Representing:

Self

What do you want Ofcom to keep confidential?:

Keep name confidential

If you want part of your response kept confidential, which parts?:

Ofcom may publish a response summary:

Yes

I confirm that I have read the declaration:

Yes

Ofcom should only publish this response after the consultation has ended:

You may publish my response on receipt

Question 1: What characteristics should the pay TV sector display in order to serve consumers best? :

Question 2: Do you agree with the amendment to our criteria for assessing the pay TV market?:

Yes

Question 3: Why do consumers pay for TV services?:

Consumers pay to get more choice and more content.

Question 4: Do you agree with our assessment of the relative importance of platform features and content? :

Yes

Question 5: Do you agree with our views on the importance of premium sports and premium movies content for competition in pay TV?:

Yes, however, I feel that there is virtually no competition in the Pay TV sector for premium movie content

Question 6: Are there any other international examples to which you would draw our attention?:

Yes, Verizon-Fios service formerly Nynex and BellAtlantic over in the USA are able to show nearly if not every TV channel in that country without having so many disputes between broadcasters.

What if it was made compulsary for every channel to appear on the 1st,2nd and maybe even the 3rd largest service provider, that way the networks are more open and more competitive.

Question 7: Do you agree with our overall approach to market definition analysis?:

No

Question 8: Do you agree with our definition of the market for Core Premium Sports channels or do you believe it to be narrower or wider than we have suggested? If so, what specific evidence do you have to support your view?:

Question 9: Do you agree with our definition of the market for Core Premium Movies channels or do you believe it to be narrower or wider than we have suggested? If so, what specific evidence do you have to support your view?:

Question 10: How would you see the future development of consumers? viewing habits for sports and movies, and of the ways movies will be delivered to them? How would this affect market definition?:

Cable Subscribers:

Most requiring Sky premium channels will be tempted into the free access offers and full features for Sky Movies and Sports and will eventually leave there Cable service in favour of Sky. Other customers may well just downgrade and quit viewing Sky Premium channels due to the high cost and lack of content available for their money.

BT Vision,Tiscali and other TV services which require a BT/Kingston Comms phone line and/or a Aerial:

Subscriber numbers will not materialise because of the high cost of the channels and will simply switch from Cable to Sky without even consulting one of these kind of providers. Therefore, there isn't much future for these providers. Unless more regulation is introduced and costs are reduced.

Furthermore, Sky Premium channels are also funded by advertising as well as by the customers and feel that this should be modified if they are to charge such a high rate to rivals and not offer full content.

Question 11: Does Sky have market power in the wholesale of Core Premium pay TV channels? :

Yes it seems so.....

Sky broadcasts around 8 Sky Movie premium channels across Cable TV and the cost for this is around £18 per month on the top TV package from the Cable companies. Sky is the company that charges this amount and the Cable companies are not able to make any profit from this, however, Cable companies such as Virgin Media and SmallWorld Media always put customers first and believe that customers should always have choice, therefore it allows Sky to broadcast such channels.

Sky have been introducing special offers which have been giving away Sky Movie packages to new customers for free,for life.

This is very bad for the market and is causing a monopoly as 'consumers' want these premium channels for their content. Therefore Sky is making these premium channels 'free to air' to a large number of Sky Satellite TV customers. They are only premium channels to competitors of Sky such as Virgin Media,BT Vision,Tiscali,SmallWorld Media,Kingston Comms and Wight Cable.

Film 4, A premium movie channel from Channel 4 was launched in 1998 to compete with Sky Premier,Sky Max,Carlton Cinema,Front Row Cable pay-per-view and Sky Box office Pay-per-view at the time. The cost of the channel was £5.99 and this was the case until 2006/7 when Channel 4 decided to drop the charge and depend on Advertising revenue. The reason for this was because Fox Network(The owners of Sky) blocked certain content and made it only available to Sky Movies and Sky Box office. Furthermore, customers found expensive to subscribe to all premium movie channels and by 2006 Film4 subscriptions were at an all time low.

Carlton Cinema- was ceased in 2003

Front Row-Rebranded as Filmflex in 2006, Full on demand content is available through this service and is exclusive to Cable Companies.

The Pay TV premium channels market is already a monopoly, for movie channels anyway.

Question 12: Do you agree with our conclusion that Sky has market power in the wholesale of Core Premium Sports channels? What specific evidence would you provide to support your view?:

Yes I do,

It has come to the point were Sky's competitors have had to increase costs of TV packages in order to subsidise free access to services such as Setanta Sports on the top TV packages.

Sky Sports is constantly increasing its costs to rivals on purpose so that rivals always charge its customers more money than they would having subscribed to Sky directly.

Furthermore, Sky also require more payment for facilities like interactive services,services which you request via pressing the Red Button on your

Cable/Satellite remote control.

As customers already feel that they are paying too much money, Cable companies and rival companies of Sky will not invest in this feature, therefore consumers are missing out and are yet again, the main stakeholders effected.

Question 13: Do you agree with our conclusion that Sky has market power in the wholesale of Core Premium Movies channels? What specific evidence would you provide to support your view?:

Sky have been introducing special offers which have been giving away Sky Movie packages to new customers for free,for life.

Film 4, A premium movie channel from Channel 4 was launched in 1998 to compete with Sky Premier,Sky Max,Carlton Cinema,Front Row Cable pay-per-view and Sky Box office Pay-per-view at the time. The cost of the channel was £5.99 and this was the case until 2006/7 when Channel 4 decided to drop the charge and depend on Advertising revenue. The reason for this was because Fox Network(The owners of Sky) blocked certain content and made it only available to Sky Movies and Sky Box office. Furthermore, customers found expensive to subscribe to all premium movie channels and by 2006 Film4 subscriptions were at an all time low.

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So as you can see above, the premium tv market is a monopoly and the Pay TV market is a dieing industry because of one dominant provider.

Question 14: Can retailers and / or platform operators get sufficient access to Sky?s Core Premium channels? :

No they can't.

Sky Sports channels has introduced costs to its rivals to the point were the rival company would not find it commerically viable to fund.

For example, features such as:

Red Button interactive services-Not available through providers other than Sky.

Sky Movies in HD(High Definition)-Not available through providers other than Sky.

Question 15: Have we presented a factually correct picture of current distribution of premium sports and premium movie channels?:

Yes, but haven't really explained how poor the market has gone and how a monopoly is forming.

Question 16: Do you agree with the list of factors we present as being relevant when Sky considers whether to supply?:

Yes

Question 17: Do you agree with our presentation of the longer-term factors in Sky?s decisions to supply?:

Yes

Question 18: Do you agree with our discussion of the role of vertical integration?:

Yes

Question 19: Do you agree with the figures we have presented to illustrate the playing-out of incentives to supply?:

Question 20: Do you agree with our proposal that it is important for multiple operators to have wholesale access to Core Premium content, rather than Sky retailing on others? platforms? :

Yes

Question 21: Do you agree with our analysis of the profitability of Sky?s wholesale premium business?:

No, because Sky Premium channels are funded by advertising as well as the customers which means these premium channels are actually more profitable for Sky than they make out to be.

Cable and rival companies are unable to make any profit or even a break even at times in order to remain competitive.

Question 22: What is the effect on consumers of the current situation with regard to access to premium content, now and in the future?:

Non-Sky customers do not recieve full content which means it is not value for money and means they are being short changed. This also means that customers miss out on a large amount of content.

Question 23: Do you agree with our analysis of the current situation with regard to choice, innovation, pricing and consumer satisfaction?:

To a point, Ofcom has not listed how uncompetitive Sky is making the Pay TV market.

As a Cable subscriber, I feel very disatisfied and angry that a company like Sky is trying force me to subscribe by increasing the cost via my original cable service and by reducing content.

Question 24: How would you see differently the future of pay TV as outlined in our ?forward look??:

Question 25: Would you agree with our analysis of the likely effects of restricted distribution of Core Premium content on consumers?:

Yes

Question 26: What should we do, if anything, to tackle the problem we have identified relating to Core Premium content?:

Question 27: What would you see as the key objectives of any remedy in pay TV?:

1. Limit the number of Channels and platforms which Cable and Satellite providers can own.

2. Set pricing for Premium AND Non-premium channels-By doing this it will prevent something happening like in March 2007, Virgin Media refused to renew the contract for recieving Sky basic channels because Sky increased its annual carriage costs to Virgin Media from £24 Million to £48 Million per year whilst Sky was reducing and choosing the rates it wanted to pay for Virgin Media Television channels such as Trouble,Bravo and Challenge TV.

3. Make Interactive red button and Video on demand facilities compulsary where the viability and technology for doing so exist, for example ITV should provide Virgin Media,Wight Cable,Smallworld,Kingston Comms,BT Vision and Tiscali TV with Video on Demand content, BBC,Channel 4,Warner Bros TV,HBO TV,National Geographic,The History Channel,UKTV Channels,Discovery Networks Europe and Virgin Media Television. The same should also apply to Sky's rival if ever Sky offered Video-on-Demand.

Question 28: Do you believe we have identified the right list of regulatory options?:

Question 29: Have we made a suitable assessment of the option of taking no further action?:

No certainly not!

Question 30: Have we made a suitable assessment that it would be more appropriate to use our sectoral competition powers than to rely on ex post action under CA98?:

No

Question 31: Have we made a suitable assessment of the option of pursuing a process under our sectoral competition powers?:

Yes

Question 32: Have we made a suitable assessment of the option of pursuing a reference to the Competition Commission?:

Yes

Question 33: Do you agree with our discussion of the legal framework for a wholesale must-offer remedy?:

Yes

Question 34: Have we captured the potential impact on consumers and stakeholders in our preliminary impact assessment?:

Yes

Question 35: If we were to pursue a wholesale must-offer, which retailers should be able to purchase what content on what terms?:

Virgin Media,SmallWorld Media and Wight Cable:

Terms:

Question 36: What is your view on which retailers should be eligible for any wholesale offer?:

The companies which are finding it non-commercially viable to offer Sky premium channels.

These companies should be the Cable Companies:

Wight Cable
Virgin Media
SmallWorld Media

To begin with, it should be reviewed after 1 year.

Lastly, I think any Sky premium channels currently being sold via Virgin Media's

Analogue service which currently has around 190,000 customers still and is due to close in the next 2 to 3 years, should not have to pay full price until they have been upgraded to digital as they are not getting everything that they are paying for such as Red Button interactive facility ect.....

Question 37: What is your view on our decision to focus in this document on residential subscribers?:

Most premium channel viewers are Residential customers, however I feel that Ofcom needs to carry this investigation onto business subscribers too.

Sky is charging businesses such as public houses a monthly cost of £2,000 to £3,000 for recieving all Sky content and non premium channels.

Sky has made it impossible for companies such as Virgin Media to compete against this as they will be buying Sky Premium channels and selling them to the customer at a lower price than the actual price Virgin Media has paid Sky.

Question 38: Have we identified the right content and channels to be captured by any wholesale offer?:

Most of it but not all.

Question 39: Have we picked up all the relevant issues to do with defining the wholesale product ? i.e. conditions on channels, technical distribution, format, interactivity, VoD? How would you suggest proceeding on any or all of these?:

To make interactive services and Video on demand(If any) compulsary as part of a package, the packages which should be available to Sky's rivals should be presented this way:

All Sky Movie channels except HD: £20 Million annually
All Sky Movie Channels with HD: £25 Million annually

Interactive services via red button should be compulsary where viability exists.

Above prices are fictional.

Question 40: Do you agree with our discussion of the need to set prices?:

Yes, pricing should be set as Sky are using these channels as a tool to attract customers.

Furthermore, Rival companies are selling these channels to customers less than what they are paying Sky to supply the Sky Premium channels.

Question 41: Do you agree with our characterisation of the two main approaches to setting prices ? retail-minus and cost-plus ? and the practical issues with each?:

Yes

Question 42: If we were to use a retail-minus approach, what would be the set of costs that we should take into account? Should we base the assessment on new entrant costs or on the costs of an efficient large-scale operator? :

Pricing based upon commercial viability.

i.e If Sky is charging a Cable Company £18 per month to supply a customer with the 'Sky Movies Collection' and the Cable Company is selling these channels to the customer for £15 per month to compete with Sky, that means the Cable Company will be operating as a loss, therefore Sky must charge the company the same rate or price higher than the Cable Company.

Therefore Sky should not be allowed to sell its Sky Premium channels direct to Sky Subscriber services Customers lower than its rivals, but be allowed to sell the channels at the same price or a higher price.

It could also be based on actual viewing statistics, a new entrant should pay a set fee which would be estimated statistics for the first year and then pay the same rate as all other service providers, if viewing statistics prove lower than expect the new entrant should recieve a refund so that they have paid the same rate as there next leading rival. The lower the viewing statistics,the lower the fee, the higher the viewing statistics, the higher the fee.

Analogue Cable TV should be price set differently to Digital Cable TV due to less content available.

Question 43: Have we identified the important issues related to commercial terms? How would you suggest proceeding on any or all of these?:

It has become non-Commercially viable for some cable companies to continue offering.

The financial problems have arised becuase a virtual monopoly has formed and it has got to the point where 1 Cable company still uses Analogue Cable services simply because they may not be able to afford the upgrade.

Question 44: In particular, how should we tackle the issue of security?:

Introduce more regulations and review them annually

Question 45: Is three years the right length of time before the first review of this provision? What factors should cause us to review it earlier than this?:

3 years is too long, the Pay TV market is constantly changing and therefore needs to be reviewed annually.

Comments: