Preparing for a fully converged audiovisual world

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BACKGROUND: the Commission's Green Paper shows that **lines are blurring quickly** between the familiar twentieth-century consumption patterns of **linear broadcasting received by TV sets versus on-demand services delivered to computers**. Moreover, with every smartphone enabling converged production as well as consumption, there might be a future shift from 'lean-back' consumption to active participation.

The Green Paper also indicates that connectable TVs will move from 40.4 million devices end of 2012 to a presence in a majority of EU TV households by 2016.

As regards usage of the functions enabled through added connectivity to the internet, the reported rate in the UK in 2012 – which is the highest in the EU - as 11% of the installed base, in comparison with 44% in China, 18% in Korea and 17% in India. In the US, it is envisaged that there will be an increase from the current 22.5% of US households using connected TVs including OTT (Over the Top) connections and game consoles to **up to 43.1 % by 2016.**

While linear general viewing times are still around 4 hours a day across the EU, **the converged experience progressively becomes a reality** and market players develop and adapt business models. Technology already allows the user to create, distribute and access all types of content irrespective of time, place or device.

In this context, the Commission's vision is to seize the opportunity of this changing technological environment to ensure the widest possible access to European diversified content for all Europeans and, the widest choice of high quality offers. The technological ability to deliver content to be legally accessible to viewers throughout the EU could also incentivise market players to create new types of content.

CONTENT : the objective of the Green Paper is to **open a broad, public discussion on the implications of the on-going transformation of the audiovisual media landscape**, characterised by a steady increase in the convergence of media services and the way in which these services are consumed and delivered.

What is convergence? : Convergence can be understood as the progressive merger of traditional broadcast services and the Internet. This results in viewing possibilities extending from TV sets with added internet connectivity, through set-top boxes delivering video content OTT to audiovisual media services provided via PCs, laptops or tablets and other mobile devices. Consumers use tablets or smartphones while simultaneously watching TV, for instance to find out more about what they are watching or to interact with friends or with the TV programme itself.

Action at EU level: the need for private economic actors to further innovate and for policy makers to ensure the right framework conditions, and to reflect on possible public policy responses, results in the following questions:

- How to transform the process of convergence in a larger European market into economic growth and business innovation in Europe?

- What are the implications of convergence for values such as media pluralism, cultural diversity, and the protection of consumers, including specific groups such as minors?

As convergence will become gradually more tangible over the next decade, it might have an impact in future on a number of legal instruments including the Audiovisual Media Services Directive (AVMS Directive), the E-Commerce Directive and the electronic communications framework.

The Green Paper also discusses the following issues:

- the impact of connected TV on the market and the opportunity for greater opening up of audiovisual content (still limited in Europe in comparison to global competitors) and the application of competition rules to this specific sector;
- possible financing models since progressive convergence, changing consumer behaviour and emerging new business models impact the financing of audiovisual production;
- problems relating to interoperability and the need for standardisation, bearing in mind both its advantages (allowing scale economies and interoperability) and its drawbacks (risk of freezing innovation);
- infrastructure and access to radio spectrum (need to increase the bandwidth required;)
- the values that underpin the regulation of audiovisual media services in Europe, data protection and promotion of European cultural diversity;
- the problem of media freedom and pluralism and the need to filter content effectively in order to protect consumers;
- advertising and personalisation of content offers (online behavioural advertising, and industry standardisation initiatives such as Do Not Track (DNT);
- protection of minors and the weaknesses in the current regulatory regime;
- accessibility problems for the disabled.

With regard to the **revision of the ADVS Directive**, (the priority in the context of the Green Paper), the Commission considers that the technology-neutral approach of the Directive means that the same services are regulated in the same manner irrespective of the device on which they are consumed. However, the AVMSD makes a distinction between linear (television broadcasts) and non-linear (on- demand) services.

Given convergence between media, the Green Paper asks whether there is evidence of **market distortion** caused by the regulatory differentiation between linear and non-linear services? If yes, what would be the best way to tackle these distortions while protecting the values underpinning the EU regulatory framework for audiovisual media services?

Wide consultation: the Green Paper calls on all interested parties to respond to the questions asked. The consultation does not presuppose any specific outcome. Nonetheless, it may pave the way towards possible regulatory and other policy responses in the longer term, in particular linking up Commission initiatives such as the Better Internet for Kids Coalition, possible activities to follow up the report of the High Level Group on Media Freedom and Pluralism, as well as work on self-regulatory initiatives.

Observations to the issues raised in the Green Paper should be sent to the Directorate- General for Communications Networks, Content and Technology of the European Commission by **31/08/2013.**