

Mediatique

A summary of industry stakeholder interviews

An annex to the Mediatique report for Ofcom on Future models for the delivery of public service broadcasting

December 2020

Mediatique Limited

65 Chandos Place

London

WC2N 4HG

www.mediatique.co.uk

Contents of this report

Introduction 3

State of the market and future trends 3

 Impact from Covid-193

Definitions of PSB 4

 The value of PSB4

 Lack of clarity in current definition of PSB5

 The definition of PSB content.....6

Sources of funding 6

 The role of the licence fee6

 Contestable content funding7

 Other funding mechanisms8

Re-thinking PSB for the future..... 9

 Clear need to update the PSB compact.....9

 Access 10

 IP delivery 10

 Prominence..... 11

 New gatekeepers..... 11

Introduction

- Mediatique was asked by Ofcom to contribute to a consideration of how the Public Service Broadcasting ('PSB') compact may need to evolve in response to changes in technology, consumer behaviour and business models over the next five years.
- To inform our work, we confidentially interviewed members of senior management at 20 industry stakeholders including broadcasters, platforms and industry groups. Our discussions with each were wide-ranging, covering the current state of the market and future trends, the role of PSB and in particular the definition of PSB content and delivery, various funding models and the potential impact from each, and the role of regulation in an evolving media landscape.
- This annex, published separately from the main report, distils the wide-ranging opinions and views held by the major stakeholders in the UK media market, and in particular seeks to highlight the key areas of consensus and, conversely, the main areas of contention.
- It is clear from our discussions that stakeholders see a significant role for PSB in the UK, but that the nature and scope of any intervention needs re-defining if it is to be sustained over time.

State of the market and future trends

- All of those interviewed agreed that the audio-visual ('AV') industry is evolving rapidly. In particular, the transition to digital is occurring across the value chain, from distribution and broadcast (as demonstrated by the ongoing shift from Digital Terrestrial Television ('DTT')/satellite to Internet Protocol ('IP'); to new forms of direct-to-consumer ('DTC') services, such as Subscription Video on Demand ('SVOD') and Advertising Video on Demand ('AVOD'); to consumption (with audiences continuing to move to non-linear watching and listening).
- A PSB and a pay TV platform both noted that there is now a degree of 'asymmetric competition' between PSBs and the (usually global) over the top ('OTT') players, where the conditions under which each operate are fundamentally different. The PSB commented that PSBs are national companies, with a particular focus and significantly smaller budgets compared to global operators, which can limit their ability to be as flexible with content.
- There was some pushback here from other interviewees, in particular an SVOD provider, which argued that the relationship is not necessarily zero-sum, citing the growth in mutually beneficial co-productions as an area where global and local services can collaborate usefully.
- Within linear broadcasting, a public service broadcaster noted that the advertising market was facing structural challenges even before the Covid-19 lockdown, meaning advertising revenues for TV broadcasters are unlikely to return to previous levels, and AVOD increasingly – but not yet wholly – compensating for lost linear revenues for traditional broadcasters.
- Pressures on linear advertising revenue and increased competition from on-demand services were thus evident even before the quite drastic changes that took place in the UK A/V sector following the lockdown due to Covid-19. However, the impact of the pandemic is useful to examine because it accelerated some of the key trends already taking place in the market.

Impact from Covid-19

- Given the nature and timing of our interviews with key stakeholders, the impact from Covid-19 was a major theme in our conversations with them. All stakeholders agreed that Covid-19 has had a profound impact on how consumers have been engaging with A/V content – especially, the increased take up of SVOD services, greater use of on-demand, and greater overall time spent with A/V services (including linear) – but many advised against interpreting the acceleration of trends towards non-linear as likely to continue at that level.
- We mark out below some of the key themes that were raised in our stakeholder interviews:

- A public service broadcaster stated that the situation has been beneficial in terms of linear reach, viewing and VOD consumption, which are all markedly up. It was concerned that the lockdown would accelerate the trends already taking place in the media landscape, and especially the transition to on-demand viewing. At the same time, this respondent also pointed out that PSB had been given an opportunity to 'prove' its public service value to consumers.
- Another public service broadcaster noted that linear TV is being increasingly substituted by on-demand viewing and gaming but echoed how the crisis had demonstrated the key role that PSBs play in times of national crisis and in providing clear national messaging. Further, this PSB argued that, while pay TV had been relatively resilient during the 2007/08 financial crisis, pay TV platforms must now contend with a much cheaper alternative (in the form of SVODs): will this matter?
- A pay TV platform also mentioned that Covid-19 is demonstrating that the PSBs continue to be a destination of choice for many audiences, but that increases in SVOD and AVOD viewing cannot be denied.
- A regional PSB noted that some behaviours may endure, in particular where new audiences which have previously struggled to embrace digital behaviours have now had to out of some necessity. This may open up a greater willingness to consume some forms of content in this way going forward: "their digital savviness accelerated".
- An ISP provider saw the crisis as having highlighted the existing challenges facing the PSBs, including continued migration of audiences online and the outcomes of that migration for PSB content and 'delivery mechanisms' (i.e., channels).
- One multi-stakeholder group was more cautious in how far the lockdown will affect future trends. In particular, it cites the fact consumer behaviours in TV viewing are much more linked to content availability (e.g., for free) and the overall household set up (e.g., no SVOD subscription), rather than exclusively based on technology.
- Likewise, an SVOD provider was more circumspect about its own outcomes in the UK during the pandemic. While it confirmed that it had experienced an increase in year-on-year growth, it is treating this increase as having pulled forward subscriptions from future periods, and is expecting churn to rise such that the overall impact of Covid-19 in the long term is not fundamentally different from previous long-range forecasts.

Definitions of PSB

The value of PSB

- There was a consensus among stakeholders that the PSBs continue to deliver strong cultural and economic value in the UK, and that having no PSB regulatory framework at all would mean less UK original content, regional programming and reliable news.
- One industry group representative said: "To date, the particular mix in the UK of private enterprise and policy intervention has generated not just social but economic advantages (around UK content origination, impartial news, strong cultural industries)."
- Others pointed to the observations of the House of Lords briefing on PSB in 2020 (*Public Service Broadcasting: Impact on the Economy and Creative Culture*¹ and the conclusions of the 2019 House of Lords Communications and Digital Committee Report referred to there: "The UK's PSBs had a central role in providing investment to the wider economy and creative sector. The committee described the UK's film and television

¹ As described in the briefing [Public Service Broadcasting: Impact on the Economy and Creative Culture](#).

production sector as a 'national success story'. The PSBs significantly contributed to its 'mixed ecology' – a 'mutually reinforcing' system of specialist skills, production companies, and broadcasters."²

- The PSBs themselves cited four major areas as the key attributes that set them apart from other broadcasters in the market. These are: their brands, universality, their commitment to specific genres (that would not be delivered absent PSB rules) and the conditions and regulations that govern the ways in which they must operate.
- The mass reach conferred by current legislation (and the legacy of mass reach) means PSB viewing is still very high; this was cited in several interviews with non-PSB operators as well. Many interviewees pointed to the current increase to PSB viewing under lockdown as evidence that PSB channels continue to be a destination of choice for many consumers.
- While the value of the PSBs in terms of brands and availability was relatively uncontested among the stakeholders interviewed, there was disagreement over the role and definition of the kinds of content made by the PSBs.
- The PSBs themselves argued strongly that the kinds of content they commission, produce and broadcast – including their depth and breadth – are of a fundamentally different nature to that made by non-PSB broadcasters. They noted that they play an essential role in the UK A/V ecosystem and argued that there would be immediate and significant implications for the production of TV content in the absence of public service broadcasting. This would include impacts on the independent production sector, including regional production in particular. One forecast that in the absence of clear PSB rules and terms of trade, production would likely cluster in the south-east of England, rather than be more geographically spread. A regional PSB cited a study demonstrating how fundamental it is to the continuation of the regional sector.³
- These views are part of a broader argument among other broadcasters and service providers about whether non-PSB broadcasters can create PSB content (this is addressed more fully below). However, the PSBs are clear that the conditions and requirements under which they produce and transmit PSB content (e.g., a requirement to be universal and freely available) remain one of the fundamental underpinnings of their value as institutions.

Lack of clarity in current definition of PSB

- While the value of the PSB contribution to the UK media landscape (and, indeed, to 'UK plc' at large) was recognised universally in our stakeholder discussions, many noted that the current definitions for PSB were unclear or were in danger of becoming irrelevant.
 - A pay TV platform argued that viewers were now able to access high-quality content from a range of providers (including non-PSB broadcasters and VOD providers), and that the justification for public service broadcasting will narrow over time, even if it has not yet disappeared.
 - A regional PSB noted that while it continued to support PSB intervention there had to be a consideration of the nuance in what constitutes the eligible operations of a PSB (for example, content on portfolio channels that is also distributed on a PSB player).
- A lack of clarity over definitions for individual PSBs was also raised by a number of stakeholders. A commercial PSB commented that in seeking to appeal to all audiences across a large range of A/V services, the BBC spreads itself too thinly.
- There was also some concern from pay TV platforms and SVOD providers that individual PSBs had unclear mandates or that they would be particularly vulnerable in the future, citing Channel 4 and Channel 5 most

² See the [first report of Session 2019](#).

³ More detail can be found in the [Nations and Regions Annex](#) of the *UK Production Census* published by Pact in 2020.

often. A multi-stakeholder group also noted that Channel 4 was facing financial pressures even before the Covid-19 crisis and that it would need to clearly define the specific public role that it will play in order for it to continue to be a useful or sustainable public service intervention.

The definition of PSB content

- The issue of public service content versus public service broadcasting was raised by several stakeholders. A pay TV platform stated that it counts itself as a provider of PSB, in that it commissions, produces and broadcasts a range of original UK content that fulfils the criteria of public value. In particular, the commitment to traditionally distressed genres such as children's content and arts/culture programming was highlighted as key public service content. Two other stakeholders – a regional PSB and another pay TV platform – attested that they likewise believed some of the original content made by non-PSB institutions could be classified as PSB content.
- Two pay TV platforms argued that the rest of the market is capable of producing most PSB programming, and thus the argument that special dispensations should be made available to the PSBs to produce such content are no longer wholly valid or, are in danger of becoming out-of-date. This was certainly the case for commercial PSBs (which are in direct competition with non-PSB commercial players); this was less evident in the case of the BBC.
- However, there was pushback here from PSBs themselves in that, just because other broadcasters/services are capable of making public service content, this does not guarantee the breadth and depth of PSB content supply without the fundamental foundations of PSBs as institutions. The PSBs also queried whether such content would ever be truly PSB if distributed, at least initially, behind a pay wall (claiming universality as a central tenet of PSB).
- A social media platform argued that there remains a type of content with a UK voice that would not be produced sustainably and at scale if public funding was not available. However, it cited the BBC's Natural History Unit as a successful example of how PSB content can be made in partnership with global suppliers rather than in competition with them.
- The question as to the definition of PSB content – whether only the PSBs are capable of making PSB content or whether non-PSBs are able to produce PSB content (or content with PSB attributes) – was one of the key areas of disagreement among stakeholders. We discuss the implications of this argument further in the sub-section on contestable funding, below.

Sources of funding

- Most stakeholders agreed that the provision of PSB content required public intervention, including some element of direct funding.
- Two commercial PSBs reiterated their growing vulnerability as channels given their reliance on TV advertising income and the need to find additional revenue streams in order to be sustainable. While AVOD is growing, it is unlikely to fully offset the lost revenue from linear over the short to medium term.
- There were many different viewpoints on the best mechanisms to fund PSB. Broadly, our discussions on sources of funding coalesced around three main points:
 - The role of the licence fee going forward;
 - A potential contestable fund for PSB content; and,
 - Other funding mechanisms (e.g., tax credits).

The role of the licence fee

- For most of the stakeholders interviewed, the licence fee in its current form is a complicated issue. On the one hand, some argue it is increasingly out of date as a public funding mechanism, and this will only get worse as

time goes on. On the other hand, the licence fee enables a very high level of funding for PSB content in the UK. Most stakeholders believe that a strong BBC is positive for the overall UK market, and is able to do things that others are unable or unwilling to do.

- This was the view even of digital natives: “It’s much easier to criticise the current model than to put forward an alternative proposal. There’s all kinds of criticism that one can put at the PSB model - if we didn’t have the BBC, we’d miss it. If it were to move to a subscription model, then all would have to change (in terms of outcomes and ambitions of service). There would be a domino effect.”
- One multi-stakeholder group argued that there is no reason in principle why the licence fee should not be shared among multiple PSBs, and also questioned whether the collection method was the most appropriate, or indeed appropriately future-proofed. A solution raised by interviewees is to follow the Scandinavian model and convert the licence fee into a tax, collected through general taxation. Other options raised included a household charge of some kind (potentially collected alongside council tax, as is done in France).
- The PSBs themselves agreed the licence fee is in need of reform but disagreed as to the kinds of changes that are needed and when. For one, it is the collection mechanism that needs updating. For another, it seems more appropriate to wait until the end of the Charter period in 2027 if radical restructuring is inevitable.
- Another PSB argued strongly that the licence fee cannot be used to fix all the issues the PSBs as a group face going forward. This view was echoed by others – both PSB and external stakeholders – when the subject of top-slicing the licence fee was raised.
- A PSB raised the issue that further top-slicing of the licence fee could mean effectively spreading existing funding too thinly in a way that is detrimental to all PSBs, and this means that it is wary of supporting a scheme that envisions further sharing of licence fee income. Another PSB noted that sharing of the licence fee could lead to a situation where the quantum of licence fee would need to be raised and that would be a complicated and politically unpopular decision. It also noted the difficulties in operating a number of funding mechanisms within a single system.
- More drastically, we asked stakeholders whether the licence fee should be completely abolished and replaced with a different system. The broad consensus was that there is not yet a clear enough alternative as to its replacement to allow for the total abolition of the licence fee. To do so, argued a pay TV provider, would be a political act and, while there is some momentum in this direction within the current Government, this is very unlikely to happen given the traditional importance of the PSBs to both the general population and many politicians.
- A social media platform also noted that there was still a broad level of consensus in the UK as a whole that public intervention is needed to ensure UK original content, regional programming and news are produced in sufficient volumes and thus the licence fee is likely to remain in existence for the time being. An SVOD provider stated the licence fee in the UK was something of a ‘necessary evil’ that is easy to criticise but very difficult to update in way that satisfies all objectives it currently achieves. It notes that a subscription model would entail radical changes to both the ambitions of PSB services and their intended outcomes, meaning difficult discussions about what to retain and what to abolish would be required.

Contestable content funding

- The notion of a contestable fund was much debated, with some promoting the idea as a way of enhancing plurality and creating competition to ensure quality and efficiency in the PSB system. Some existing PSBs were cautious of creating a system that led to too much fragmentation and the separation of PSB content from institutions that could ensure distribution, audiences and impact. One PSB stressed the importance of an institutional PSB structure that supported established and experienced organisations that were able to adapt and evolve in light of market changes or cyclical shocks.

- The PSBs were largely against the idea of a contestable fund being created and financed by proceeds from a top-sliced licence fee (although pay TV operators expressed themselves in favour).
- The case for a separate content levy⁴ (i.e., outside the licence fee) to fund the creation and maintenance of a contestable fund for PSB content was raised within our stakeholder interviews. On the whole, most of those interviewed agreed with the idea, but many national broadcasters produced firm conditions they would want to see in place were the scheme to be implemented.
 - The first – from a PSB – was that while new content levies should be looked at, there is a risk such an approach would undermine existing institutions; it also cautioned close attention to the detail of how the content produced under such a scheme would be distributed; would it be for content distributed on an FTA basis only?
 - Another PSB argued that a separate contestable fund for PSB content should be implemented on the proviso that any provider looking to access the funds would have to guarantee it could meet the current PSB objectives, particularly in terms of impact. This would ensure, for example, that any content made under the banner of PSB content from this scheme was universally available (in line with current PSB standards).
 - A further PSB noted that the current pilot scheme (Young Audience Content Fund⁵) had been efficient but was particularly useful in that it specifically targeted at-risk genres. Were the scheme to be opened more widely, e.g., to all genres, the impact might not be as significant.
- There was disagreement on who would have access and contribute to such a fund. A regional PSB argued the global players should be made to contribute, and should consequently be allowed access to apply for funding.
- A multi-stakeholder group agreed that while there were some flaws to such a system, there is no strong case to be made against a contestable fund, particularly if the PSBs themselves are not making the best use of public funding.
- Of the non-PSB platforms, there was a degree of disagreement over the utility of such a fund, with one social media platform stating they would have no interest in participating in such a scheme and an SVOD provider saying that it would like to be able to contribute and have the ability to receive funding from such a scheme. It did argue, however, that it was not entirely clear why a content levy to provide contestable funding for some genres (in particular, high-end TV drama) would be necessary, given the already high levels of interest and funding flowing towards UK-originated productions in that field. If a new fund was created by fiat, then any investment already being made to original content should count toward a provider's required contribution.
- Finally, PSBs asserted that contestable funding was likely to be substitutional. In the words of one PSB: "I cannot see a world where it [competitive funding] isn't substitutional; the money would fund programmes that were going to be made anyway...a potential solution might be to tax global giants, then think about [setting up] tax credits that offer economic benefit and but that don't compromise incentives to compete for audiences."

Other funding mechanisms

- Tax credits were mostly seen as beneficial, particularly in fostering engagement with the UK production sector and developing the best ideas, regardless of origin. However, there were concerns raised by a number of PSBs about limited nature and scope of tax credits. For example, one PSB was keen for the tariff range for the existing credit regime for high-end drama to be lowered.

⁴ We touched in our conversations on different mechanisms – a tax on online providers to fund news provision; a content funding levy to support original content creation, etc. We focus here on the idea of a content levy, into which the digital new entrants contribute (and for which they would be permitted to apply themselves).

⁵ Described more fully in the accompanying [webpage](#).

- Another mentioned that having a tax break for high-end drama but not for unscripted content has an impact on how commissioning budgets are allocated. This concern resonated with the opinions of another PSB which argued that tax credits potentially remove the incentive to consider audiences when commissioning, and instead push broadcasters to think fiscally rather than creatively.
- Another PSB argued that under any future model of PSB funding, the need to sustain regional news and other such content obligations was imperative, and that these should be included in any new funding mechanism, including a new system of tax credits.
- Despite these concerns, all those asked were interested in having further examination of using tax credits more extensively in the funding of PSB content.
- Most of the commercial PSBs believed that changes to advertising regulation would level the playing field for the PSBs, but most agreed that changes would not have material impacts on the sustainability of PSB. Many were also concerned that changes to the Contract Rights Renewal ('CRR'), for example, might have unintended (re-regulatory) implications and reform needed careful consideration. Changes to minutage regulation were seen as unlikely to make any appreciable impact.

Re-thinking PSB for the future

Clear need to update the PSB compact

- A major theme arising from interviewees was the need to update the PSB compact. This view was held not only by the PSBs themselves but also by a range of external stakeholders, including a pay TV platform and a multi-stakeholder group. One argued that while the PSB compact is an efficient way of delivering PSB content, it is embodied by linear transmission, meaning that it is 'old-fashioned' or less relevant in a world increasingly characterised by subscription to global platforms and proliferation of content suppliers.
- A PSB likewise argued that the compact needed updating to reflect the extent of the work the PSBs do online, and in the face of competition from technology companies which do not have the same conditions and regulations placed upon them. The concept of a more level playing field between domestic players and the tech giants was echoed by other PSBs, as well as a multi-stakeholder group, which noted that the structures that deliver PSB are necessarily national market interventions and these are creaking as a result of an increasingly globalised TV and, more broadly, A/V market.
- There was broad consensus among a range of stakeholders that one option to counteract some of the challenges facing the PSBs is greater collaboration, and the potential for this to be codified in some way in an updated PSB compact.
 - A multi-stakeholder group, for example, stated that the funding for PSB is already very extensive, and so rather than thinking of ways to replace this, it is more beneficial to consider what new incentives or support structures can be implemented to create the new outcomes one would want to see in the sector as a whole. It cited helping the PSBs to work in concert to increase their leverage against global platforms as a key pillar of this work (although stressed this might be complicated given the fundamental differences in strategies and operating models of the PSBs and the current limits imposed under competition rules).
 - The view from the PSBs themselves on this was somewhat mixed, with some interest – particularly around in negotiating with suppliers and in partnerships to reduce infrastructure costs and de-duplication of back-end resources – although there was some concern that differences in company culture and management styles rendered greater collaboration difficult in practical terms.
 - A regional PSB and a multi-stakeholder group both stated that the PSBs needed to find more opportunities to work together, particularly around issues such as data-sharing, ad-tech and cross-platform navigation and recommendations. One suggested that if the goal of PSB is consumer access

then common infrastructure makes much sense and bespoke individualised services – especially in VOD platforms – is a waste of money.

- An SVOD provider noted its own collaboration with a pay TV platform has been very fruitful with both benefitting from an increase in membership and efficiencies generated by sharing the costs of distribution.
- While there was broad agreement that the PSB compact needs to be updated, there was significant disagreement over what should be included, how the value of regulatory assets is recognised, and what should be expected in return. In particular, how ‘prominence’ can either be protected or reformed so that it is suitable going forward was an area of little general consensus among stakeholders, with many arguing the principle is simply not relevant given the platforms available and types of consumption now possible. We review some of these in detail below.

Access

- Most PSBs were adamant that they must be given the right to inclusion on major platforms and a fair share for the value they provide.
- A multi-stakeholder group agreed that the ability of the PSBs to collectively withhold their services could provide a fundamental basis of sustainable sharing of value in the future.
- Two pay TV platforms argued that while the argument for universality was strong a decade ago, the impact has waned as pay TV has become more popular and audiences are more used to having to pay for the content they want. One argued that even the PSBs recognise this and pointed to BritBox as an example of how pay TV has a role to play in the distribution of PSB content or in generating PSB outcomes.
- Some, including a regional PSB, were more circumspect, noting that while guidelines around the EPG are clear, they may not remain relevant in the future so the main focus should be on analysing and agreeing on what the most important goals for PSB content are going forward and negotiating based on those values. For example, what control or value are the PSBs and platform providers willing to cede/trade in order to share in the value of carrying or supplying content and services?

IP delivery

- One of the possibilities stakeholders were asked about is the proposal to switch from DTT to an IP-only delivery infrastructure, and the role PSBs could play in the creation or maintenance of such a system.
- Most of those asked agreed that the UK is still a long way from switching off DTT and potentially switching to an IP delivery network that is capable of fulfilling the requirement for universality. A regional PSB argued that it would be premature and even dangerous to assume otherwise. It noted that broadband is not ubiquitous and that many people (may) choose not to pay for it.
- A major pay TV platform also stated that while fragmentation and consumer habits do lend themselves to the continued shift to IP delivery, consumption of services broadcast over DTT remains very high and, for the time being, economically efficient. It argued that broadcast still has fundamental benefits for the PSBs and that while the shift to IP is perhaps inevitable, there’s a large concern about whether it is possible to run both DTT and IP concurrently and whether such an IP network would be able to cope with demand, particularly in peak time.
- Several PSBs also emphasised the costs required in the migration from linear to IP platforms, and the infrastructure required. One agreed that in the medium to long term (i.e., post-2030), IP might become a more meaningful solution to some of the delivery issues facing the PSBs.
- A multi-stakeholder group noted that its purpose remains to unite PSB content and the means of delivery for an IP future, but that the PSBs increasingly lack the weight to negotiate with global players successfully.

- An internet service provider ('ISP') argued that the obvious future for the PSBs is migration online, and that this could be a neat solution to both making the PSBs more sustainable (by driving down infrastructure and delivery costs, particularly when working in partnership) and in getting the final non-broadband homes online; it noted 2.6m households in the UK do not have internet currently. Tying up broadband with a TV switchover programme could work well for both the PSBs and ISPs.
- However, both a PSB and the ISP noted the such a potential partnership would require key provisions, such as no one party being able to dictate terms, and for any agreement to be very clear as to how much a household would pay, for what services and how TV distribution in the home works as part of this system. The PSB argued that if the shift to IP is expected soon, then the compact must be updated such that any new privileges extended to the PSBs carry the same value of those that existed previously: in particular, around prominence and 'must-carry' rights and obligations via IP.

Prominence

- All of the PSBs argued that prominence remains a fundamental requirement for PSBs, and that this should be implemented across new platforms. Even some non-PSBs agreed that prominence is fundamental for the PSBs.
- Most other stakeholders also considered that prominence has declining relevance in a media landscape with much greater availability of platforms and indeed content.
 - An ISP provider questioned whether prominence is still valuable in a media landscape where new channels of delivery have grown rapidly and that, with DTT distribution no longer as valuable as in the past, the future of the PSB compact has to be linked to a new type of deal on distribution.
 - A pay TV platform is not persuaded by the argument from PSBs that prominence means the PSBs must be discoverable in their entirety, rather than purely for the PSB content they provide (citing regional news in particular as fundamental to the prominence argument).
- Other multi-stakeholder groups raised the issue that focusing too heavily on the prominence argument will be a mistake as the value of prominence in user interfaces will erode quickly given the current shift in enablement on smart devices from access to discoverability (e.g., by voice controls) of content. They argued the debate on prominence is too short-termist and might not set up the PSBs for long-term sustainability, particularly in engaging younger audiences.
- Another multi-stakeholder group conceded that while prominence is crucial for the PSBs, if the debate is solely about the positioning of the PSBs on home pages of devices and operating systems, then it is too simplistic and unlikely to be reconciled with the changes happening in terms of increasingly sophisticated navigation, personalisation and other means of discoverability.
- To a certain extent, some PSBs agreed but argued that if that is the case, new legislation to exchange old privileges for new forms must be implemented.
- New media platforms themselves pointed out that they were not trying to impede discussions on prominence but wanted to draw attention to the fact that focusing too heavily on these issues was short-termist, potentially stifling innovation and cutting across consumers' own preferences. They argued that they were attempting to demonstrate how any new legislation that focussed too heavily on prominence issues would be something of a blunt tool, whereas working in partnership with tech companies may provide more fruitful outcomes. PSBs, for their part, argued that they did not have enough bargaining power on their own to achieve sustainable access and prominence deals with powerful new gatekeepers.

New gatekeepers

- PSBs remain concerned that new gatekeepers will upset the balance and order of the PSBs, eroding their current privileges. In particular, new forms of search and navigation such as personalised recommendations as

part of the operating system of new services and platforms and the increasing availability of voice control linked to smart devices, have the potential to disrupt the existing hierarchy of how content is delivered and presented to audiences across the UK.

- The PSBs argued that new forms of legislation should seek to redress this balance, extending the current privileges of the PSBs to these new platforms. The ‘gatekeepers’ (and here we mean new platforms capable of distributing content such as social media platforms, on-demand content services and global IP-based providers) denied they were attempting to pre-empt changes to prominence rules, but did argue that these calls represent a fundamental misunderstanding of how their platforms function.
- Some argued that the consumers should not have their preferences ignored; nor should investments in algorithms to ensure a logical matching of consumer tastes and available content be set aside through regulatory fiat. This was the view, for example of companies with platform systems across multiple devices (TVs, smart speakers, tablets, smartphones).
- PSBs rejoined that emerging platform gatekeepers have already made it difficult (and/or expensive) to ensure prominence for unprotected services such as the PSB players – and that this is likely to get worse over time, as connected devices (particularly TVs) become more crowded (with the launch of more SVOD services, for example), and where search and personalisation trump the order of services on a home page.
- One social media platform noted that it is an open platform, that does not promote content in any way, shape or form, but that rather uses consumers’ own interactions with the platform and viewing habits to shape what is surfaced for each user. Content is not aggregated and released centrally, but is rather driven by ensuring the ‘right’ content is made accessible to the ‘right’ audience. Thus, the onus is somewhat on the PSBs to both create the right content to find those audiences online, and to use the platform as a tool for connecting with the audiences.
- Another social media platform agreed, although it noted that this becomes more complicated when there is an audience expectation that the platform itself should play some role in adjudicating the kinds of content made available on the platform, and further, to play a role in assessing the suitability of the content seen by audiences. This is quite specific to platforms where content from traditional sources (including the PSBs), sits alongside user-generated content, and other forms of content that do not have to meet the same editorial standards as broadcast material. Equally, these platforms host content on a huge scale, meaning that to surface certain types of content above others is both arbitrary and potentially counter-productive in terms of catering for their audiences.
- There were no clear conclusions for how to resolve these issues, but tech providers noted their interest in working in partnership with the PSBs to come up solutions that were mutually beneficial, and worked with the technology driving the platforms currently, rather than trying to legislate around some of these issues.

Important information

This document may not be reproduced without the consent of Mediatique.

The information and opinions expressed in this report have been compiled from sources believed to be reliable but neither Mediatique, nor any of its directors, officers, or employees accepts liability from any loss arising from the use hereof or makes any representations as to its accuracy and completeness.

Contact details

Mediatique Limited

65 Chandos Place
London
WC2N 4HG

020 7836 5050

www.mediatique.co.uk

Mediatique Limited is a registered Limited company in England and Wales, Company No. 4575079.
Registered Office: 130 Shaftesbury Avenue, London, W1D 5AR