

1 Summary

The government, the Liberal Party, the Danish People's Party, the Socialist People's Party, the Red-Green Alliance and the Conservative Party have adopted a new growth package "Denmark fully out of the crisis". One of the initiatives in the growth package is the initiation of an analysis of whether releasing consumers who are currently tied to a specific TV service provider through a shared TV solution - thereby giving them the option of selecting an alternative TV service provider ("freedom of choice") - will lead to better and cheaper TV solutions for consumers. The Danish Competition and Consumer Authority therefore asked Incentive to conduct an analysis of the economic impact of freedom of choice.

The analysis shows that freedom of choice gives an average saving per household of DKK 11 per month. This corresponds to an overall price reduction of 3.5%, reflecting that while 85% will experience price increases, 15% will experience significant price reductions. For the 650,000 households in housing associations which currently have a shared TV solution, this corresponds to total consumer saving of about DKK 68 million annually.¹

66% of households are expected to continue with the shared TV solution. They pay an unchanged price for the TV packages, but will see an average price increase of DKK 7, because the costs will be divided among fewer households.

19% of households want to continue with the shared TV solution, but cannot do so because the association no longer offers it. This group will experience an average price increase of DKK 37.

The reason for this is that these households buy a similar TV solution (and possibly internet) at the providers' individual prices.

15% of the households are expected to opt out of the shared TV solution. They achieve an average monthly saving of DKK 149 because they buy a cheaper product, receive free channels through an indoor aerial or completely opt out of TV.

The consequences of freedom of choice depend on whether internet is included in the household's TV solution. The 75% of households which have a shared TV solution without internet will save, on average, DKK 16 per month through freedom of choice. The 25% of households where internet is included will experience an average price increase of DKK 3 per month.

¹ This figure does not include savings for the approximately 20% of households in associations with daisy chains.