



VPRT Comments On the European Commission's Issues Paper on the Sector Inquiry into New Media (3G) and Sports Rights

VPRT, the Association of Private Broadcasters and Telecommunication in Germany, represents approximately 150 companies operating in the field of commercial television, radio, multimedia and telecommunications. VPRT members are financed by advertising, sponsoring, transactions and subscription.

VPRT welcomes the opportunity to comment on the "Issues Paper on the preliminary findings of the Sector Inquiry into New Media (3G)".

1. Market Developments for Premium Content Rights and Transmission Technologies

VPRT agrees with the Commission that 3 G mobile is an area of strong growth and thrives the development of new telecommunication and media services. VPRT supports the development of new transmission networks and services giving the companies the opportunity to diversify their offers and/or to create new sources of income.

Today television programmes and internet services can be received on various devices, including mobile. In the next few years the markets will further develop and migrate. In the current situation broadcasters acquire separate rights for broadcasting. The Commission should note that the business models behind Digital Video Broadcasting for Handheld (DVB-H) and Digital Multimedia Broadcasting (DMB). DVB-H and DMB on the one hand and UMTS on the other hand are very different especially regarding the relationship between the mobile operator or the broadcaster and/or the consumer.

Internet services and TV programmes can also be distributed on 3G networks.

In the context of public service broadcasting, technological neutrality does not mean that the public service remit covers automatically any transmission on any technological platform. As the Commission stated, mobile is still an emerging market. This young market should not be foreclosed by publicly financed operators offering their services free of charge and thus hindering the development of new non-publicly funded services.

2. Impact of Premium Rights

Premium content such as football, the Olympics, Formula 1, Tour de France or premium film rights have always been and still are the motor for the establishment of new platforms and services. The success of private broadcasters focussing on premium content is closely linked to their courage in acquiring sports and other premium rights at high costs and risk. Premium rights help building up a strong programme brand, especially when operators present this content exclusively.

Premium content and its exclusive transmission are necessary to launch new services successfully.

3. Lack of Substitutability Between TV and Mobile Networks, yet

At present the 3 G and broadcasting market over cable, satellite and terrestrial, including DVB-H and DMB are separate markets.

For commercial broadcasters 3 G mobile is an additional service rather than a substitute for existing transmissions. VPRT agrees with the Commission's findings that content on 3 G is still limited to short extracts of events and high lights due to screen size, the quality of images and sound, the cost of usage and low battery capacities. VPRT members use mobile platforms mainly for news, sports news and short extracts of comedy shows. VPRT expects that this might change in future when 3G mobile devices will be more developed.

However, the live transmission on 3G and TV transmission can have a mutual effect on the upstream and downstream markets of the rights acquisition as well as regarding the audience market. In the future competition between 3 G and broadcasting transmission will increase. 3 G and broadcasting might compete for the same premium content.

4. Access to Premium Rights

VPRT members agree with the Commission that on the supply side, there is premium content and other content. Premium content is the driving force for the development of new markets making access to this kind of content highly important for VPRT members.

VPRT members face fierce competition with publicly funded broadcasters when bidding for premium content such as sports rights. In the past the purchasing cartel of EBU/Eurovision caused a lot of problems especially for Pay-TV-operators as well as for free-to-air-broadcasters. Most of the recent tenders for sports rights such as the Olympics in 2004, 2006, 2008, 2010 and 2012 as well as the world championship of football 2010 were acquired by EBU/Eurovision to non-market prizes. In the case of the Olympics, EBU purchased broadcasting rights as well as online and mobile rights.

In Germany T-Online acquired the online and mobile rights for the football world championship 2006 and sub-licenced these rights to T-Mobile and O2.¹ Vodafone purchased the mobile rights for the UEFA Champions League for 2003/2004, 2004/2005 and 2005/2006.² This is an example that apparently German mobile operators do succeed in acquiring sports rights.

5. Conclusion

VPRT members are mainly concerned about the purchasing cartel of the EBU/Eurovision. VPRT calls on the Commission to intensify their efforts in dissolving these cartels. Regarding the use of premium content rights, VPRT likes to highlight the importance of exclusive transmission for the development of strong brands in the private sector and for competitiveness in general. With further development 3G and TV might compete for the same premium content.

VPRT is of course available to elaborate the position in more detail if this should prove helpful for the Commission.

Berlin, 8 July 2005

¹ http://www.contentmanager.de/magazin/news_h8184_t-online_erwirbt_exklusiv_online_und_mobile.html; <http://www.golem.de/0408/32781.html>; <http://www.golem.de/0408/33041.html>

² http://www.vodafone.de/unternehmen/presse/28763_39788.html
