

OFCOM REVIEW OF COMPETITION RULES IN THE EPG CODE

ITV PLC SUBMISSION

INTRODUCTION

1. ITV has changed rapidly as a business in the last few years, modernising at pace. We have invested substantially in our online services, ITV Hub and in launching our SVOD offer, BritBox, in partnership with the BBC. Our production business ITV Studios is producing innovative shows – from ‘Bodyguard’ to ‘Queer Eye’ – for streamers, broadcasters and cable companies globally. And as an ad-funded, free to air broadcaster, we are offering our brand partners, through investments in technology, more data-rich, targeted advertising, including via our online ad serving platform Planet V.
2. But one thing remains unchanged: our defining purpose as a public service broadcaster. ITV’s significant PSB impact – supporting UK culture, democracy, and economies across the country – is achieved by harnessing ITV’s unique ability to reach the public at scale.
3. But that ability to reach audiences at scale is threatened by the rapid globalisation of TV production and distribution. Soon we may see predominantly global TV services and platforms dominate UK markets, marginalising and undermining national content and services (embodied in the UK in the PSB system).
4. In this context, Ofcom is right to maintain and, in places, strengthen the rules that secure fair and effective competition in relation to the discovery of linear broadcast channels on some EPGs. These rules – limited in scope as they are – nonetheless continue to play an important role even as user interfaces become ever more complex and the role of linear declines.
5. Even with these changes in place, ambitious reform of the overall framework governing PSBs and platforms is also needed urgently if Ofcom is to ensure that competition in the UK is to flourish in future.

THE GLOBAL CHALLENGE TO PSB

6. The new world of streaming and online content, like the multichannel TV revolution before it has many benefits for consumers. The scale of content and technology spend amortised across the world has created high quality online TV offers to the great benefit of consumers. ITV is proud to be a content supplier to these new players.
7. But these new services will not come close to replicating what public service broadcasting delivers both for us as consumers but also as citizens. Global players are exactly that – mostly global and not UK specific. Their content is designed first and foremost to travel well – rather than being tailored-made to suit audiences here. They provide their services to those who can afford both to subscribe, and to access a broadband connection. They have little, if any, obligation to independent producers and none to investing outside of London. They do not invest in news – national or local.
8. But the problem isn’t just that global entrants won’t deliver the nationally focussed content and broader public benefit of the PSBs. The truth is that the emerging global system of content distribution will endanger both the visibility and viability of the national PSB services and content that are a key part of a plural TV ecosystem.
9. Increasingly TV is being distributed globally online by a small number of major global distributors and aggregators. And the interfaces through which people find and choose TV will be controlled by global companies – Amazon, Google, Apple, Comcast/Sky, Samsung and LG.

These platforms will increasingly have unbeatable scale, colossal technology and marketing budgets as well as having the capital to invest in content on a global basis.

10. The acute risk is that the TV content that UK audiences can access most easily on their TV sets and other devices will be determined by deals for inclusion and global prominence between a small number of global content providers – Netflix, Apple, Disney and these powerful global TV distributors such as Google and Amazon. The net result, absent intervention, will be that:
 - PSB channels and content gradually disappear from view on user interfaces and other ways of accessing TV content, in favour of global players with deep pockets and global commercial deals for the most prominent and visible positions on platforms; and
 - The economics of commercial PSB are undermined by these powerful TV distribution platforms who demand so much value from those whose content they offer that it is not viable to make and distribute high quality PSB content of particular appeal to a national audience. Clearly this is a variation on the commercial experience of the newspapers in seeking to deal with powerful global online distributors.
11. We see both of these trends already – as did Mediatique in its recent report for Ofcom on Connected TV Gateways.

THE ONGOING NEED FOR EPG RULES TO PROTECT COMPETITION

12. As competition for audiences increases, a small number of global firms control how audiences find and access content, and more and more firms operate in both the operation of EPGs and user interfaces and the supply of the content services they include, the need for rules to ensure fair and effective competition is, if anything, more important than ever.
13. In this context, we are therefore fully supportive of Ofcom’s conclusions, specifically:
 - a. That linear TV is still widely watched and valued;
 - b. That EPGs remain an important route to linear services; and
 - c. That competition rules are still required.
14. We are also fully supportive of Ofcom’s proposal to require that consultations by EPG providers follow a transparent process and include reasonable timeframes both for channel providers to comment and for implementation of any changes to listings. History suggests that previous proposals for reform by EPG operators have not always been operated in such a way, to the detriment of channel operators and, ultimately, citizens and consumers.

CONCLUSIONS

15. We welcome Ofcom’s ongoing commitment to ensuring that fair and effective competition is secured in the operation of linear EPGs. It’s proposals in this review are necessary but not sufficient to deliver this. Ambitious broader reform of the overall framework governing PSBs and platforms is also needed urgently if Ofcom is to ensure that competition in the UK is to flourish in future.