



BANK OF JAPAN

Programming and Broadcasting Activities: Sector Paper Presentation

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Overview

- Introduction
- Status
- Overview of Sector
- Classifications – Industry and product
- Turnover Statistics
- SPPIs
- Summary of main issues



Introduction

- The *Programming and Broadcasting Activities* sector presents several features:
 - A wide range of services, such as advertising and programming services
 - Public/private broadcasters
 - Bundling of services falling into other services (e.g. telecommunications)
- The paper summarizes experiences of Australia, Finland, Malaysia, Turkey, the US, and Japan as presented at Voorburg Group 2013.
- The paper provides the best practices based on those experiences.
- The best method for each country will be influenced by market conditions, data availability, and resources in each country.



Status – Radio broadcasting

ISIC 6010	Survey Categories	No. of Countries
	a.PPI details>=CPC	3
	b.PPI details>=CPC soon	0
	c.Turnover details>=CPC	2
	d.Turnover details>=CPC soon	0
	e.Industry prices calculated	5
	f.Industry turnover collected	23
	1.Detailed turnover and prices well aligned	1
	2.Detailed turnover and prices well aligned soon	0
	3.Industry level turnover and prices well aligned	4
	4.Industry level turnover and prices well aligned soon	0
	5.Other – no industry coverage for prices and/or turnover, etc.	20



Status – Television broadcasting

ISIC 6020	Survey Categories	No. of Countries
	a.PPI details>=CPC	3
	b.PPI details>=CPC soon	0
	c.Turnover details>=CPC	2
	d.Turnover details>=CPC soon	0
	e.Industry prices calculated	5
	f.Industry turnover collected	23
	1.Detailed turnover and prices well aligned	1
	2.Detailed turnover and prices well aligned soon	0
	3.Industry level turnover and prices well aligned	4
	4.Industry level turnover and prices well aligned soon	0
	5.Other – no industry coverage for prices and/or turnover, etc.	20



Classifications – Industry

Classification	Section	Division
ISIC Rev.4	J: Information and Communication	60: Programming and broadcasting activities
NACE 2008	J: Information and Communication	60: Programming and broadcasting activities
NAICS 2012	51: Information	515: Broadcasting (except Internet)
ANZSIC 2006	J: Information Media and Telecommunications	56: Broadcasting (except Internet)
MSIC 2008	J: Information and Communication	60: Programming and broadcasting activities
JSIC 2007	G: Information and Communications	38: Broadcasting



Classifications – Industry

- Contents are similar; specific details are different.
 - Internet provision of broadcasting
 - Public / private broadcasters
 - Different subclasses by transmission mode
 - Different subclasses by coverage (local, regional, national)
- More consideration of the following topics would benefit the measurement of this sector.
 - Where to classify Internet provision of broadcasting
 - Where to classify establishments that bundle broadcasting with telecommunication services
 - Greater consistency across international classifications



Classifications – Product

Classification	No. of Subclasses
CPC ver.2	11 subclasses
CPA 2008	19 subclasses
NAPCS	13 subclasses

- Contents are similar; specific details are different.
 - Purchase or sale of advertising space or time, on commission
 - Production services
 - Public, non-commercial/private, commercial



Turnover Statistics

- Data availability
 - Good. 25 countries compile turnover data, 2 at product level
- Collection of data
 - Annual surveys usually collect not only turnover data but also additional data such as employment, expenses, cost of purchased goods and services, gross investments, etc.
 - Annual surveys are a mixture of census and sample based collections.
 - Sub-annual surveys usually collect information on a more limited number of data. They are usually sample based collections.



Turnover Statistics

- Data issues
 - Output of public broadcasters
 - Internet broadcasting
 - Ancillary units
 - The value of intellectual property



Turnover Statistics - Options

Category	Data Source	Level of Detail Collected	Frequency	Cost	Comment
Best	Survey /Census	Industry turnover <u>and</u> product turnover detail	Annual and/or sub- annual collection	Most expensive, highest response burden	Due to the variety of services provided, what is to be collected in this sector must be considered carefully.
Good	Survey /Census	Industry detail only	Annual and/or sub- annual collection	Expensive, high response burden	Industry detail may not be sufficient to delineate sources of revenue.
Minimum	Administrati ve data	Industry detail only	Annual collection	Least expensive, little respondent burden	Suitability for turnover measurement must be checked carefully.



SPPIs

- Data availability
 - Only 8 countries compile the SPPIs, 5 at product level
- Collection of data
 - Price data for this sector are usually collected via dedicated SPPI survey programs.
 - The use of the CPI as a proxy for the SPPI has some limitations in this sector, in that the CPI covers only households. Pricing mechanisms for households may differ from those for businesses.



SPPIs

- Pricing methods

The selection of the pricing method will depend on the type of pricing mechanism used for a particular service.

- Advertising services are usually priced per spots/per program.
→ The Unit value method

Example of price calculation:

$$\text{Unit value} = \frac{\text{Revenue for local 30 second spots aired weekdays 6-10 AM}}{\text{Number of local 30 second spots aired weekdays 6-10 AM}}$$



SPPIs

- Pricing methods
 - Programming services are usually priced per program/month.
→ The Contract Price method

Example of services specification:

EUROSP, France, Annual fee for distribution by Orange (Internet and mobile phone provider)



SPPIs

- Pricing methods

- When public broadcasting services are financed by tax revenues:
 - Three conceptual methods presented by Australia:
Input Cost Factors, Costs per Unit of Outputs, and the output price of commercial TV broadcasting
- When public broadcasting services for final consumption are financed by license fees:
 - The Unit value method

Example of price calculation:

$$\text{Unit value} = \frac{\text{License fees paid to public TV channels}}{\text{Number of household in France}}$$



SPPIs

- Main issues
 - Different pricing methods required for different business types
 - Public broadcasting services
 - Bundled services
 - Quality adjustments



SPPIs - Options

Data Source	Services	Pricing Mechanism	Pricing Method	Comment
PPI surveys	Advertising services	Per spot/program	The Unit Value method	<p>This method reflects discounting and competitive pricing more comprehensively than the prices of single transactions.</p> <p>The method can be used in cases where services in a group are sufficiently homogeneous.</p>
	Programming services	Per program /month	The Contract Price method	<p>This method collects actual transaction prices.</p> <p>The method can be used in cases where the specified services remain representative.</p>



SPPIs - Options

Data Source	Services	Pricing Mechanism	Pricing Method	Comment
PPI surveys	Public broadcasting services	Financed by tax revenues	Input Cost Factors, Unit Costs	This method can be used in cases where the price determined based on costs reflects market prices.
			Market Properties	This method can be used in cases where public broadcasters operate and price their services in the same way commercial broadcasters do.
		Financed by license fees	The Unit Value method	This method reflects discounting and competitive pricing more comprehensively than the prices of single transactions. The method can be used in cases where services in a group are sufficiently homogeneous.



SPPIs - Options

Data source	Services	Pricing mechanism	Pricing method	Comment
CPI	Commercial TV, Public broadcasting	Per Subscriber	CPI as a proxy	This method costs little. The method has some limitations in that the CPI only covers households.



Summary of main issues

- Regarding the *Programming and Broadcasting Activities* sector, the following issues need to be considered.
- Classifications
 - Where to classify “Internet provision of broadcasting”
 - Where to classify establishments that bundle broadcasting with telecommunication services
 - Greater consistency across international classifications
- Turnover statistics
 - Public broadcasters
 - Internet broadcasting
 - Ancillary units
 - The value of intellectual property



Summary of main issues

- SPPIs
 - Different pricing methods required for different businesses types
 - Public broadcasting services
 - Bundled services
 - Quality adjustments
- More consideration regarding the above issues would benefit the measurement of this sector. The *Programming and Broadcasting Activities* sector continues to evolve.

