British Film Institute
Response to the Ofcom's consultation on Future of TV Distribution
12 December, 2023

Jack Powell, Director of Policy and Public Affairs

Reply to: FutureofTVDistributionCallforEvidence@ofcom.org.uk

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I confirm the above - Jack Powell, Director of Policy and Public Affairs

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About the BFI The BFI is a cultural charity, a National Lottery distributor, and the UK's lead organisation for film and the moving image.

Our mission is:

- To support creativity and actively seek out the next generation of UK storytellers
- To grow and care for the BFI National Archive, the world's largest film and television archive
- To offer the widest range of UK and international moving image culture through our programmes and festivals - delivered online and in venue
- To use our knowledge to educate and deepen public appreciation and understanding of film and the moving image
- To work with Government and industry to ensure the continued growth of the UK's screen industries

Founded in 1933, the BFI is a registered charity governed by Royal Charter.

The BFI Board of Governors is chaired by Tim Richards.

About this submission / summary

The following document responds to Ofcom's consultation on the Future of TV Distribution.

We make this response in the BFI's capacity as lead body for film and the moving image in the UK. The BFI is happy to provide further information on any of the issues raised as required.

Questions and BFI response:

1. How are audience demands and expectations evolving, and how does that vary for users of different TV platforms and different demographics?

   The shifts in audience demands and expectations are well described in the Ofcom consultation document and in particular in Section 3, "Summary of Relevant Factors", including the rise of short-form content on Tik Tok and YouTube and the rise of Free Ad-Supported Streaming Television (FAST).

   A more recent phenomenon is the levelling off, or even fall, in the numbers of people subscribing to streaming services. The rapid growth of streaming services that has been witnessed over the last decade or so, now appears to have come to an end, both in the UK and markets such as mainland Europe and the US.

   However, it is disappointing that "film" is only mentioned once in the consultation document, and even then only in a footnote. As the Government's lead agency for film and the moving image, the BFI engages with all forms of moving image media, but is particularly concerned with film and, in the current environment, with British independent film which is facing severe challenges which have an impact on its accessibility to audiences.

   Over the last fifteen years, there have been massive shifts in the way that audiences of all demographics access films and moving images because of the rise of on demand platforms operating globally. For theatrical films this has resulted in very substantive changes to the ways that they are financed, marketed and distributed across different platforms.

   For example, DVD has largely evaporated as a medium on which audiences watch films and other moving images. The importance of linear TV and pay-TV services, has also declined very significantly. Recent data from Omdia shows that the overall share of Linear TV viewing fell below 50% in 2022.

   Audiences now expect to be able to access films and moving images at a time of their own choosing across a range of online platforms – rather than being limited by the schedule of linear and pay-TV services. Streaming services are now the most popular way in which audiences in the UK access films, as shown by data from the BFI's audience tracker, *Screen Engagement*:

Streaming continues to the most popular way of watching films in terms of overall reach and number of films watched			
All film viewing	Wave I	Wave II	Wave III
Total film reach, % adults (previous 12 months)	91%	92%	90%
Total number of films viewed (12 months)	36	36	30.4
Watching films at cinemas	Wave I	Wave II	Wave III
Total film % reach at cinema (previous 12 months)	56%	31%	41%
Total number of films, cinema-going adults (all UK adults)	5.5 (3.1)	3.5 (1.1)	4.2 (1.7)
Watching films on streaming services	Wave I	Wave II	Wave III
Total film reach % adults (previous 12 months)	53%	63%	59%
Total number of films watched, streaming adults (all UK adults)	20.6 (10.9)	24 (15.1)	22.3 (13.2)
Watching films on broadcast TV channels	Wave I	Wave II	Wave III
Total film reach % adults (previous 12 months)	61%	56%	51%
Total number of films - broadcast TV viewing adults (all UK adults)	20.2 (12.3)	18.7(11)	17.3(8.7)

Source; BFI *Screen Engagement (Wave 1 - August/September 2019 with boost sample February 2020; Wave II – October/November 2020; Wave III – July 2022)*

However, streaming services invest in relatively few British independent films and this, together with very challenging conditions in the theatrical market for films, especially post-COVID, means that such films are now much harder to finance and for audiences to access.

Among other things, these developments have affected audience access to British independent films, especially since the Channel 4 and the BBC, (together with the BFI), are both key funders of independent British films. These developments have made it much harder to finance and distribute such independent films and to connect with audiences in the UK and overseas.

The BFI wants to see policies put in place which ensure that future TV platforms deliver effective access to British independent films and television programmes and that citizens continue to have universal access to free-to-view services, especially public service broadcasting platforms.

In particular, any proposal to switch-off of Digital Terrestrial Television platforms will need to take account of the consequences for equality, diversity and inclusion as described in answer to Q.4.

2. What do audience trends mean for the financial prospects and sustainability of TV distribution platforms, and what are the key decision points over the next ten years?

   See response to Q.1.

3. How do broadband networks and supporting infrastructure need to evolve to support resilient delivery of TV over the internet in the future?

   The BFI is not sufficiently expert to respond to this question.

4. In what ways might different types of 'hybrid' terrestrial and internet services deliver benefits for audiences and what risks may arise?

   The BFI firmly supports the principle of universal access to free-to-view services, including public service broadcasting networks. In a world, where such services are only available over the internet, we would have serious concerns about the potential for digital exclusion of citizens who, especially for reasons of cost, are unable to access the internet.

   For example, Ofcom's own recent Online Nation - 2023 Report, shows that the percentage of individuals (16+) with access to the internet at home fell by 1% between 2022 and 2023/

   Percentage of UK individuals aged 16+ with access to the internet at home, by year: 2020-2023

Year	UK households with access to the internet	Have access and use at home	Have access but do not have use at home
2023	92%	90%	2%
2022	93%	92%	1%
2020	89%	87%	2%

Source: Ofcom, https://www.ofcom.org.uk/__data/assets/pdf_file/0029/272288/online-nation-2023-report.pdf

   This gives rise to risks in respect of universal access as described below in response to Q.5.

5. Given the sharing of infrastructure, what would the implications for other sectors be if there was a change to the use of digital terrestrial television (DTT)?

   As stated in response to, the BFI believe that the Government, Ofcom and other relevant regulators must give significant consideration to the challenge of preventing "digital exclusion" of those citizens who are unable, whether for reasons of cost or other reasons,

   The consultation document notes it "is likely that some level of intervention would be necessary to ensure that, in the case of a managed move away from DTT, vulnerable people are supported." However, it is not only "vulnerable people" who might need support but those who for economic reasons are not able to afford to pay for internet access. In particular, the impact on older demographics and people living in geographic areas of the UK which suffer from high levels of economic deprivation will need to be considered and measures put in place to ensure that the principle of universal access is not breached.

Data from Barb/Techedge illustrates some of the challenges with regard to the audience for DTT, especially in relation to age:

	Average age of viewers (aged 4-99)	Average 000's viewing
Year	Digital Terrestrial	Digital Terrestrial
2010	48	6,643
2011	48	8,594
2012	48	8,994
2013	51	7,377
2014	52	6,594
2015	53	6,325
2016	54	6,345
2017	56	6,200
2018	57	5,829
2019	58	5,438
2020	59	5,652
2021	60	4,990
2022	61	4,381
2023	62	3,903

Source: Barb/Techedge

6. What coordination and planning across the value chain might be necessary to secure good outcomes for audiences and key providers over the long term?

The BFI believes that all participants in the value chain (broadcasters, platforms, technology companies) must work together to ensure that the principle of universal access to free-to-view services, including public service broadcasting is maintained.