Introduction

• Australia correctly describe the measurement as a challenge!
• Some interesting issues raised across all papers
• Consistent theme on the price papers – quality adjustment for advertising services. Will try to avoid as already covered!!
The UK perspective

• Three distinct categories (problems !?) in the UK
  • Public Sector Broadcasters
  • Private sector part 1 (the rest)
  • Private sector part 2 (Sky)
• Public Sector Broadcasters – part of Government and measured using input method (employment)
• Funded by license fees
The UK perspective

• **Private sector part 1 – the rest:**
  - Measured using deflated turnover (collected via monthly/annual business survey)
  - Deflator is the UK SPPI for advertising

• **Private sector part 2 – Sky**
  - Previously attempted to use deflated turnover – extremely volatile
  - Underlying volume of subscribers is more stable and currently used
Issues

• Turnover – what is it we are collecting?
• New revenue streams for phone-ins, sponsorship, product placement etc.
• Do we need separate deflators for each of these new streams?
• Broadcasters v Telecommunications – is there a distinct separation any more.......
Issues

• For example, a typical bundled service in the UK:
  • Equipment (modem, dish, decoder etc.)
  • Line rental
  • Broadband (capped or unlimited)
  • TV package (many different combinations)
  • Phone calls

• Where does (and where should) this revenue be recorded?

• Industry v product deflators !
Issues

- Wholesaling now becoming more prevalent
  - For example the selling of sports events to other broadcasters
- Thinking more about measurement of price:
- We know quality change is a problem (Voorburg 2011, 2012, 2013........)
- Can we use CPI as a proxy (CPI typically measure the subscription price)
- Some analysis in UK suggests seasonal price hike
Issues

- Likely caused by new football season – hike in revenue at start of season (advertising, new subscribers and also price increase)
- But how do you maintain the quality in a subscription fee?
- New channels constantly being added, along with improvements such as High Definition
- Access to on-demand facilities at no extra cost
- Is this a change in quality?
Considerations

- Australia discuss ‘output v outcomes’ and quality adjustment for audience size
- Also raise issue of CPI as a proxy for pay TV and bundled services
- USA approach for advertising pricing is to derive an average spot rate (unit value). Is this data intensive and how reliable is the data supply?
- France – acknowledge different pricing methods required for different business types – can be expensive and time consuming
• Turnover:
• **Important** to identify and collect turnover at a product level given the blurred boundary of broadcasting and telecommunications.
• Do we think the international classifications are sufficient for this sector?
Summary

• Lets acknowledge that this is a difficult industry
• Still no consensus on quality change – but we are getting there!
• Much to be considered over the next few years as the industry continues to evolve.....
• Will current methods be sufficient?
• Broadcasting v Telecommunications