

Review of rules for prominence for BBC Three

**Response from the Association for Commercial
Broadcasters and On-Demand Services to Ofcom**

October 2021

Introduction

1. COBA is the Association for Commercial Broadcasters and On-Demand Services. It represents multichannel broadcasters in the digital, cable and satellite television sector and on-demand services.
2. COBA members operate a wide variety of services, offering news, factual, children's, drama, music, arts, entertainment, sports and comedy. Their content is available on free-to-air and pay-TV platforms, as well as on-demand.
3. COBA members are arguably the fastest growing part of the UK television industry, and are increasing their investment in jobs, UK content and infrastructure. They make this investment without support from the licence fee or indirect support from statutory prominence.
 - Scale: In the last decade, the sector has increased its turnover by 30% to more than £5 billion a year. This is rapidly approaching half of the UK broadcasting sector's total annual turnover, and has helped establish the UK as a leading global television hub.¹
 - Employment: As part of this growth, the multichannel sector has doubled direct employment over the last decade.²
 - UK production: In addition, the sector has increased investment in UK television content to a record £1.1 billion per annum, up nearly 75% on 2011 levels.³
4. For further information please contact ☎.

¹ Ofcom International Broadcasting Market Report 2013

² Skillset, Television Sector – Labour Market Intelligence Profile

³ COBA 2019 Content Report, Oliver & Ohlbaum Associates for COBA

Response

- 1) As COBA has consistently made clear throughout this process, we support the principle of the licence fee and see the BBC as one of the cornerstones of the UK media sector. We firmly believe in the merits of a mixed ecology that encourages public and private players. This provides greater audience choice, creative competition, and increases investment for UK content.
- 2) COBA members invest significant sums in buying the most favourable EPG slots possible. Moving a channel to another EPG slot may result in a loss of audience share, and therefore revenues, and have a range of other impacts, including in some cases changes to brand identity and marketing.
- 3) The position of a channel on the EPG is a crucial element in its business strategy and perhaps the most important way for audiences to find it. In turn, this will determine how much channels can invest in original UK content, as well as in staff and investment in other areas, such as innovation and marketing. An EPG position is therefore a factor in business' long term, multi-year investment plans. This means that moving a channel's EPG position is highly disruptive.
- 4) It should be noted that the BBC is insulated from many of these pressures due to the licence fee. While an EPG position will help determine its own audiences, like any channel, there is no financial impact.
- 5) Ofcom is aware that many broadcasters, the majority smaller than the BBC, will be forced to move their own EPG positions as a result of the BBC's decision to reverse its earlier decision and move BBC3 back to a linear position. While the BBC has argued that this will serve a particular section of younger audiences, we caution that any benefit may well be temporary, as younger audiences are moving online, as the BBC itself has argued many times. As such, we believe the public value of the proposal is at best marginal.
- 6) The disruption for COBA members is exacerbated as it comes only two years after many channels had to move to accommodate PSB channels, including the BBC, as part of the EPG policy changes introduced by Ofcom and supported by the BBC.
- 7) Ofcom noted at the time that this earlier reshuffle would have a negative impact on the market, saying:

‘Making other broadcasters less prominent in order to accommodate a designated channel will tend to reduce their viewing. This will tend to decrease the advertising/sponsorship revenue earned by commercial broadcasters. The sustainability and ability of other broadcasters to invest is relevant to securing the availability of a wide range of quality television services. They may also incur one-off costs from moving to a new position, for example marketing the new slot number.’⁴

- 8) Were the latest changes to go ahead, some channels will have to move once again, incurring those ‘one-off’ costs for a second time, as well as a negative impact on their longterm revenues. This comes at a time when those channels are facing challenges from declining linear audiences, as well as the impact of Covid-19 on advertising revenues (which the BBC was insulated from). We believe this is disproportionate.
- 9) We therefore welcome Ofcom’s proposal to allow an implementation period of 18 months before platforms must place BBC3 within the top 24 slots. However, in order to minimise disruption, it is important that the BBC vacates its own slots during this time, allowing BBC3 to take an EPG position without requiring others to relocate.
- 10) We therefore ask Ofcom to formalise this 18-month window and to recommend that platform owners allow sufficient time for BBC3 to find an existing BBC slot where such an option is likely to be available, up to this maximum 18-month period.
- 11) Furthermore, we are concerned that BBC3’s remit should be sufficiently robust. It is a concern that the proposed Operating Licence for the channel does not include any quantitative requirements for the amount of first-run programming. It seems clear that this will allow the BBC to show high levels of repeats on its channel and we question the value of this to viewers or producers. The crucial point here is how Ofcom will ensure that BBC output is distinctive in order to ensure fair competition and to main public service output.

⁴ https://www.ofcom.org.uk/data/assets/pdf_file/0028/154459/statement-on-changes-to-the-epg-code.pdf