Call for Evidence response form

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Title	Call for evidence: Future of TV Distribution
Full name	✂
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Representing (delete as appropriate)	Organisation
Organisation name	techUK
Email address	✂

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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?	techUK members have been actively involved in recent Ofcom consultations in this area, including the 'Small Screen: Big Debate' research. The *'How audience habits are changing'* section of this consultation aligns with our members' experiences. While DTT clearly continues to play an important role in many audience viewing habits, many demographics are choosing to consume video content over IP,

	and IPTV is playing a growing role in the overall TV distribution ecosystem. We agree that DTT services will remain important to UK consumers well into the foreseeable future, often as part of hybrid households that access both DTT and internet-based services. As technology advances and IP distribution offers additional benefits such as visual quality, ubiquity and personalisation, we expect more consumers to shift consumption to IP organically. Indeed, some members see the move to a majority of TV consumption via IPTV as inevitable though there are divergent views on when this transition is expected to occur. Nonetheless, some members emphasise the importance of DTT services to consumers *that do not exclusively consume such services*. DTT remains at present the most reliable delivery mechanism for content that is viewed by the most people in the UK such as major sporting events, news, or royal events (often 'Listed Events'). Tens of millions of people in the UK, regardless of age, use DTT services for these types of events and will continue to do so until IP-delivered content is ubiquitous and perceived to be equally reliable. As such, 'Figure 1' which focuses on those using DTT *exclusively* may not fully demonstrate the importance of DTT services to all UK viewers. Focusing on the data within Figure 1, we note in particular that the 55-74 age group have a similar proportion of DTT-only individuals as the 75+ age group. We therefore believe it reasonable to expect that, without any significant policy intervention, a significant proportion of persons aged over 75 would be DTT-only well into the 2040s. The reduced proportion of DTT-only individuals within the 35-54 age bracket suggests that, all other factors remaining equal, age-related demographic shifts could come to reduce reliance on DTT over a 20-30 year time period as older people will have greater technological awareness and familiarity than today. However, uncertainties around the potential for universal take-up may remain. As such, a combination of different TV platforms being available could continue to benefit audiences, supporting greater choice and reliability, though the overall costs of distribution across platforms would need to also

	be considered to get a complete picture of costs and benefits.
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?	Delivery of Free Ad-Supported Streaming Television (FAST) channels is simpler than traditional DTT distribution for content providers. Several device manufacturers have reached agreements with content producers or invested in developing their own content in order to provide consumers with a wider range of free-to-access television over the internet. While DTT will continue to deliver mass market reach, greater proliferation of FAST channels competing for consumers' attention, alongside increasing consumption of video-on-demand, will inevitably require broadcasters to develop their business models and consider the cost implications of the different distribution options. Greater adoption of IP-delivered content creates new opportunities for personalisation of both content and advertisements which creates new revenue-generating opportunities for content providers that are not possible to the same extent via DTT. Many free-at-point-of-use platforms require viewers to create a user account and log in in order to access content - a barrier that (outside of the licence fee subscription) does not exist for content delivered over DTT. Consumers will have different perspectives on the benefits and disadvantages of personalisation and how it relates to the user experience and privacy considerations. Any developments in the regulatory space will also have financial implications for TV distribution platforms, and techUK looks forward to working with Ofcom and our member companies to think through the implications of any proposed regulatory reforms and to ensure that they contribute to the overall positive development of the sector. The use of technology to model future market simulations could play a role, such as a Digital Twin, which could enable modelling of the financial prospects and sustainability of TV distribution platforms to help inform decision-making.

Q3. How do broadband networks and supporting infrastructure need to evolve to support resilient delivery of TV over the internet in the future?	As a greater proportion of TV viewing is consumed over IP, this does create a challenge of traffic volume coming on to ISPs' networks. It is therefore important to consider efficient delivery using new technologies such as multicast/virtual CDNs (vCDNs) in order to manage super-peak, optimise the network and avoid unnecessary costs. It is hard to predict what innovative technological solutions will be introduced in the market in the long term – although many innovations are happening today.[1] We note that Ofcom has already recognised the ability of content providers to "use techniques that reduce the potential impact of their traffic on ISP networks while maintaining a good user experience" during peaks in traffic seen when popular services are accessed (such as Netflix, gaming, or English Premier League football).[2] As Ofcom notes, DTT is a highly reliable technology for delivering TV content and has significant resilience. It is right that Ofcom should consider the reliability of internet infrastructure for future broadcasting use. At the present time, there is no agreement of how existing digital infrastructure would be impacted by distributing very large events to a significant proportion of the population over the internet. Ofcom has noted how resilient the UK's internet access networks (fixed and mobile) were during the Covid-19 pandemic lockdown, when internet use grew to unprecedented levels.[3] Members note, however, that many resources and additional hardware was committed by operators to add capacity and maintain network performance during Covid-19. Even so, it is just as important to consider the take-up of broadband services (of both superfast and full fibre) as currently, both coverage and take up is not universal across the UK. On the former, as rollout increases and public interventions such as Project Gigabit

[1] BT introduces MAUD – a TV tech breakthrough to meet soaring demand: https://www.mobileeurope.co.uk/bt-introduces-maud-a-tv-tech-breakthrough-to-meet-soaring-demand/
[2] Ofcom Net Neutrality Statement, Oct 2023, pg 24 = https://www.ofcom.org.uk/__data/assets/pdf_file/0017/270260/Statement-Net-Neutrality-Review.pdf
[3] Ofcom Connected Nations 2020 – pg 3 https://www.ofcom.org.uk/__data/assets/pdf_file/0024/209373/connected-nations-2020.pdf

	complete by 2030, coverage is expected to cover 99% of premises.[4] On the latter, there are multifaceted barriers to take-up for consumers which includes capability (not having the skills to use a device and/or navigate the internet with confidence); cost (not being able to afford both a connection package or a device such as a smartphone, laptop or tablet which can connect to the internet); and choice (choosing not to use the internet for a variety of reasons). Device manufacturers encourage the continued adoption of hybrid models for the foreseeable future until such time as the necessary infrastructure is in place in order to ensure positive consumer experiences with their devices. Reliance on IP creates additional points of potential failure, which could create confusion for consumers and potential reputational risks for device manufacturers.
Q4. In what ways might different types of 'hybrid' terrestrial and internet services deliver benefits for audiences and what risks may arise?	Many consumers are currently benefiting from receiving hybrid TV services and being able to easily switch between them as needed. Hybrid services deliver reliable access to TV, as consumers are able to have services delivered to them through linear broadcast services if there are any outages or disruptions to viewing via internet services. We agree that consumers may benefit from greater personalisation by having content that aligns with their preferences suggested to them, and by receiving more relevant advertisements. IP-delivered content also creates opportunity to deliver more personalised accessible services, for example by giving the viewer the opportunity to 'turn on' a sign language interpreter for any program, not only those which are broadcasting with signing. In terms of user experience, we emphasise that the transition between different linear IP streams will most likely not be as smooth for a consumer based on the current singular app focus as a transition over DTT. Whereas viewers are familiar with switching easily between live broadcast channels, in order to access IP

[4] House of Commons Library: Gigabit broadband in the UK, July 2023, pg 16 https://researchbriefings.files.parliament.uk/documents/CBP-8392/CBP-8392.pdf

	streams they may need to navigate towards a BVOD app and then access the channel within the app. New services and innovations may mitigate this challenge, but it is important that content providers collaborate with device manufacturers to ensure that a transition towards greater consumption of IP-delivered television does not degrade the user experience. Indeed, ensuring that device manufacturers have the freedom to innovate in the EPG space can increase differentiation and competitiveness between devices and contribute towards an enhanced experience. Relatedly, in order to ensure a smooth user experience in navigating EPGs, it is critical to ensure that device manufacturers are able to access metadata about the PSB content available via linear services and VOD apps. This will enable device manufacturers to create content guides and recommendations that are more appropriate to viewers' preferences. If manufacturers are denied access to this metadata we may well see greater fragmentation and a more complex navigation path for consumers. Furthermore, we have some concerns about the ongoing availability of PSB linear IP streams. Whereas DTT broadcast channels are relatively straightforward for device manufacturers to access, IP-delivered streams are easier to deny access to. We encourage Ofcom to ensure that PSBs are required to ensure that device manufacturers are able to access their linear IP streams independently of any commercial negotiations with aggregated platforms such as Freely / everyoneTV. As mentioned in our response to Question 2, some consumers may perceive a more negative user experience if required to create accounts and log in order to access content. Furthermore, as discussed in Question 3, any concerns around reliability would risk creating a more negative user experience.
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)?	The UK's broadcast infrastructure supports service delivery for several other users including broadcast radio, telecommunications providers, and others. These services are also highly relied

	on and used across the country. Some device manufacturers have also highlighted the suitability of DTT for delivering media to automobiles. The sharing of infrastructure enables cost efficiencies, with the costs of maintaining and operating that infrastructure shared between providers. The consequences to other providers, should the Government take a decision to reduce or end DTT, must be carefully assessed, against any potential consumer benefits.
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?	The government and regulatory bodies have a critical role to play in coordinating between multiple stakeholders to ensure that all UK consumers can continue to access a wide range of television content in a reliable way that delivers a positive user experience over the coming decades. Should any decision be taken to transition services in the long-term future, it would be essential that there is cross-industry participation to support those customers at risk of being left behind or excluded and to avoid deepening the digital divide. As we transition towards a market where a greater proportion of content may be delivered over IP, there is a need to ensure that the ecosystem retains the horizontal nature that has worked well for consumers throughout the DTT era. Based on our responses to the questions above, we emphasise that regulatory interventions may well be required to ensure: - Access to metadata about PSB content for device manufacturers to ensure that they are able to develop content guides and personalised recommendations for viewers. This can be achieved by Ofcom requiring that PSB content metadata be included as part of the 'Must Offer' obligations incumbent on PSBs under the Media Bill. - Guaranteed access to PSB IP linear streams outside of In line with the trajectory and intent of the Media Bill, PSBs must make IP linear streams available to

	all regulated television selection service (RTSS) platforms, which includes manufacturers' platforms (independently of any commercial negotiations) and not just to the RTSS platform that they own and control (i.e. Freely). - Adoption of efficient distribution technologies to mitigate the impact of the super peaks. Furthermore, we emphasise the need for government to provide a clear and unambiguous long-term strategy and set of commitments in this area, providing the necessary certainty to allow for coordination and planning across industry for future delivery mechanisms.

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