

Samsung Electronics (UK) Ltd. Response to: Ofcom consultation regarding PSB prominence

05 October 2018

Introduction

This document sets out Samsung Electronics UK's (SEUK) response to the Ofcom consultation on proposed changes to the linear EPG code and future of the regime (27th July 2018), titled 'Review of rules for prominence of public service broadcasters and local TV'.

Samsung respects and appreciates the Public Service Broadcasters' ('PSBs') contribution to the UK TV market and consumers. Samsung shows this appreciation by giving PSBs more than fair prominence across the Samsung Smart TV platform, beyond the Electronic Programming Guide (EPG).

We have set out our thoughts on some of the key issues raised in the report below, followed by our response to each of the specific consultation questions posed by the report.

We will be happy to engage further on expanding on any of these points and reviewing further proposals as they emerge following the consultation.

EPG Prominence on Samsung TVs

The Samsung TV EPG, which is called the TV Guide, is the most prominent tab under the Live TV section of the user interface.

The Samsung TV Guide orders the channels in Digital Terrestrial Television ('DTT') order following the most recently published D-Book, which ensures prominence for PSB channels in the EPG.

Samsung allows customers to tag channels as 'favourite' to ensure customer convenience of quickly tuning in to their most frequently watched channels. This is particularly useful for consumers who prefer to use the PSB's HD channels. However, this does not impact the PSB channel ordering per Ofcom guidelines.

We strongly view that PSBs in general should choose to make their HD channels more prominent rather than the SD channels as the experience consumers get by experiencing HD channels is significantly better. So, any guideline to encourage PSBs to promote HD channels instead of SD channels is welcome.

Consumers can also directly access the EPG shortcut button via the remote control.

VOD Prominence for PSBs

We believe the three key principles for prominence in an on-demand platform are consumer choice, personalisation and unbiased search. At Samsung, we have built our Smart TV platform around these principles, and we continue to drive new product and user interface innovations every year based around these three principles.

1. Consumer Choice

In an on-demand platform, giving consumers the choice is the basic tenet of what makes the platform on-demand. As a result, the idea of regulation defeats the purpose of the platform being on-demand. Therefore, we believe that any future regime that enforces a level of prominence for PSB apps should protect consumer choice and functionalities which evidently they value in the on-demand environment.

2. Personalisation

A further evolution of the on-demand platform has been personalisation – which we define as both: (i) the ability of the consumer to choose to give more prominence to content from certain channels, content providers or genres; and (ii) the ability of the platform to expose content from certain channels, content providers or genres based on the consumers' viewing history and patterns. The report highlights the benefit of protecting the consumers' choice mentioned in (i) as a principle that any future regime should support. However, the report is not clear on (ii).

Multiple on-demand platforms operate personalised recommendation areas as part of the user interface and our view is that the platform owners have the deepest and widest insights into consumer behaviour on their respective platforms. Therefore, the impetus is on the platform owner to operate the best personalisation functionality for their platform users in order to engage the consumer base and remain competitive and relevant in the market. If consumers do not like a specific personalised content recommendation from a platform then in the short term the consumers are unlikely to use that section of the user interface, and in the mid to long term are likely to switch to a competing platform. Therefore, any regulation in this space by a future regime should be carefully reviewed and any regulation proposed should be applied universally across all connected platforms rather than to Smart TV platforms only, as that would stifle competition, disadvantage Smart TV platform operators and limit consumer choice.

3. Search Prominence

The Ofcom report moots the idea that universal search results should be considered for PSB prominence guidance. In our view search results should focus on relevancy in the first instance, ahead of other classifications such as free/paid, local/global, PSB/non-PSB content, etc. Platform owners have the deepest and widest data insights into consumer viewing patterns on their platform and therefore should drive search algorithms as that motivates them to provide the best search results to their consumers, as otherwise consumers will not use the search function if they do not get value. We propose that any platform search algorithms should be independent, unbiased and not commercially or regulatory driven. Any commercially driven areas of the search UX should be separate from organic search results and clearly highlighted to the end user.

Discoverability of PSB players and content

In the UK, Samsung gives significant prominence to PSB player apps in the Samsung Launcher bar, with all PSB apps currently featuring. However, when comparing prominence against the usage of the PSB VOD content, the PSB player apps do not get a proportional share of usage compared to the other apps on the Launcher bar relative to their prominence.

Therefore, Samsung disagrees with the correlation assumed in the report that prominence in the EPG, which results in higher channel usage, would be replicated with regard to the positioning of VOD apps resulting in increased VOD usage. There is no evidence to support this and, from Samsung data, we believe viewership is not dependent on prominence of player apps significantly, but on the popularity and availability of the content itself. Samsung's view is that in an on-demand platform and user interface, the consumer decides what to watch based on the quality and relevancy of the content available, rather than the prominence of the player apps.

Samsung believes that Ofcom can take several actions to ensure that PSB VOD content are widely available across on-demand platforms.

A. Access to catch-up and VOD content metadata

One of the easiest ways for PSBs to encourage platform operators to give exposure to their VOD content would be to allow platforms easy access to the VOD content metadata. Enabling this would allow platform operators to innovate and provide consumers new ways to discover PSB content beyond the traditional EPG.

Currently the PSBs offer live EPG metadata as part of the current D-book specifications that form part of the free and open Freeview that operates as a horizontal platform. However, access to backward EPG metadata is restricted and available only via Digital

UK (DUK) under a license fee to device manufacturers, as part of the Freeview Play (FVP) initiative, which is essentially a closed, vertical platform managed by the DUK on behalf of the PSBs. As a result, the costs of distributing the PSB on-demand content is transferred to the device manufacturers, which in principle goes against what the PSB stands for. This situation has prohibited Samsung to adopt the Freeview Play product, although we believe that ultimately consumers will benefit from the greater exposure to the VOD content from the PSBs. Moreover, if Samsung had access to the VOD catch up metadata, then we can integrate PSB content discovery across multiple areas of our user interface which is under constant innovation. Therefore, Samsung would encourage Ofcom to review the commercial arrangements under which Digital UK licenses the catch-up content metadata of PSBs and make specific guidelines for wider distribution of this data under a free and non-discriminatory arrangement in order to further promote PSB VOD and catch-up content.

B. Investment in demographic-specific content

As the Ofcom report mentions, half of all decline in TV viewing is down to changing behaviour in under-25s. Services such as YouTube and Netflix are tailoring more content to this target market. Thus, giving prominence to PSB content may not change viewership of PSB content in this segment. We see heavy usage on services such as YouTube and Netflix and believe this is partly because they focus on bespoke content targeting a broad range of demographics including under-25s. It's widely documented that the way consumers consume content is changing and services such as YouTube are partly popular due to the curation of the short-form content.

Therefore, our request to Ofcom would be to evaluate various content genres where the PSBs are investing in content production against the usage of those categories of content, rather than doing a direct comparison of PSB on-demand content viewership against those of global content providers such as Netflix and Amazon who do not produce the same category of content.

C. Investment in UK content

Finally, as an alternative to proposing further prominence of PSB content in on-demand platforms, Ofcom could require key global VOD providers such as Netflix and Amazon to invest in and produce more local programming. Consumers will benefit as they will watch the best local programming rather than the best content providers. Thereafter, Ofcom can monitor viewership of PSB VOD content against global content providers fairly.

In conclusion, Samsung would like to reiterate that we offer a Smart TV platform at a global scale, and any regional customisation required comes at an extra cost that are eventually passed on to consumers. For example, our TV products need to meet a set of strict requirements and pass certifications before we can apply for the Freeview TML license or

launch the BBC iPlayer app. This requires Samsung to invest in a local certification team to do this work, the cost of which is then built into the price of the TV products. Therefore, Ofcom should avoid enforcing additional requirements that make it difficult and expensive for Samsung to distribute PSB on-demand and catch-up content in the UK, as any cost of implementing these requirements would have to be passed on to consumers.

Questions for response

Q1) Do you agree with our proposals that the main five PSB channels hold the top five slots on EPGs provided UK wide or in the UK outside of Wales?

No comment.

Q2) Do you agree that on EPGs provided for viewers specifically in Wales BBC One, BBC Two and the relevant Channel 3 service should take the top three slots, with S4C in slot four, Channel 5 in slot five and Channel 4 guaranteed a position on the first page?

No comment.

Q3) Do you agree that BBC Four should be guaranteed a slot within the top three pages of all EPGs?

No comment.

Q4) Do you agree that the designated public service News channels (currently BBC News and BBC Parliament) should be guaranteed slots on the first page of the news genre section or an equivalent position within the grouping of news channels on the EPG, as applicable?

No comment.

Q5) Do you agree that CBeebies and CBBC should have guaranteed slots on the first page of the Children's genre or area of the EPG, as applicable?

No comment.

Q6) Do you agree that S4C, BBC Alba, and BBC Scotland should be guaranteed prominence within the first three pages of UK wide EPGs?

No comment.

Q7) Do you agree that local TV should be guaranteed prominence within the first three pages of UK wide EPGs?

No comment.

Q8) Do you agree that S4C, BBC Alba, and BBC Scotland should be guaranteed prominence within the first three pages of relevant Nation specific EPGs e.g. S4C in Wales, BBC Alba and BBC Scotland in Scotland?

No comment.

Q9) Do you agree that local TV should be guaranteed prominence within the first three pages of relevant regionalised EPGs?

No comment.

Q10) Do you agree with our proposals to ensure prominence for either the SD or HD version of BBC channels rather than both?

Yes we believe that Ofcom should set a guideline via which PSBs prioritize giving prominence to their HD channels rather than SD channels, and not both, as the HD channels create a better consumer viewing experience.

Q11) Do you agree with our proposals to allow broadcasters to swap HD simulcast variants of their SD designated channels, such that those HD variants could occupy the slots which the SD channels would be entitled to?

Yes, as this will enhance consumer viewing experience.

Q12) Do you agree with our proposal to provide a 12 month transition period once the Code is finalised?

No, because for global platforms such as our Smart TV we have a 12 month platform development cycle, which requires plans to be reviewed, discussed and locked in prior to that. So ideally we would like an 18 - 24 month transition period once the Code is finalised.

Q13) Do you think that the prominence regime should be extended to ensure EPGs themselves can be easily found?

While we support discoverability of the EPG, the Ofcom report concludes that on current platforms EPG is easily accessible via the remote control and user interfaces. Therefore, we do not believe there is any data to support extension of the prominence regime in this space.

Q14) Do you agree with the broad range of factors for consideration we have identified? Are there other factors that policy makers should consider?

On demand platforms extend well beyond the Smart TV space, and include smart TV sticks, set-top players, game consoles, DVR boxes, smartphones, tablets, internet and social media platforms, all of which drive VOD consumption. As such, any regulation or policy that is established to support prominence of PSB VOD content should not pick and choose certain platforms (e.g. Smart TV) but should universally apply to all platforms. Otherwise there are significant risks of policy handicapping an open, competitive and innovative market where ultimately the consumer will lose due to lack of platform choices. Furthermore, this will impede our ability to compete with platforms that are not covered (e.g. if the prominence regime covers Smart TV platforms, but not connected boxes or USB sticks).

Q15) Do you agree with the principles we have set out? Are there other principles that should be considered?

While we understand that the principles are based on protecting and promoting PSB services, Ofcom should be mindful of consumer benefits and preferences and encourage PSBs to produce content targeted towards specific consumer demographics rather than be

dependent on prominence. Furthermore, Ofcom should evaluate an efficient policy on how PSBs can increase access of their on-demand programme metadata for distribution across various Smart TV platforms in ways that promote independent platforms, such as Samsung's Smart TV platform, to innovate and provide consumers new ways to discover PSB content.

Q16) Do you think that the prominence regime should be extended to ensure PSB Players can be easily found?

No, we do not believe this should be extended as, based on data we have access to and shared earlier in this report, we do not believe prominence in an on-demand platform is as much of an influence on viewership relative to what we see in the traditional EPG. If Ofcom decides to extend the prominence regime to PSB VOD players, then we have provided our guidance earlier in the report. Ultimately, we believe that the quality and diversity of content, rather than prominence, drives viewership.

Q17) Do you think that the prominence regime should be extended to ensure PSB content can be easily found via recommendations and / or search? If so, what key parameters would you set for this aspect of the regime?

No, we do not believe that the prominence regime should be extended as that would make the search results and recommendations biased which both Ofcom and Samsung believe is not in the best interests of the consumers. Instead, Ofcom can encourage platform operators, such as Samsung, to feature PSB VOD content in recommendations and search results by encouraging PSBs to share their VOD content metadata in a free, fair, reasonable and non-discriminatory way, instead of how it is currently distributed via Digital UK under a per-device license fee based commercial model.

Q18) Do you think that the prominence regime should be extended to platforms and devices not currently captured by the EPG prominence regime? If so, how do you think the regime could be extended and who should be captured?

We recommend Ofcom to review all on-demand platforms across connected devices in a uniform manner as otherwise there is significant risk of distorting competition and alienating certain category of consumers. For example, if PSBs cannot deliver the right content for the right consumer demographic, but enjoy prominence on only certain platforms, then this risks the chance of these demographics moving away from using such devices due to a sub-optimal viewing experience.

Q19) Do you think that the prominence regime should be extended to online services? If so, who should be captured?

Although Samsung does not support the extension of the prominence regime beyond the current EPG as highlighted above, if Ofcom decides to extend any part of the prominence regime then it should do so in a fair and consistent manner across all connected services, including online services.