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Representing (delete as appropriate)	Organisation
Organisation name	Pact
Email address	✂

Confidentiality

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Your response

Question	Your response
Q1. How are audience demands and expectations evolving, and how does that vary for users of different TV platforms and different demographics?	Confidential? –N Audience viewership is getting more fragmented, and all age groups are now watching less linear TV with more young people in particular watching less broadcast television. For example the average amount of time spent watching TV and video content was 4 hours 28 minutes per person per day. 12% lower in 2022 than in

2021.[1] Furthermore for the first time ever, there is evidence of a significant decline in broadcast TV viewing among older audiences as Ofcom found this year that over 64s watched 8% less broadcast TV in 2022; which was 6% lower than in 2019.[2]

But there remains a need for joint viewing and ways for people to connect via national moments. Over the last 10 years PSB share of viewing have held and continues to be stable. Broadcasters' platforms (including linear and BVOD services) this year maintained their 60% share of total video viewing.[3] 16 – 34 year olds also continue to spend 28% of their total video time with broadcasters in comparison to the 24% of total video time spent with SVOD/AVOD services. While 16 – 24 year olds watched less broadcast TV on average evidence suggests that they are likely tuning in to broadcast TV for only one or two programmes per day and do still have an interest in genres such as sport and popular entertainment/reality programming.

Viewers are becoming more discerning when it comes to taking out a subscription or paying a licence fee given the cost-of-living impacting people's budgets. In a world where there is no guarantee to capture audiences it makes it harder to guarantee public service content. This could have an impact on the certainty of the licence fee going forward and it may put strain on those producers who predominantly pitch to PSBs. That said there will continue to be a need and demand for high quality original content and that demand for origination will draw audiences towards the content they want to see.

[1] Media Nations Report, Ofcom, 2023
[2] IBID
[3] IBID

Q2. 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?	Given the above trends it may become unsustainable for Public Service Broadcasters (PSBs) to continue to provide linear TV via DTT but this would leave behind 500k odd people who are not able to access PSB content universally given there continues to be issues accessing high speed broadband across the country. Leaving those people behind would be counter to the objective of universality of PSB content. Which is a key tenet of Public Service Broadcasting and has recently been recommitted in the Draft Media Bill following a considerable review of the system by Ofcom which continues to see audiences value PSB content. During its review of the system, it surveyed audiences across the generations and young people in particular cited the need for the universality of services as a key benefit of PSB.[4] We note that many of the PSBs are now investing heavily in their VOD platforms as a result of changing viewing habits. While its important that these platforms are user friendly, the technology behind these can be expensive and we would not want this investment to be at the expense of investment in original content. As we move away from linear TV via DTT and traditional advertising, its vital that the commercial PSBs begin to diversify their revenue streams and look towards increasing their digital advertising revenue. The commercial PSBs advertising revenue underpins their investment in original content, and as linear viewing declines, its important that digital advertising and other types of revenue make up for the loss of traditional sources of revenue.
Q3. How do broadband networks and supporting infrastructure need to evolve to support resilient delivery of TV over the internet in the future?	There will need to be a higher coverage of broadband across the country if there is to be more resilience of TV over the internet. Without this the ability the ability to provide universality of public service content in particular will be difficult.

[4] Public Service Broadcasting Omnibus survey findings, Ofcom, 2020

Q4. In what ways might different types of 'hybrid' terrestrial and internet services deliver benefits for audiences and what risks may arise?	Hybrid terrestrial services and internet services deliver more choice to consumers because personalisation is enabled through various connected or online interfaces via on-demand and subscription services alongside traditional TV linear services. For our members this has also meant an increase in the number of commissioning opportunities as content providers seek to commission original content to attract audiences. One of the risks that arise through the increased usage of 'hybrid' terrestrial and internet services to deliver content to audiences is that it could impact the prominence of public service broadcasters. During the current debate and the subsequent legislation that is tabled to go through Parliament, PSBs have argued that they need legislation to increase their prominence against global content providers and distributers. The legislation has provisions to ensure PSB content is 'carried' on smart TVs and platforms to ensure the prominence of PSB content is secured in the future. Pact members benefit from a healthy PSB system and the content investment that PSBs provide. It's important that a healthy system is maintained and continued into the future. PSBs continue to be the largest commissioners of UK content this is why we support the continued prominence of PSBs and the current plans to update the regime.
Q5. 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)?	N/A
Q6. What coordination and planning across the value chain might be necessary to secure good outcomes for audiences and key providers over the long term?	N/A

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