TV PACKAGES - PRESIDENT OF THE OFFICE OF COMPETITION AND CONSUMER PROTECTION HAS INITIATED ANTITRUST PROCEEDINGS

* **Tomasz Chróstny, President of the Office of Competition and Consumer Protection, has initiated two antitrust proceedings against Telewizja Polsat and four companies belonging to the Discovery Group of Companies.**
* **They may use their position in the TV channel distribution market to the disadvantage of cable TV operators and, indirectly, consumers.**
* **One of the issues that raise objections is, for example, the fact that channels are sold in packages.**

**[Warsaw, 5 May 2021]** Telewizja Polsat and companies that are part of the Discovery Group (Discovery Communications Europe, Discovery Communications Benelux, Discovery Polska and Eurosport) distribute television programmes produced by them or within their groups of companies. These channels are then sold to TV operators, including cable networks.

The Office has recently received many complaints relating to the limitation of the freedom to develop channel offers or select TV channels from operators, trade associations and consumers. The initiation of the antitrust proceedings was preceded by an intensive investigation in which the Office of Competition and Consumer Protection collected information from industry representatives and other regulators to determine how the market operates.

*'The opinions in the market were unequivocal and pointed to the growing imbalance between broadcasters or distributors and operators, the costs of which are incurred by none other than consumers. Our findings made in the course of the investigation indicate that this is the result of sales policies adopted by TV broadcasters and distributors - Telewizja Polsat and companies which are part of the Discovery Group,'* says Tomasz Chróstny, President of the Office of Competition and Consumer Protection.

According to the Office's information, operators can buy channels in a package of 28 from Telewizja Polsat and at least 6 in the case of companies belonging to the Discovery Group. It is also possible to buy individual channels, but this is completely unprofitable. For example, buying just two channels from Telewizja Polsat may be more expensive than buying a whole package that also includes those two channels. In the case of the Discovery Group, the purchase of three TV channels may cost more than the purchase of any of the packages offered by the Discovery Group. Moreover, package purchase agreements stipulate that pay-TV operators must include a specific number of channels in the basic, i.e. most common, packages that they offer to their customers.

*'The actions of Telewizja Polsat and companies belonging to the Discovery Group may be an example of the prohibited use of the companies' position in the TV channel distribution market. Cable TV operators, who have limited possibilities of creating offers for their customers because they are forced to buy many channels and then to sell them in specific packages to viewers, may lose the most as a result of such practices,'* says Tomasz Chróstny, President of the Office of Competition and Consumer Protection.

A dominant position means that a company may act independently of customers, partners and competitors. Having such significant market power is not prohibited, but it must not be abused. The strong position of Telewizja Polsat and companies belonging to the Discovery Group results from the fact that they offer channels that are considered to be essential by customers and cable TV operators. The lack of such channels may, in fact, result in customers choosing offers provided by other operators. The abuse of the dominant position may involve forcing TV operators to buy many channels and include them in specific packages offered to viewers. This may also lead to a more difficult development of smaller broadcasters as well as higher advertising revenues for Telewizja Polsat and Discovery Group.

'*The way in which channels are sold to cable TV operators also affects consumers, who receive an offer that does not meet their real needs. If they want to watch their favourite channels, they also have to pay for the ones they are not interested in at all. This limitation does not have a technical aspect but it is the result of sales policies adopted by broadcasters and distributors. The fact that cable TV operators have to include certain channels in basic packages may increase their prices,'* *says Tomasz Chróstny, President of the Office of Competition and Consumer Protection.*

A fine of up to 10% of annual turnover may be imposed on companies that abuse their dominant position.

We would like to remind you that the Office also runs a programme of acquiring information from anonymous whistleblowers. Visit https://konkurencja.uokik.gov.pl/sygnalista/ and fill out a simple form.<https://konkurencja.uokik.gov.pl/sygnalista/> The European system we use guarantees full anonymity, also towards the Office.