



AER COMMENTS ON THE EUROPEAN COMMISSION'S CONSUMER IOT SECTOR INQUIRY

A small but growing proportion of radio listening is now on internet connected devices, smart speakers or dashboards integrated into connected cars, often accessed through voice assistant technology. Commercial radio's quality content remains more relevant than ever for the use of such smart devices, and the challenges it faces should not undermine its viability or consumer choice.

ABOUT US

The Association of European Radios (AER) is the Europe-wide trade body for commercial radio, representing the interests of companies operating over 5,000 commercial radio stations to the EU Institutions. AER promotes the development of commercially-funded radio broadcasting in Europe, by ensuring a fair and sustainable economic framework for radio so it can continue to thrive.

INTRODUCTION

On 16 July 2020, the European Commission adopted a Decision¹ initiating a **sector inquiry into the Consumer Internet of Things (IoT) in the EU**.

We observe that the Commission's decision acknowledges that access to data from consumer IoT related products and services may be an "important contributing factor to market power both in the sector for consumer IoTs related products and services, and the competitive structures thereof". It considers equally that the **restrictions of data access** and interoperability, the emergence of digital ecosystems and gatekeepers, as well as certain forms of self-preferencing can lead to restrictions of market access for competitors, ultimately restricting and/or distorting competition in the sector.

We fully support the Commission's aims to gather data on the functioning and dynamics of consumer IoT markets and to prevent any restrictions or distortions of competition in this field. Without exhaustively answering the questions raised by DG COMP in its sector inquiry aimed at corporate actors, including radio providers, we set out below the ideas and arguments of the commercial radio industry regarding the main challenges of IoT products and services.

¹ Commission Decision initiating an inquiry into the sector for consumer Internet of Things related products and services pursuant to Article 17 of Council Regulation (EC) No 1/2003 (HT.5752), 16 July 2020.

THE INCREASING RELEVANCE OF IOT PRODUCTS AND SERVICES FOR COMMERCIAL RADIO

Radio content is a mix of music, news, entertainment and talk. It is accessible to a wide variety of listeners on a local and national level, and on a multitude of platforms; including analogue and digital broadcast and online. To remain relevant to its listeners, commercial radio has put in a lot of effort to innovate and to develop its content and presence in an extremely competitive digital environment.

- **Commercial radio content online**

Most radio stations, if not all, are today accessible online thanks to the development of their own consumer IoT services (e.g. website and apps) and/or industry-wide initiatives. These offers often complement linear broadcasting radio and **considerably enrich and personalise radio content for the benefit of listeners** who are able to listen to their favourite radios' (new) formats on new devices.

European industry-wide initiatives are best represented by **Radioplayer**². Now present in 10 European countries³ and serving thousands of stations, Radioplayer is a non-for-profit organisation owned by radio providers and offering both commercial and public media radio content. At national level and by ways of examples, it is worth noting the Finnish Radiot.fi⁴ aggregating both commercial and public broadcasters' radio stations, or the French Les Indés Radios⁵ offering the innovative "*Mur du Son*" from 130 local radio stations.

Commercial radio offered online to users is enabled through the interoperability of their technologies on both iOS and Android mobile operating systems, often leading to high costs for smaller radio operators.

- **Commercial radio's presence on smart devices**

To fully take advantage of the audio revolution and offer the best experience to listeners, commercial radio stations are present on a wide array of smart devices.

Smart speakers represent a new distribution channel that offers an opportunity for media exposure and development. As such, smart speakers are increasingly popular in Europe: 8.7 million of Germans⁶, 3.2 million of French⁷ and at least one in 5 homes in the UK⁸ is estimated to be using one of the available brands on the market. In addition, research shows that radio and audio represent a major part of audio listening on these devices:

² <https://radioplayer.org/>

³ The United Kingdom, Ireland, Belgium, Germany, Austria, Denmark, Italy, Spain, Norway and Switzerland.

⁴ <https://www.radiot.fi/>

⁵ <https://www.lesindesradios.fr/les-indes-radios.html>

⁶ [Online-Audio-Monitor](#), Mindline media, August 2020.

⁷ [Baromètre des enceintes à commande vocale](#), Médiamétrie, June 2019.

⁸ [Snapshot Paper – Smart Speakers and Voice Assistants](#), Centre for Data Ethics and Innovations, September 2019.

- In Germany, 72% of users say they play radio and audio content on their smart speaker⁹ once to several times per month in 2020
- In France, 97% of smart speaker users listen to cultural and media content and 81% of the regular users listen to radio through smart device¹⁰ in 2019
- In the UK, 63% of respondents use their smart speakers to listen to a live radio station¹¹ in 2020

To ensure the best audio experience to radio listeners, the radio industry's innovative consumer IoT services are available in smart speakers. For example, key partnerships have been concluded between Radioplayer and smart speaker brands to integrate its technology in Amazon Echo, Sonos and Bose.

Connected cars incorporate radio and audio services into their on-board (connected) infotainment systems. Research shows that consumers value radio in the car with 82% of car buyers saying that they would never consider a car without a radio and 84% of them “always” or “mostly” listen to the radio on every journey¹². The integration of radio apps, web players and device integrations in cars is thereby a key priority for the radio industry. Here again, Radioplayer has developed partnership agreements with significant players of the automotive industry and its technology is today integrated into Audi, VW and Polestar vehicles¹³.

Voice assistants are gateways between smart devices users and commercial radio on consumer IoT devices, including smart devices. Their role is therefore key to enable users find audio content and be referred to their favourite radio station. These voices assistants are rolled out in many devices that incorporate radio and audio services; i.e. smart speakers, connected cars, smart TVs or smartphones.

A CHALLENGING ACCESS TO LISTENERS

Increasing distribution on consumer IoT devices like smart speakers or voice assistants bring great visibility to radio and audio content. In this context however, commercial radio's content is faced with a multiplication of gateways and locks to its distribution put in place by smart devices acting as intermediaries (e.g. smart speakers, connected cars, voice assistants, app stores and their operating systems).

- **Availability of commercial radio's content**

Users are subject to limitations both in terms of direct access to the content as well as other actions, such as changing the device's terminal. Listeners' access to radio content on smart devices indeed depends on the availability of radio on devices. In some cases, commercial radio has managed to be put at the forefront of smart speakers or connected cars thanks to partnerships concluded with smart devices manufacturers. Yet, listeners can be confronted with pre-installed or default mobile devices applications on smart devices that are not owned by commercial radio or the wider radio industry. **This mediation of commercial radio's content by third-party devices ultimately puts at risks listeners' ability to enjoy unfettered access, free at the point of use, to radio over the long term.**

⁹ Online-Audio-Monitor, *op cit.*

¹⁰ [Assistants vocaux et enceintes connectées](#), joint study by HADOPI and CSA, May 2019.

¹¹ [Media Nations report](#), Ofcom, 2020.

¹² Study from Radioplayer, 2016 (main findings available [here](#)).

¹³ [Automotive News](#), Radioplayer.

- **Prominence of commercial radio's content**

Smart devices and in particular voice assistants constitute **considerable gateways** to the distribution of radio content. Voice requests for particular radio stations will typically generate a single response, and this may give an undue advantage to platforms operating smart speakers and/or voice assistants, where such platforms are seeking to “**self-preference**” their own unlicensed radio-like stations, or radio stations with whom they have entered into exclusive distribution agreements. This could lead to **market exclusion** for licenced radio stations, and prevent audio listeners from accessing the radio stations of their choice (at no cost), as they are currently able to do.

- **Access to data generated by commercial radio' content**

We share the view of the Commission as outlined in its Decision HT.5752 and consider that the restriction of data access can lead to the restriction and/or distortion of competition in a given sector. By acting as intermediaries to commercial radio's feed, smart devices manufacturers and voice assistant operators are in a position that enables them to **collect data** from content listened by users. Comparable to smart TVs presenting audiovisual content¹⁴, this data can be used to introduce native advertising allowing these consumer IoT devices to **monetise** commercial radio's content.

In addition, these devices and operators are not compelled to share any of that data to the commercial radio operators. Any access to data will depend merely on the negotiating power one commercial radio operator has, which does not imply that all relevant data available is shared, and leads to an imbalance between larger and smaller radio actors on the markets. **The fact that commercial radio operators are not given access to this data automatically is a significant cause for concern.**

CONCLUSION

We believe that this sector inquiry into the Consumer IoT, part of the Commission's digital strategy, is a timely initiative. It complements the recent consultations launched by the Commission for a Digital Services Act Package and a New Competition Tool, both of which aim at gathering input from stakeholders on the wider online economy and its potential impact on EU competition law. **By combining the findings of all three initiatives, the Commission would, in our view, understand their significant interconnection. We kindly refer the IoT sector inquiry team to AER's recent positions on the [Digital Service Act](#) and on the [New Competition Tool](#).**

We remain at your disposal for more information – please contact the Brussels office aer@europe.org

¹⁴ [Sektoruntersuchung Smart-TVs Bericht](#), Bundeskartellamt, July 2020.