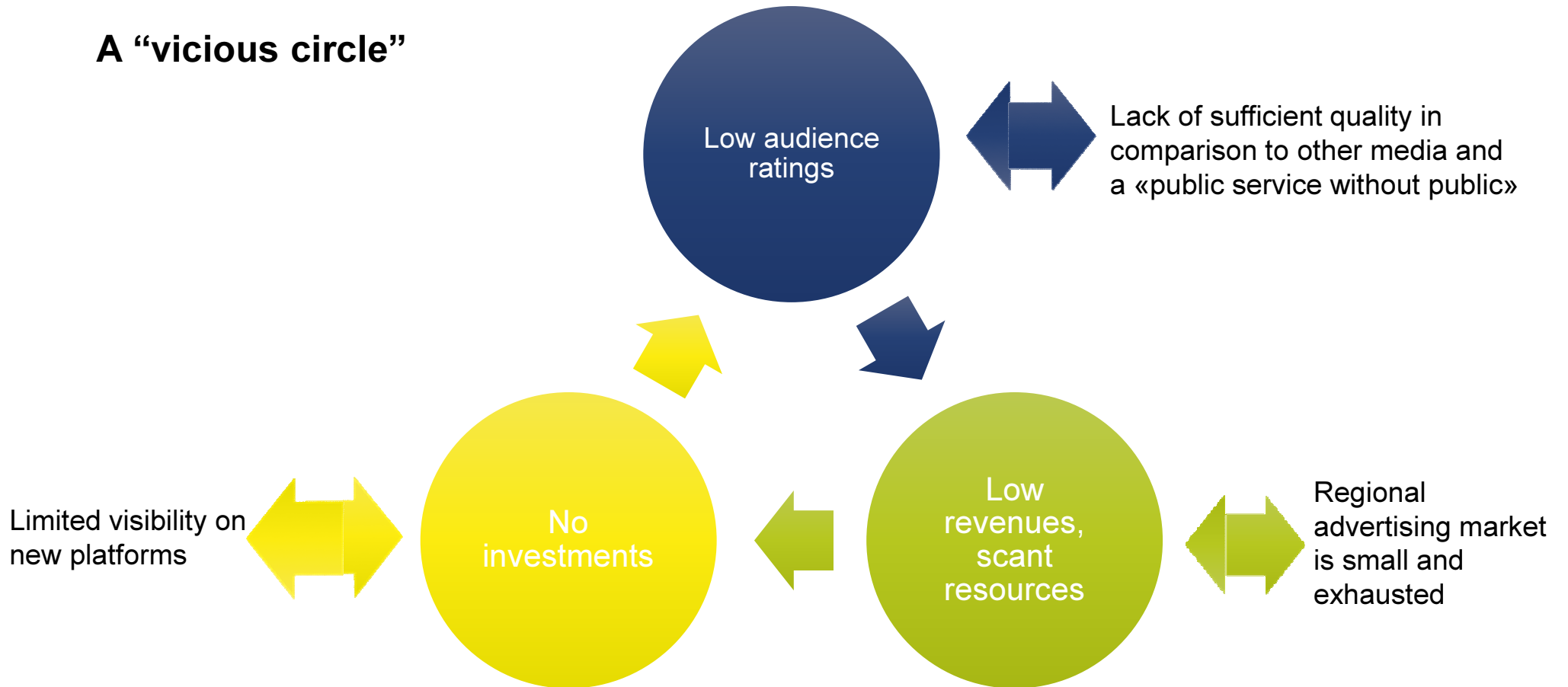
Audience reach of regional TV broadcasters by age groups (2014)





# Challenges

## A “vicious circle”





# Comparative study on regional TV in Europe

## Swiss regional public service TV has to be re-examined and re-defined

- Running out of the 10-year-term of the regional licenses in 2018
- In addition, Swiss Parliament asks the Federal Government to report on public service media in 2016

### Therefore:

- OFCOM commissioned a comparative study on regional TV in Europe
  - Looking for good examples and best practises
  - What can legislators, regulators and broadcasters do to improve the situation?



# Comparative study on regional TV in Europe

## The framework of the study

- Wagner Hatfield consulting group has been mandated to search for European countries where:
  - financially stable local/regional TV (LRT) broadcasters exist
  - LRT report regularly on local political and social events
  - LRT cover an area of max. 1.5m inhabitants
  - LRT are successful regarding information services
- Wagner Hatfield examined LRT in Germany, Belgium, France and United Kingdom



# Comparative Study on regional TV in Europe

## Conclusions

- Pessimism about the future of LRT is justified

## BUT

- There is hope and grounds for optimism:
  - Existing examples of creative dynamics and entrepreneurial determination
  - In many countries LRT enjoy considerable political support
- LRT has to re-invent itself:
  - Taking account of new consumer habits in the TV sector
  - Discover new ways of getting closer to the audience
  - Develop innovative and realistic business models





# Recommendations

## More studies

- More detailed data to better assess the situation of LRT

## Must-carry/ Must-find / Channel Numbering

- To better guarantee an easy access for the TV audience

## Advertising regulation

- Less quantitative regulation is not necessarily helpful, but maybe privileges for certain forms of advertising (for cultural activities, local businesses etc.)



# Recommendations

## Better public financial support

- Remuneration of broadcasting costs on certain platforms, promotion of common platforms for cost-sharing

## Promotion of co-operation models

- Combine forces, make savings and exploit synergies.
- **Other regulatory initiatives**
- Awareness-raising, Awards, Meetings, training courses, annual reports etc.



## Questions for discussion

- **In your view, what are the reasons for the structural and financial problems of LRTs? Are there other circumstances (besides the already mentioned reasons) which make their situation more difficult?**
- **How do you assess the proposed measures in terms of their effectiveness and practicality?**
- **Do you have any other ideas for measures, which have not yet been mentioned?**



# Thank you!