

## Ofcom Consultation on COSTA: Response by Patrick Barwise<sup>1</sup>

7 October 2022

COSTA benefits TV audiences by limiting commercial interruptions to their viewing. It also benefits TV advertisers by reducing ‘clutter’, encouraging them to maintain their TV investment, which funds broadcasters’ programme budgets and producers’ sales revenue. But the current rules, stricter for the PSB channels, significantly distort the market. Whatever the original reasons for this distortion,<sup>2</sup> it is no longer justified in today’s media environment, where viewers choosing programmes make no distinction between PSB and non-PSB channels. It is time to level the playing field, equalising the advertising rules for all commercial channels.

However, if equalising the rules leads to a significant change in the total number of commercial impacts, there is an unquantifiable risk (because of inherent uncertainty about the price elasticity<sup>3</sup>) that total TV advertising revenue - and, therefore, broadcasters’ programme budgets - might be reduced. To minimise this risk, the rules should be revised in a way that keeps the number of commercial impacts roughly constant, so the changes have negligible impact on total revenue, regardless of the price elasticity.

What would change significantly in this situation is the way the total revenue is divided between the PSBs and non-PSBs. The current COSTA rules strongly favour the non-PSBs by allowing them to sell more airtime than the three PSB channels. The non-PSBs have enjoyed this advantage for 31 years and will naturally want to keep it, because losing it will shift revenue from them to the PSBs, relative to the status quo. The PSBs would themselves lose some revenue from their portfolio channels (which are defined as non-PSB channels under COSTA) but these losses would be greatly outweighed by the increase in revenue for their main PSB channels.

I do not have the data to quantify the resulting revenue shift, but it would be substantial. Total TV advertising revenue was £4.7bn in 2021. A shift of just 1 per cent would have cut £47m pa from the non-PSBs’ combined revenue and added it to that of the PSBs. The actual impact could be several times this amount. Since there would be no associated costs (for the PSBs) or savings (for the non-PSBs), the revenue increases/decreases would potentially go straight to their bottom lines, leading to a big profit impact for both groups. There is a case for a phased transition to give the non-PSBs time to adapt to the new, harmonised rules.

UK producers would benefit because, compared to the non-PSBs, the commercial PSBs invest much more of their UK revenue in programmes, especially original UK programmes. The shift in resources from the non-PSBs to the PSBs would therefore potentially lead to a material increase in original UK production, although Ofcom would need to revise the PSBs’ remits during the relicensing negotiations, to ensure that this happened. TV advertisers would also marginally benefit because the additional impacts on the three PSB channels would, on average, be in much higher-rating programmes than the lost impacts on the non-PSB channels, reducing audience fragmentation and increasing campaign efficiency in building reach.

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<sup>1</sup> A response to Ofcom, *Regulating the quantity and scheduling of television advertising on public service channels: Call for evidence*, 15 July 2022. Patrick Barwise is emeritus professor of management and marketing at London Business School. This consultation response reflects his personal views and is not confidential.

<sup>2</sup> The ITC first introduced its Rules on Advertising Breaks (later replaced by COSTA) in 1991.

<sup>3</sup> That is, how much the average price of commercial airtime (cost/000 viewers) would change in response to any change in volume.

## 1 A virtuous circle: Why COSTA<sup>4</sup> benefits all the relevant stakeholder groups

The underlying reason for restricting the amount of TV advertising – to protect the viewing experience – still applies: other things being equal, audiences prefer not to have their TV viewing interrupted by commercial breaks.

This was reflected in media comments on Ofcom’s recent report<sup>5</sup> on the licensing of Channels 3 and 5: they mistakenly interpreted paragraph 2.28 (*‘We are also looking at the rules that set the frequency and length of advertising on broadcast TV’...*) to mean that Ofcom planned to allow more or longer advertising breaks – and made it very clear that doing so would be unpopular with audiences.<sup>6</sup>

So COSTA still benefits viewers. Less obviously, it also benefits both advertisers and commercial broadcasters as a group - but mainly the non-PSBs because the current rules strongly favour them. These industry players are increasingly concerned that consumers are overexposed to advertising, alienating them and reducing advertising effectiveness.

Without COSTA, viewers would be exposed to much more TV advertising: although it is in broadcasters’ *collective* interest for audiences not to be exposed to more commercials, it is in *each individual broadcaster’s* interest to increase its advertising minutage (and, therefore, revenue), up to a level that seriously reduces its audiences, which is likely to be well above the optimum for the industry as a whole – a ‘tragedy of the commons’ problem.<sup>7</sup> Anyone from Britain who has watched commercial TV in the US, with no such restrictions, is likely to have noticed the much higher volume and intrusiveness of advertisements there, greatly reducing the quality of the viewing experience.

In summary, compared with a deregulated airtime market, COSTA benefits *TV audiences* (improving their viewing experience by limiting commercial interruptions); *commercial broadcasters* - especially the non-PSBs - and *TV advertisers* (increasing advertising effectiveness by reducing ‘clutter’); and, indirectly, *programme producers* (by encouraging advertisers to maintain their TV investment and, therefore, commercial broadcasters’ revenue and programme budgets).

The implication of this virtuous circle is that it is very much in the public interest for COSTA-type restrictions to continue in some form. The policy question is whether, and if so how, to adapt them for today’s market. In particular, the main question raised in the consultation is whether the stricter rules for PSB channels should also continue. My answer to that is an unequivocal no.

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<sup>4</sup> Ofcom’s Code on the Scheduling of Television Advertising.

<sup>5</sup> Ofcom, *Licensing of Channel 3 and Channel 5*, 29 June 2022.

<sup>6</sup> Viewers’ preference for avoiding or minimising advertising interruptions is also reflected in Netflix and Disney’s planned ad-supported SVoD services being priced below their existing ad-free services because consumers expect to pay less for a service with advertising breaks (Chris Dziadul, ‘Disney overtakes Netflix, outlines new pricing plans’, *Broadband TV News*, 11 August 2022). The new Netflix service will also be limited to only four minutes/hour of commercials (Julian Clover, ‘Netflix will see 4 minutes of commercials an hour’, *Broadband TV News*, 30 August 2022).

<sup>7</sup> Hardin, Garrett (1968), ‘The Tragedy of the Commons’, *Science*, 162 (3859): 1243–1248.

## 2 Stricter rules for PSB channels are no longer justified in today's market

The stricter rules for PSB channels are, by definition, a distortion of the market compared to a situation in which all commercial channels compete under the same rules on the quantity and scheduling of advertising, the focus of this consultation. Whatever the original reasons for this distortion, it is no longer justified in today's media environment.<sup>8</sup>

In today's TV market, different households have access to very different numbers of channels and online TV services at a wide range of price points, with older, poorer and single-person households generally more – or wholly - reliant on the universally available free-to-air channels.<sup>9</sup> But, within each household, viewers choose the programmes they most expect to like, just as they always have, regardless of which of the available channels they are on.<sup>10</sup>

There is no evidence, to my knowledge, that viewers choosing programmes today make any distinction between the three commercial PSB channels and other commercial channels, nor that they think their viewing experience needs greater protection on the former.

Equalising the rules would not be distorting the market by creating an unfair advantage for the PSBs. On the contrary, it would be *removing* a long-standing distortion no longer justified in today's market.

## 3 'Level up', 'level down', or something in between?

If, then, the airtime rules should now be made the same for all commercial channels, should this be done by 'levelling up' (increasing the amount of advertising on the PSB channels to the same level as on the non-PSB ones), 'levelling down' (reducing the amount on the non-PSB channels to the same level as on the PSB ones) or something in between?

From an audience perspective, the temptation is to say 'level down', to reduce the number of commercial interruptions, especially since Netflix and other SVoD services are about to increase the amount of advertising even more by launching new ad-supported channels. Levelling down was the recommendation of the House of Lords Communications Committee in 2011.<sup>11</sup>

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<sup>8</sup> The market is also distorted in other ways, compared with a fully deregulated one like the US because, ever since the launch of ITV in 1955, the commercial PSBs have received privileges such as free spectrum and, now, EPG prominence, in return for taking on the public service obligations in their remits. These licence privileges and obligations long preceded the ITC's Rules on Advertising Breaks (introduced in 1991) and fall outside the scope of this consultation.

<sup>9</sup> The BBC and the commercial PSBs' main and portfolio channels.

<sup>10</sup> Historically, viewers chose programmes mainly on the basis of how much they liked previous episodes of the same programme, supplemented by word-of-mouth recommendations, media coverage, a limited degree of channel loyalty, and a very short-term 'lead-in' effect (Patrick Barwise and Andrew Ehrenberg, *Television and its Audience*, Sage, 1988, Chapters 3 and 5). In today's more fragmented market, programme choice is also – and increasingly – driven by social media 'buzz'. Viewers are more likely to be aware of, and choose, programmes on the biggest and most prominent and easy-to-find channels - hence the importance of continuing PSB prominence. Finally, programme choice also often involves some negotiation with other household members. None of these complexities affects the argument here.

<sup>11</sup> House of Lords Communications Committee, *Regulation of Television Advertising*, 8 February 2011, para 164. The committee recommended that, after digital switchover in 2012, the COSTA rules should be harmonised down to an average of seven minutes per hour on all channels. (Declaration of interest: I was an advisor to the committee).

### **The risk to total TV advertising revenue**

However, there is a risk that ‘levelling down’ might lead to advertisers’ cutting their TV expenditure, inadvertently reducing commercial broadcasters’ revenue and programme investment: bad for the broadcasters, programme producers, audiences and - by implication<sup>12</sup> - advertisers too.

The common sense view is that reducing the amount of commercial airtime by ‘levelling down’ would reduce advertisers’ willingness to invest in TV. But, in reality, the effect might be the opposite – an *increase* in total TV advertising revenue. The reason is that, as with any commodity, cutting the supply of commercial TV airtime would make it scarcer, leading to an increase in its average price (cost per thousand viewers). If the average price increase were more than proportionate to the decrease in volume, the net effect would be an increase in total TV advertising revenue (volume x average price).

The extent to which increases (decreases) in a commodity’s volume are associated with decreases (increases) in its price is known as its ‘price elasticity’.<sup>13</sup> As I’ll discuss, commercial TV airtime is not a pure commodity – some exposures are worth more than others – but the concept of a single, broad-brush price elasticity is nevertheless helpful when considering the potential impact of changes to COSTA.

The policy challenge is that there is great uncertainty around the price elasticity of TV advertising: previous attempts to quantify it have produced very different estimates.

Robert Picard and I explored this in our 2014 analysis of what the UK television market might be like if there were no BBC Television<sup>14</sup> – the logical conclusion of the endless ‘salami-slicing’ of BBC funding, which began in 2010 and continues today.<sup>15</sup> With no BBC Television, there would be a large increase

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<sup>12</sup> Because their reduced investment in TV advertising would, presumably, reflect a reduction in its perceived effectiveness.

<sup>13</sup> Defined as the ratio of small % changes in volume to associated small % changes in price. The volume is said to be ‘price inelastic’ if a 1% price change is associated with a volume change of less than 1% (ie the price elasticity is less than one) and ‘price elastic’ if the opposite is true (price elasticity greater than one).

<sup>14</sup> Patrick Barwise and Robert Picard, *What If There Were No BBC Television?: The Net Impact on UK Viewers*, Reuters Institute for the Study of Journalism, Oxford University, February 2014. The analysis of the price elasticity of TV advertising is in Appendix A.

<sup>15</sup> The cumulative impact of the BBC funding cuts since 2010 is much greater than most people realise. By 2019, the real (inflation-adjusted) public funding of the BBC’s UK services was already 30% lower than in 2010 (Patrick Barwise and Peter York, ‘It’s the money... Stupid!’, in John Mair and Tom Bradshaw, eds., *Is the BBC Still in Peril? Notes for the New Director General Tim Davie*, Bite-Sized Books, June 2020, pages 141-5). The BBC then managed to claw back some of this reduction through its - much criticised - decision to limit free TV licences for the over-75s to those receiving Pension Credit (and explaining the reasons to those households no longer eligible so that over 90% paid up). But the additional two-year licence fee freeze announced in January (Jake Kanter, ‘BBC faces cuts under licence fee deal’, *The Times*, 1 January 2022), with projected inflation at around 9% pa, will reduce the BBC’s public funding by another 16% by 2024, increasing the total cumulative cut in its real public funding since 2010 to about 37% in a market with increasing real content and distribution/technology costs. The resulting service cuts will likely lead to a major crisis in the mid-2020s. However, these issues fall outside the scope of this submission.

in the viewing of commercial channels<sup>16</sup> and, therefore, the number of commercial impacts.<sup>17</sup> The resulting net increase - or decrease - in total TV advertising revenue was an important part of our study.

Our analysis included a review of previous estimates of the price elasticity of TV advertising as well as an explanation of the fundamental ways in which this market deviates, even more than most, from the textbook assumptions that would enable econometricians to develop a reliable estimate of the price elasticity using actual market data (prices and volumes at different times).<sup>18</sup> The range of uncertainty could be somewhat reduced via a well-designed survey of TV advertisers, but we need to accept that any estimate of the price elasticity will always be subject to wide uncertainty. Because of this uncertainty, there is a risk (a classic 'known unknown') that any revision of COSTA that led to a material increase or decrease in the number of commercial impacts might inadvertently reduce total TV advertising revenue.

#### **4 Finessing the problem by keeping the total number of impacts roughly constant**

Given the inherent uncertainty around the price elasticity, the way to minimise the risk associated with equalising the COSTA rules for PSB and non-PSB channels is to *'split the difference' between levelling up and down in a way that keeps the total number of commercial impacts roughly constant.*<sup>19</sup> I do not have access to the detailed data needed to estimate exactly what the revised COSTA rules would need to be to achieve this, but Ofcom should be able to do so.

For simplicity, my recommendation would be to round down the permitted airtime at each time of day, eg to the nearest half minute,<sup>20</sup> which would marginally reduce the amount of 'clutter' from both a viewer and an advertiser perspective.

Levelling the rules between the PSB channels and other channels in a way that kept the total number of commercial impacts roughly constant (or marginally lower) would be a pragmatic response to the problem that we do not have – and will probably never have – a reliable estimate of the price elasticity of TV advertising.

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<sup>16</sup> Our study used Ofcom data for 2012, when BBC TV still had a 33% viewing share. So removing it overnight (the counterfactual we analysed) would have led to a roughly 50% increase in the viewing of commercial channels, assuming no reduction in total TV viewing and no change in the advertising airtime rules.

<sup>17</sup> Each impact represents one viewer having one 'opportunity to see' ('OTS') one 30-second commercial.

<sup>18</sup> The textbook model assumes a steady underlying 'demand curve' so that changes in volume are driven entirely by changes in price, and vice versa, with no other factors involved. This is very different from the TV advertising market, and even more so in today's fast-changing digital world. In my view, it is impossible to incorporate all the relevant factors into a reliable econometric model.

<sup>19</sup> A minor complication is that increasing the amount of advertising on the PSB channels might lead to a marginal reduction in their viewing, and the opposite for the reduction in advertising on the non-PSB channels. My expectation is that these effects (which, in terms of total exposures, go in opposite directions) would have a negligible effect on total TV advertising but might somewhat reduce the revenue shift from the non-PSBs to the PSBs discussed in Section 5.

<sup>20</sup> For instance, if the estimated 'neutral' point is, say, 8.77 minutes/hour on all commercial channels, round this down to 8.5 minutes/hour.

### **The new rules would need to be only ‘roughly right’**

Fortunately, the new rules would need to be only ‘roughly right’ because total TV advertising revenue is unlikely to be greatly affected if, in the event, the number of commercial impacts increases or decreases by a few per cent as a result of the change.<sup>21</sup>

For instance, suppose the net effect of ‘rounding down’ were to reduce the total number of commercial impacts by three per cent. The net impact on total TV advertising revenue would be limited even if the price elasticity were as low as 0.5 or as high as 1.8, roughly the range of econometric estimates in the 1986 Peacock Report on whether the BBC should sell advertising:<sup>22</sup>

- With a low price elasticity of 0.5, a 3% volume reduction would lead to a 6% price increase and a 2.8% revenue increase<sup>23</sup>
- With a high price elasticity of 1.8, it would lead to a 1.67% price increase and a 1.4% revenue reduction<sup>24</sup>

These estimates (a revenue impact of -1.4% to +2.8%) almost certainly overstate the range of uncertainty because (i) it should be possible to revise the COSTA rules so that the reduction (or increase) in total impacts is significantly less than 3 per cent and (ii) the price elasticity is likely to be higher than 0.5 (the lowest estimate for the Peacock Report, from the Newspaper Society, which was understandably opposed to BBC advertising) and lower than 1.8 (the highest estimate, from ISBA - at that point the main advocate of BBC advertising). The other four estimates (from the ITCA, Nera, Cave and Swann, and Henry) all fell in between.

### **The 1985 IFF survey of leading advertisers**

Some further evidence comes from a 1985 survey of leading advertisers which asked how, if at all, they would change their TV investment if the BBC carried TV advertising and the average cost of airtime went down by 30%.<sup>25</sup> 38% said they would increase their investment, 8% said they would reduce it, 54% said it would stay the same. The detailed results were consistent with a 5% increase in total TV advertising revenue<sup>26</sup> and a price elasticity of 1.13.<sup>27</sup> Reassuringly, this was roughly in the middle of the range of econometric estimates for Peacock and close to the point (a price elasticity of one) where small changes in the volume would have no net effect on the revenue.

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<sup>21</sup> Even after the event, it will be impossible to determine the precise impact of any revisions to COSTA on total TV advertising revenue because it is likely to be less than – and inseparable from - the combined effect of the many other factors driving short- and long-term changes in advertisers’ TV expenditure.

<sup>22</sup> House of Commons, Home Office Committee, *Report of the Committee on Financing the BBC* [Peacock Committee]. Cmnd. 9824, July 1986, Fig. 8.2; reproduced in Barwise and Picard, 2014, op. cit., p69.

<sup>23</sup>  $3\%/0.5 = 6\%$ ;  $0.97 \times 1.06 = 1.028$ .

<sup>24</sup>  $3\%/1.8 = 1.67\%$ ;  $0.97 \times 1.0167 = 0.986$ .

<sup>25</sup> IFF Research, *Advertising and the BBC: Top Advertisers’ Expenditure Expectations*, 1985, discussed on pages 72-3 of Barwise and Picard, op. cit. I was an advisor to this study.

<sup>26</sup> Three-quarters of those saying they would increase or decrease their TV investment were willing and able to say by how much (as a %), enabling IFF to estimate the 5% average increase across the whole sample.

<sup>27</sup> The 1.13 estimate refers to ‘arc elasticity’, the elasticity for large price and volume changes. The price and volume changes resulting from the proposed changes to COSTA would be much smaller, so the relevant elasticity is the more usual ‘point elasticity’.

It is unlikely that the price elasticity of broadcast TV advertising has dramatically changed since the 1980s. However, it may now be somewhat higher due to the availability and growth of online video advertising, which is a partial substitute. This reinforces the case for harmonising the airtime rules in a way that keeps the total number of impacts roughly constant.

As part of Ofcom's evaluation of levelling the COSTA rules, it should complement any econometric analyses with a replication of the 1985 advertiser survey (updated for today's much more complex market) as a reality check and for up-to-date insights into how advertisers think about resource allocation.

## **5 Winners and losers from the proposed changes**

The proposed changes would simplify the COSTA rules and eliminate a long-standing market distortion by levelling the playing field for all commercial channels, while minimising the risk of inadvertently reducing total TV advertising revenue.

What would change significantly in this situation is the way the revenue is divided between the PSBs and the non-PSBs. The current COSTA rules strongly favour the non-PSBs by allowing them to sell more airtime than the three PSB channels. They have enjoyed this advantage for many years and would certainly object to its removal, which would shift revenue from them to the PSBs, relative to the status quo. The PSBs would themselves lose some revenue from their portfolio channels (which are treated as non-PSB channels under COSTA) but these losses would be greatly outweighed by the increase in revenue for their main PSB channels.

I do not have the data to quantify the resulting revenue shift, but it would be substantial. Total TV advertising revenue<sup>28</sup> in 2020 was £4.7bn.<sup>29</sup> At this level, a shift of just 1 per cent would cut £47m pa from the non-PSBs' combined revenue and add it to that of the PSBs. My initial calculations suggest the actual impact could be several times this amount. Since there would be no associated costs (for the PSBs) or savings (for the non-PSBs), the revenue increases/decreases would go straight to their bottom lines – a big profit impact for both groups.<sup>30</sup>

The transition from the status quo to a new equilibrium with the same airtime rules for all commercial channels would be highly disruptive and there would very likely be some casualties among small, marginally profitable non-PSB channels. There is therefore a case for phasing the transition (eg over, say, four years) to help the non-PSBs adapt and also help Ofcom ensure that the PSBs, at least for the

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<sup>28</sup> Net advertising revenue ('NAR'), that is, net of agency fees and commercial production costs. These combined fees and costs are about 13-15 per cent of advertisers' gross expenditure on TV advertising: Patrick Barwise and Peter York, *The War Against the BBC*, Penguin, November 2020, p171.

<sup>29</sup> Ofcom, *Media Nations: UK 2022*, 17 August 2021, p32. This excludes online TV (VoD) advertising, which falls outside the COSTA rules.

<sup>30</sup> Strictly speaking, the most likely outcome would be that the PSBs (especially C4, unless it is privatised) would increase, and the non-PSBs would cut, their programme investment, so the final profit impacts would be somewhat less than the revenue impacts.

first few years, delivered on their commitment to reinvest a high proportion of the incremental revenue in original UK programmes.<sup>31</sup>

### The impact on other stakeholders

Apart from the commercial PSBs (winners) and the non-PSBs (losers), how would the other stakeholders be impacted?

- **UK producers** would, at least potentially, benefit because, compared to the non-PSBs, the PSBs invest much more of their UK revenue in original UK programmes, so the shift in resources should lead to a material net increase in original UK production. To maximise this benefit, Ofcom would need to revise the PSBs' remits as part of the licensing negotiations, to ensure that they reinvested a high proportion of the incremental revenue in original UK programmes
- **UK advertisers** would also benefit because the additional impacts on the three PSB channels would, on average, be in much higher-rating programmes than the lost impacts on the non-PSB channels. I noted earlier that, to advertisers, not all commercial impacts are equal. This is partly because of differences in audience demographics<sup>32</sup> but also because, other things being equal, impacts in high-rating programmes are worth much more than the same number of impacts in low-rating programmes, as they are more efficient at building campaign reach.<sup>33</sup> It is impossible to predict exactly how advertisers would respond to this new opportunity (and, therefore, how prices would evolve) but my expectation is that the net result would be a small, but material, long-term increase in the overall effectiveness of TV advertising and therefore in total TV advertising investment, compared to what it would have been without the changes
- **Viewers** would also benefit, both from the increase in UK production and from any marginal reduction in the total amount of TV advertising. In particular, older, poorer viewers would benefit significantly because they rely disproportionately – or wholly – on the PSBs.

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<sup>31</sup> After that, they would still have an incentive to keep investing to maintain both their viewing shares and their reputations in the run-up to the next channel relicensing. The current relicensing is for 1.1.25-31.12.34.

<sup>32</sup> However, television is a relatively weakly segmented mass medium (Barwise and Ehrenberg, 1988, op. cit., Chapter 3): the demographic variation between different programme and channel audiences at a given time of day are significant, but much less than for radio and most print and online media. The biggest difference is between daytime and prime time audiences. The most valuable demographic segment is young, upscale men, who tend to be light viewers (and, therefore, hard to reach) as well as having relatively high disposable income.

<sup>33</sup> The disproportionate value to advertisers of high-rating programmes is reflected in a much higher average airtime price (cost/000 viewers) on big channels. In 2021, the commercial PSBs (main and portfolio channels) had a 76.7% combined share of TV advertising revenue (SOTAR), well above their 60.3% combined share of commercial impacts (SOC1) (Trade sources). The equivalent figures for the non-PSBs were 23.3% SOTAR and 39.7% SOC1. The PSBs' SOTAR was therefore almost 3.3x the non-PSBs' ( $76.7/23.3 = 3.29$ ) while their SOC1 was only 1.52x the non-PSBs' ( $60.3/39.7 = 1.52$ ). This implies an average cost/000 on the PSBs almost 2.2x the average for the non-PSBs ( $3.29/1.52 = 2.16$ ) – a huge premium. The premium would be slightly lower after the proposed harmonisation of the COSTA rules, because high-rating slots would be less scarce, but it would still be substantial.



## **6 Conclusion**

Equalising the COSTA rules for all commercial TV channels in a way that keeps the total number of advertising impacts roughly constant (or marginally lower) would simplify the regulations and eliminate a significant market distortion, at minimal risk to total TV advertising revenue. The benefits to the PSBs, advertisers, UK programme producers and viewers – especially older, poorer viewers - would, in my view, greatly outweigh the disbenefits to the non-PSBs. However, these would be substantial and there is a case for a phased transition to give the non-PSBs time to adapt and to help Ofcom ensure that the privately owned PSBs significantly increased their investment in original UK programmes.

The proposed change would reflect the removal of a long-standing market distortion which is no longer justified in today's market, rather than giving the PSBs an unfair competitive advantage. But, as always, those who have long benefited from an unlevel playing field – in this case, the non-PSBs – can be guaranteed to resist any attempt to level it.

### **About the Author**

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