

techUK views on the role of PSBs in the TV receiver market September 2020

Summary

Manufacturers of TV receivers set-top boxes, and other devices have several issues with their relationship and Public Service Broadcasters. This paper, representing the specific views of TV manufacturer members, presents Ofcom with some of the key issues faced by manufacturers and how PSBs are negatively impacting the range and quality of content while making it significantly more challenging to serve the UK compared to other European countries. Ultimately it is the viewer who suffers, and our concerns are discussed below.

BBC testing, carriage, and certification:

- **The problem:** Manufacturers wishing to include BBC content in their TV offerings currently undergo an arduous, complex, and unnecessary regime of technical checks before being allowed to carry the BBC iPlayer, Sounds, News and Sport apps. The BBC works on a strict pass/fail basis and often fails TV sets unjustifiably, or only after they exceeded the parameters of their own tests. This means costly and lengthy delays and can cause release schedules to be missed.
- **Impact on the viewer:** Technical Certification delays mean licence fee payers, in particular, cannot access the content they have paid for, and it limits and delays the range of TV receivers available, resulting in less choice for the consumer.
- **The solution:** SVoD and other media services allow for self-certification with their apps and self-certification works well in other European markets. Ofcom could look at intervening to drive this here.

PSB Commercial (inc BBC, Freeview, Freesat etc):

- **The problem:** Historically PSB content has been freely available to any device that meets the technical criteria (notwithstanding the issue above); the fundamental basis of the horizontal TV market. However, over the last few years, PSBs have added a requirement to agree to a commercial contract before devices are white listed by the PSB and are allowed to receive catch up content. Such a scenario applies to most platforms that have significant PSB shareholdings (Freeview, Freesat) as well as directly with individual PSBs. These contracts with their associated terms and conditions are unilaterally defined by PSBs and have become onerous, which negatively impacts manufacturer innovation. These terms and the way PSBs interpret them are out of synch with international standards as well as being unjust and inflexible. These terms have been designed without wider industry consultation and in effect turns the PSBs into gatekeepers and quasi-regulators of smart-TV platforms, which acts as a barrier to the market. The result of this is that the PSBs can impose unbalanced commercial terms that discriminate between manufacturers and impact consumer choice.
- **Impact on the viewer:** Commercial delays now most usually out-stretch technical certification delays (i.e. devices achieve technical compliance but remain commercially blocked) resulting in PSB content being denied to the licence fee payers for many months and further encouraging such consumers to migrate to the large global VOD providers, to the detriment of the PSBs. Smaller and new market entrant manufacturers frequently have little choice

but to sign up to these terms to stay in business. These contracts are a considerable barrier to the market and as has recently been seen on the Free to Air Satellite platform potentially damages the market as the PSBs increasingly move to become vertical market operators.

- **The solution:** PSB content that has already been paid for by licence fee payers should not be subject to any further commercial contracts devised or developed by the PSBs. The only terms and conditions that should apply shall only be those determined by the official regulator (after the application of the standard fare and reasonable consultation exercises etc). Nowhere else in Europe do manufacturers have to agree to such disproportionate and market impacting conditions to access PSB content. PSBs in countries such as Spain, France, Germany and the Netherlands deliver their content according to international technical standards and there is no market failure (indeed there is much success) in those markets. There are no special conditions or market circumstances that require the UK to be divergent or different.

Viewing quality:

- **The problem:** PSB conservatism towards showing all content in at least HD, plus no widespread rollout of 4K/UHD services means the content is not being shown in the best or even adequate visual quality. Given improving broadband speeds and that 4K/UHD is standard in receivers now (as well as being common in pay-TV and SVoD offerings), broadcasting content in SD is no longer acceptable, and PSBs should more widely use UHD
- **Impact on the viewer:** UK consumers cannot see their favourite programmes in the quality that they expect to see on their screens, and as display size and receiver quality improve, PSB content looks poor if shown in anything less than HD.
- **The solution:** HD should be the minimum baseline for all PSB catch up players and with 4K almost default for productions, 4K distribution should be the default for all 4K capable content, where broadband speeds allow. Furthermore, the HD channels should be most prominent on the EPG given the almost universal penetration of HD receivers.

Metadata:

- **The problem:** PSBs do not open up or share their metadata openly, which means manufacturers and consumers do not get the best holistic experience and are frequently not able to understand the source of content. TV manufacturers and UI designers are unable to surface content in the most effective, efficient, personalised or appropriate way to meet the needs of the viewer. Recent research has shown that 84% of viewers¹ would like to have the ability to view, browse and search all available content from every available source, from broadcast TV to subscription streaming services, unified in a single experience or interface.
- **Impact on the viewer:** Viewers can be confused by search results showing multiple versions of the same content, not showing content to which they have reasonable access, and the lack of openly available metadata is holding back the personalisation and display of content consumers want.
- **The solution:** PSBs should be mandated to supply their metadata to enable smart-TV manufacturers to allow content in search results, and in a way that does not inhibit global technical development. This should be without terms and conditions attached, in accordance with international standards, adopting practices from other European markets.

¹ TiVo Trends- <https://dm4.tivo.com/l/43592/2020-06-18/bmj596>

Legacy Support:

- **The problem:** The first stable release of PSB catch up players were implemented in TVs and STBs in 2012 and used state of the art technology available at that time. However due to rapid technological advancement some now consider such technology to be legacy and no longer necessary to support. Currently there are no obligations that define how long or according to what technical criteria "legacy" platforms should be supported by the PSBs. PSBs decide themselves whether or not to continue to support legacy implementations, which they are now starting to do without sufficient notice or external consultation. The average lifetime of a TV is 7 years, but that is just the average. A considerable amount of the population keep their TVs for 10 years or more. Consumers expect PSBs to support the continued operation of their services for the reasonable lifetime of their devices. This issue will continue for many years into the future as such technology continues to rapidly evolve.
- **Impact on the viewer:** Consumers who were early adopters and still frequent users of these early devices are suddenly being presented with short term notifications that their PSB catch up services are being terminated, despite the fact that to all intents and purposes these services are working quite satisfactorily.
- **The solution:** PSBs must be required to provide assurances that they will continue to support legacy technologies for a reasonable period, for example ten years. Ofcom should look at intervening to ensure that consumers have assurance that their TVs and STBs will continue to receive all such PSB content. There should be a cross industry consultation to determine the criteria that could justifiably be adopted to terminate the provision of PSB services.