Response to BBC consultation

BBC Draft Distribution Policy

9 April 2018
About Digital UK

Digital UK leads the development of Freeview, the nation’s most widely used television platform. Our goal is to create the best free TV service, both live and on-demand.

We work with world-leading companies to deliver television which informs, educates and entertains, ensuring every home in the UK can access high-quality television without the need for a monthly subscription.

Our latest innovation is Freeview Play which brings terrestrial TV, catch-up and on-demand together in a new generation of televisions and set-top boxes, making it easier than ever for viewers to watch what they want, when they want.

Partnerships are crucial to what we do. We collaborate with a broad range of organisations in pursuit of our goals and are owned by Arqiva, the BBC, Channel 4 and ITV.

This response represents the views of the Digital UK management team.

Response

Digital UK welcomes the new BBC draft Distribution Policy (the Draft Policy) and the opportunity to comment on it. The BBC has published a Distribution Strategy document alongside the Draft Policy, but it is only consulting on the latter. As such, our comments are only applicable to the Draft Policy.

In our view the Draft Policy identifies conditions that are reasonable and appropriate to ensure that the distribution of BBC content and services supports the delivery of the BBC’s Mission and Public Purposes. This view is directly informed by our experience of developing and managing Freeview Play (FVP).

Freeview Play depends on the ongoing collaboration and alignment of a wide variety of stakeholders. These include: Digital UK’s shareholders; almost all other UK public and commercial broadcasters; as well as the manufacturers and retailers who sell television products in the UK.

In developing and delivering Freeview Play, Digital UK (in consultation with its partners) defines and annually updates product rules and technical specifications for compatible TV and set-top-boxes. Consumer electronics manufacturers build and sell products complying with those changing requirements and broadcasters make available their content and services in a way that allows the ongoing evolution of the platform. Our long term ambition is for Freeview Play to make connected viewing the new normal for all UK audiences. As we work towards that, we have to deliver multiple objectives, including achieving wide reach of distribution, innovating in a way that keeps pace with changing viewers expectations and securing easy and prominent access to the content of Public Service Broadcasters (PSBs) across multiple discovery mechanisms.
The key principles at the heart of the FVP project are consistent with the conditions set out the draft Policy:

- **Prominence**: FVP secures prominence for the BBC and other PSBs across multiple discovery paradigms, including linear channels accessed through forward EPGs, syndicated services like iPlayer and other broadcaster VoD players, and individual programmes, accessed through backwards EPGs and through search and recommendations functionality.

- **Editorial control**: FVP products give all participating content providers (CPs) control over their output by: re-distributing and using of CP’s own metadata (as opposed to metadata managed by third parties); enabling prominent access to standard VoD players, and the curated experiences these provide; and allowing curatorial influence over recommended content.

- **Branding and Attribution**: broadcasters’ control of their own metadata and specific Freeview Play product rules ensure the BBC and all other FVP CPs can secure clear attribution and display appropriate branding alongside their content.

- **Quality**: FVP products allow access to all BBC live channels broadcast over DTT (including 6 HD channels), HD-quality VoD streaming and the full set of innovative features delivered within iPlayer, including personalised recommendations and support for UHD streaming.

- **Data**: in-player playback allows all FVP CPs (including the BBC) to maintain control over monitoring usage of its content and services.

- **Free access**: all FVP content and functionality is free from subscription, requiring no payment beyond the purchase of compatible equipment.

- **Value for Money**: the collaborative nature of the Freeview Play project means that investment is shared by multiple parties. In particular, manufacturers partners bear the cost of developing and producing compatible products, effectively multiplying investment by Digital UK and participating CPs. Due to its prospective reach (see paragraph below), the value for money that the Freeview Play project offers the BBC is likely to be very high.

Our experience is that delivering a service consistent with these conditions is compatible with success for broadcasters, manufacturers, retailers and consumers. Since launch in late 2015, over 3m FVP devices have already been sold (of which 2m in 2017 only) with FVP TV sales representing over half of all Smart TVs sold in the UK since June 2017. While the platform launched with initial support from only two manufacturer brands, today 19 of the top 20 TV and STB brands offer Freeview Play compatible products. The majority of Freeview Play products have been connected and actively used for both live and on-demand consumption of FVP CP content (including the BBC’s own), with engagement ratios remaining stable in the past year, despite a fast increasing installed base. This is highly significant in a market context of exploding choice and competition, with Freeview Play devices likely to represent one of

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1 GfK Point of Sales Tracking, Panelmarket
many connected viewing options for the vast majority of users. With ongoing support from almost all major manufacturers, a growing number of participating CPs, and assuming stable connection and usage ratios, we expect the active FVP user base to surpass 10m devices within the next 5 years.

We also note how Freeview Play delivers all forms of BBC distribution – transmission of free DTT TV and Radio channels over the air, syndication of standard services like BBC iPlayer, or the BBC Sports App, publishing of individual programmes – and innovation across different content discovery mechanisms coexists with all these distribution methods. In particular, Freeview Play allows discovery of individual programmes through search and recommendations functionality, with deep-links enabling seamless playback of selected programmes within broadcaster VoD players. Consistent with the spirit of the broader project, our product requirements leave space for manufacturers to differentiate and innovate. So, user interface outcomes vary across different Freeview Play devices, even if they all deliver our key requirements, including those around PSB prominence and attribution. Examples include:

- Panasonic’s ‘quick look’ guide, bringing together live discovery and OD recommendations in a single, image driven UI;
- Sony’s backwards EPG, integrating access to recommended OD content, discoverable by recency, genre and brand;
- LG’s universal search, bringing together prominent results from Freeview Play Content Providers with those from third parties making their content available through LG’s Smart TV UIs (e.g. YouTube and Netflix).

The commercial and consumer success of Freeview Play shows that the BBC’s approach to the distribution of its content and services is compatible with and supportive of successful innovation by third parties.

In fact, we believe that it is appropriate and necessary for all UK PSBs (not just the BBC) to insist upon conditions consistent with those defined by the BBC in its Draft Policy. Without such conditions we consider it inevitable that global commercial considerations (such as requirements defined by Netflix, Amazon, Google) would result in manufacturers delivering products which would deliver significantly reduced public value to UK consumers.

Going forward, Digital UK will make sure that Freeview Play continues to innovate and respond to changing audience preferences for how to discover and consume content, while maintaining a clear focus on delivering prominence and attribution for public service and other UK broadcasters. We will do so through the continued implementation of a successful approach based on the spirit of partnership ensuring commercial success for all parties, supported by ongoing close working relationships with the BBC and other FVP stakeholders.