BBC new on-demand proposals - MIA Stakeholder Questionnaire

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Section 1

Introduction

1.1   As part of the Market Impact Assessment (MIA) of the BBC's new on-demand proposals, Ofcom is seeking to answer a range of questions about the way in which the services of other stakeholders may be affected.

1.2   The BBC proposes the following new offerings:

- Seven day catch-up TV over the internet;

- Seven day catch-up TV over cable and Homechoice;

- Simulcast TV over the internet;

- Non-DRM audio downloads over the internet;

1.3   The three internet-based offerings will be combined into a direct-to-consumer offering, BBC iPlayer version 1.0, which will incorporate all the existing BBC players.

1.4   This document sets out a range of questions. It begins with an overall summary setting out the questions in short form, and then sets out a fuller set of questions in long form. Ofcom would prefer that respondents reply wherever possible to the long form questions, but recognises that this may not be possible for all stakeholders. Hence in carrying out its analysis, Ofcom will consider responses to both the short and long form questions.

1.5   Important notes:

1.5.1   We are proposing to share responses with the BBC Governors, BBC Governance Unit, Joint Steering Group and when it exists the BBC Trust unless respondents indicate otherwise. If you would prefer us not to share your MIA response, please prepare a separate MIA response document and clearly indicate on the cover that it is for Ofcom only.

1.5.2   Please ensure that any comments you have on the Public Value Assessment of the new service proposals (as opposed to the MIA) are sent separately to the Governance Unit.

1.5.3   Ofcom does not intend to publish MIA responses on its website. However, it may wish to refer to individual responses in its report of findings, which is likely to be published early in 2007. If any parts of your response are confidential, and should not be referred to in the Ofcom report, please indicate that clearly in your response. It would be helpful if any confidential material were included in a separate annex, together with an indication of why it is regarded as confidential.

1.6   In answering this questionnaire, it is very important, whenever possible, to support your response with evidence you might have readily available on these issues (e.g. consumer surveys, marketing studies, board papers, business plans, documents and studies referring to the proposals, evidence on the responsiveness of costs to changes in output). Evidence supporting answers to long form questions marked

with ** is particularly important for our analysis. If you respond to the long form questions, there is no need to respond the short form questions as well.

1.7   Deadline for responses is 5pm 13 October. Responses should be either emailed to rhona.parry@ofcom.org.uk or mailed to:

Rhona Parry
Ofcom
Riverside House
2a Southwark Bridge Road
London SE1 9HA.

1.8   If you have any queries regarding the MIA, please contact Rhona Parry at the above email address in the first instance. If you have any queries regarding the BBC's new on demand proposals, please email James Heath at the BBC on james.heath@bbc.co.uk.

Short form questions

2.1   Which services that you currently supply, or plan to supply, do you believe will be impacted by the BBC's new on-demand proposals? Which features of the BBC's new on-demand proposals will have the greatest impact on the services that you currently supply?

2.2   How do you believe your current services will be impacted? Specifically, what do you expect will be the impact on costs, revenues and profits? How important are these revenues and profits to your overall business? If the BBC's new on-demand proposals were introduced in April 2007, how would you respond?

2.3   Do you have plans to implement new services that you believe would be impacted by the BBC's new on-demand proposals? If the BBC's new on-demand proposals were introduced in April 2007, how would these plans change?

2.4   Have the BBC's announcements with respect to these on-demand proposals (or the launch in the past 12 months of BBC services that share the features of these proposals) already influenced your current or planned future service offering? If so, in what way?

Section 3

Long form questions

Information on potentially impacted services

3.1 Which of the services you currently supply, or plan to supply, do you think could be impacted by the launch of the BBC's new on-demand proposals? Please specify and provide brief reasons for your response.

3.2 For each service identified in your response to the previous bullet please provide:

    3.2.1 A description of the service including:

        a) Date of launch;

        b) Description or the product at launch – i.e. main features – and any subsequent change since launch;

        c) Platform(s) over which the product is provided.

    3.2.2 A description of the main features of the business model/plan for product including

        a) Prices (including price changes since launch);

        b) If advertising supported, details of type of advertising offered and prices;

        c) Take-up or any other relevant measure of usage since launch;

        d) Expected future market growth (if possible);

        e) Information of revenues since launch, possibly split by advertisement revenues and other revenues (e.g. subscriptions).

    3.2.3 How valuable is the expansion of your customer base for a given product to your existing users? E.g. do users derive an additional benefit according to the number of other users?

    3.2.4 What are the linkages/synergies with other services you also supply? How would these other services be affected if you were to reduce or expand the scope of the service? Please explain the reasons for your response.

Impact on services currently provided

3.3 **For each of the services you currently supply that will be affected by the BBC's new on-demand proposals (as from answer to 3.1):

    3.3.1 What characteristics of the BBC's new on-demand proposals do you think will have the largest effect on your customers' or consumers' behaviour (e.g. changes to spending or viewing patterns or viewing habits)? How would that effect have an impact on your revenues?

3.3.2   If you were told that the BBC's new on-demand proposals will launch in April 2007, how and when would you react? For example do you think you would:

   a)   Attempt to save costs;

   b)   Expand your service;

   c)   Reduce prices;

   d)   Scale down service;

   e)   Stop providing service; or

   f)   Any other.

3.3.3   If you have identified negative effects, are there changes or safeguards to the BBC's new on-demand proposals that could be made to address these issues? If so, what would those changes or safeguards be?

3.3.4   How important are the services that will be affected by the BBC's new on-demand proposals to your overall business? Will the importance of these services change over time? If possible, could you provide information on the approximate share of the company revenues and profits accounted for by each of these services.

3.3.5   Could you provide us with information on the key cost drivers linked to the provision of the services you identified in answering question 3.1? How do these main cost components change when the number of subscribers or usage change, or when the range of services provided changes?

Impact on future plans

3.4   ** How critical are these services in your future plans? Please explain your answers

3.5   ** Do you have plans to **expand the supply of services that would be affected by the BBC's new on-demand proposals**? Please briefly describe these services (service features, target consumers, paying method etc)? At what stage of development are you? Have you already committed resources (including R&D), collected resources or gone public about these plans? Can you provide any documentation in support of your response?

3.6   Do you have plans to **launch new services** that you think will be impacted by the BBC's new on-demand proposals?

3.7   For questions 3.8 to 3.13 please distinguish between expansion of services currently provided and plans to launch services you are not supplying at present.

3.8   **How do the planned new services integrate into the services you currently supply? What are the incremental costs of launching the new services? Why does this appear a good/profitable business opportunity?

3.9   **Under what circumstances might you revise your plans to expand supply of your service or to launch new services, that is what are the key assumptions that make your plans to supply profitable (NPV positive) and worth pursuing? If you have a

business plan, have you run some sensitivity analysis on some key parameters (e.g. entry of other products or competitors in the market) and, if so, which ones (and what degree of change) would make the project unprofitable?

3.10 **If the BBC's new on-demand proposals were launched in April 2007 would you revise these plans and, if so, in what way?

3.11 **If you were to scale down or scrap these plans, are there costs which you have already incurred that you could not recover (for example by selling into a secondary market)?

3.12 **Please provide an estimate of the likely impact on forecast revenues from the planned services, if the BBC's new on-demand proposals were launched in April 2007.

3.13 **Would stopping or reducing your plans for the future services have an impact on other services you currently supply or plan to supply in the future? Would it have an impact on you ability to continue to supply them? Please explain your answer

Impact that may already have occurred

3.14 When did you first hear about the BBC's intentions to launch new on-demand proposals? How did you learn about it? What exactly did you know about the proposals (product features) and how has your knowledge about these changed over time?

3.15 At the time did you have plans or did you consider launching or expanding services you thought could be impacted by the BBC's new on-demand proposals? How did plans for launching or expanding services take into account the services already offered by the BBC such as the "Listen again" option for BBC radio services or the catch-up facility for some of the programming on BBC?

3.16 **Did you revise your plans in the light of the possibility that the BBC's new on-demand proposals (or very similar products) may be launched by the BBC at some time in the future? Please specify whether:

3.16.1 The plan halted altogether?

3.16.2 The plan postponed until more would be known about the BBC's new on-demand proposals?

3.16.3 Was it modified? If so in which way – e.g. reduced or modified in scope?