



Institut für Rundfunkökonomie
an der Universität zu Köln

Herbert Denk

Ways to Collect the Broadcasting License Fee –
An International Overview

**Working Papers
of the Institute for Broadcasting Economics
at the University of Cologne**

No. 272

Cologne, in October 2010

Arbeitspapiere des Instituts für Rundfunkökonomie
Working Papers of the Institute for Broadcasting Economics

ISSN der Arbeitspapiere: 0945-8999

ISSN of the Working Papers: 0945-8999

ISBN des vorliegenden Arbeitspapiers 272: 978-3-938933-78-7

ISBN of the Working Paper at hand: 978-3-938933-78-7

Schutzgebühr 5,- €

Price 5,- €

Die Arbeitspapiere können im Internet eingesehen
und abgerufen werden unter der Adresse
<http://www.rundfunk-institut.uni-koeln.de>

*The Working Papers can be read and downloaded
from the Internet URL
<http://www.rundfunk-institut.uni-koeln.de>*

Mitteilungen und Bestellungen richten Sie bitte per E-Mail an:
rundfunk-institut@uni-koeln.de
oder an die unten genannte Postanschrift

*Messages and Orders to the Institute can be sent via Email to:
rundfunk-institut@uni-koeln.de
or to the mailing address below.*



Institut für Rundfunkökonomie
an der Universität zu Köln

Hohenstaufenring 57a

50674 Köln

Germany

Telefon: +49 (221) 23 35 36

Telefax: +49 (221) 24 11 34

Herbert Denk

Ways to Collect the Broadcasting License Fee – An International Overview

1. Introduction.....	5
2. What Influences People to Paying a License Fee	5
3. Ways of Collecting the License Fee	6
4. Ways of Collection – Ways of Communication	6
5. Future Trends.....	7
6. Conclusion.....	7

Ways to Collect the Broadcasting License Fee – An International Overview^{*}

1. Introduction

In most European countries a license fee is collected to finance public broadcasting. Paying a license fee is not necessarily very welcome among citizens – same with taxes. On the other hand public broadcasting is still seen as an important part of a nation's identity, its cultural, political and social self-conception. The marketing working group within the BFA Broadcasting Fee Association discussed the motives that influence people to paying a license fee and future developments in license fee systems. The outcome of this discussion is the content of this paper.

2. What Influences People to Paying a License Fee

Motivation for paying a license fee is manifold. Many of the following criteria could also lead, by way of negative experiences, to the contrary: not motivation for paying a license fee but to stop paying, to become an evader.

So, what influences people?:

- Moral considerations – “it's fair to pay”
- Threats – there are consequences if payment is withheld
- The law – paying a license fee is the law, therefore one has to pay
- The concept of the public service broadcaster/Public value: the public broadcaster offers value for money
- The perception of the quality of programs – the better the quality of the program is perceived, the more the willingness to pay[^]
- How good is the information on public broadcasting and on the financing through license fees?
- Effectiveness of the collection organisation: how good are their ways to reach people (via advertising, direct mails, sales force, etc.); how good is the quality of data the organisation works with (are names/addresses correct, etc.)
- The image of both organisations – broadcaster and collection body

^{*} This article is based on a presentation given during an international conference concerning “The Future of the Broadcasting License Fee in Times of Media Convergence”, which was organized by the Institute for Broadcasting Economics and the Broadcasting Fee Association in Bonn, Germany, on May 6, 2010. Dr. Herbert Denk is Marketing Department Leader of “GIS Gebühren Info Service GmbH”, Austria. The considerations he presents here are based on a joint paper of the participating countries of this working group – Austria, Germany, Sweden, Switzerland and UK – and do not necessarily reflect the opinions of all 13 member states of the BFA.



- The quality of services provided by both the broadcaster and the collection body
- The price – are costs justified for what is offered?
- In general: the perception of the TV license system: is it still a feasible way to guarantee independent public broadcasting or has time changed with the emergence of new media and new ways of receiving content?

3. Ways of Collecting the License Fee

The mode of the collection of license fees in the European countries is as varied as the motivation for paying.

This starts with the fact that the organisational structure of collection bodies and the instruments they use are based on the different legal situations in the countries. Of course there are some similarities, but nevertheless the ways of collection range from tax systems to collection through independent legal bodies.

Some examples illustrate these differences:

- License fee as a tax or a parafiscal tax (e.g. in The Netherlands, France)
- Collection through electricity companies (e.g. in Greece, Cyprus, Turkey)
- Collection through telephone companies (e.g. in Bosnia, Montenegro)
- Collection through post offices (e.g. Ireland)
- Collection through an independent legal body/company in way of an open competitive bidding (e.g. in Switzerland)
- Collection through an independent legal body/company owned by the national broadcaster (e.g. Austria)
- Collection through a department of the national broadcaster (e.g. Norway, Denmark, Italy)
- Collection through an organisation being part of the national broadcasting stations, but without legal form and non profit oriented (e.g. Germany)
- Collection through a department of the national broadcaster, but all activities are outsourced to partner companies independent of the broadcaster; only management is executed by the broadcasting company (e.g. UK).

4. Ways of Collection – Ways of Communication

Collecting the license fee is not only about enforcing the law. It is also about communication. This means to find ways to inform people when, under what circumstances and how license fees have to be paid. In view of the changes in mass communication, with new media and new, different ways to receive content (broadcasts, the internet, via satellite, mobile phones etc.) arguments in favour of public broadcasting and license fees are more and more sought after.

Another question is if building up pressure (of information on license fees) by applying different communication/marketing/enforcement instruments helps to bring people to accepting and paying the license fee and at the same time decreasing the number of evaders. At least experience shows that continuity in



communication and information helps – it makes the collection company and her task of collecting the license fee a constant factor of awareness in people's minds.

Marketing/communications instruments mainly used are:

- Telemarketing (e.g. in Sweden, Finland, Austria)
- Direct Mails (in almost every BFA member country)
- TV and radio advertising (in almost every country)
- Cooperation with different outlets (like post offices, bank institutes) in the distribution of the necessary forms
- Website (in almost all countries)
- Field force (in almost all countries)

5. Future Trends

License fee collection agencies as well as national broadcasters are faced with new challenges due to technical, social and economic change. These will surely have a significant impact on how public broadcasting (and its financing) will be perceived in the future.

Major trends are:

- Digitalization (DVB-T, DVB-S, DVB-H)
- Technological development – new media and the way people consume content
- New communication technologies change customers demands from organizations
- Globalization in the information/communication/entertainment business: people have access to a wide range of programs from other countries, are becoming part of a global information and entertainment community
- These changes bring up demand for value for money: people want to pay for what they are actually consuming
- Increasing political debates about the necessity of public broadcasting as such

6. Conclusion

Each country has to understand the impact of these future trends on the perception of public broadcasting as such and the acceptance of paying license fees.

Therefore it seems to be necessary

- to ensure the law is appropriate to regulate new technology
- to ensure that public broadcasting is valued
- to ensure that the collection system is considered effective and appropriate.

ISBN 978-3-938933-78-7

ISSN 0945-8999