# Call for Evidence response form

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FutureofTVDistributionCallforEvidence@ofcom.org.uk

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| **Title** | Call for evidence: Future of TV Distribution |
| **Full name** | ✂ |
| **Contact phone number** | ✂ |
| **Representing (delete as appropriate)** | Organisation |
| **Organisation name** | Together TV |
| **Email address** | ✂ |

# Confidentiality

We ask for your contact details along with your response so that we can engage with you on this consultation. For further information about how Ofcom handles your personal information and your corresponding rights, see Ofcom's General Privacy Statement.

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| **Your details: We will keep your contact number and email address confidential. Is there anything else you want to keep confidential? Delete as appropriate.** | Nothing |
| **Your response: Please indicate how much of your response you want to keep confidential. Delete as appropriate.** | None |
| **For confidential responses, can Ofcom publish a reference to the contents of your response?** | Yes |

# Your response

| Question | Your response |
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| **Q1. How are audience demands and expectations evolving, and how does that vary for users of different TV platforms and different demographics?** | Confidential? – N<br><br>The Ofcom Media Nations report in 2023 states that linear TV's decade-long decline is accelerating. Broadcast TV's weekly reach fell from 83% in 2021 to 79% in 2022, the biggest-ever annual drop, with viewing falling by 12% year on year – with over-64s now declining (-8%) along with younger audiences (-21%). |

Video viewing clearly varies hugely by age – as shown by the average daily minutes of video viewing chart on p.8 of Media Nations 2023.

The SVOD household penetration seems to have plateaued following accelerated mass-market adoption during Covid, with around two-thirds of all UK households subscribing to at least one SVOD service.

Broadcasters are migrating some of their linear audiences to their BVOD services but this is not offsetting the decline of traditional TV and their share of viewing being taken by non-broadcast competitors – BVOD services still accounting for only 4%-16% of overall viewing.

Younger audiences are moving away from TV and film and more towards gaming, social media and video sharing sites. This is a huge generational challenge for a TV industry becoming less relevant to those under 30.

Radio remains remarkably robust with substantial audiences still listening via FM, despite DAB launching nearly 25 years ago.

At Together TV we have two distinct audiences – a **traditional TV audience** and a **digital audience**.

Together TV broadcasts on Freeview (on reduced hours with 24-hour simulcast) on Sky DTH, Glass and Stream, Virgin Media and freesat.

The **traditional TV audience** want to watch telly as they have always done - 77% are over 55. 95% are empty-nesters. They are mainly retired or semi-retired with around a third still working. They are largely in working class and lower-middle class suburbs, estates and rural communities across the UK, particularly in the Midlands, Yorkshire, North East and Scotland.

Many are vulnerable and at risk of social isolation. TV remains a valued companion and source of connection to the wider world.

Over half use the EPG as the main way to discover what to watch on TV, a quarter use newspaper listings, followed by trailers and word of mouth. Online listings (16%) and social media (5%) are much less relevant routes to find out what's on.

82% have broadband which is below the national average. Half use BBC iPlayer – but only once a month or once a fortnight. Less than a quarter subscribe to an SVOD service - substantially under the national penetration of 66% of homes. Nearly half use Facebook daily but 90% have never used Tik Tok, Instagram, Snapchat or X/Twitter.

Due to the loss of DTT spectrum in summer 2021, our Freeview hours were cut to 3 overnight hours. This resulted in a near-total wipeout of our Freeview audience – and Freeview accounts for over half our overall linear TV viewership, income and impact – which continues to damage us to this day.

Viewers were outraged and hundreds complained to us. To mitigate the loss of Freeview we launched a HbbTV simulcast but many of our viewers told us that they did not have a broadband connection or had TVs not capable of running simulcasts.

Our simulcast is based on the more modern HbbTV specifications (rather than MHEG) and works on TVs from 2017 onwards - apart from Samsung TVs as they introduced HbbTV on UK TV sets later.

Despite this the simulcast only reaches around 10% of the traditional Freeview DTT audience and it will take several years for our audience to buy new smart TVs and adopt IP delivery at scale.

Freely, the new IP linear service from Everyone TV, will launch in 2024 and much like Freeview Play will take 3-5 years to scale its install base and market share of viewing. Any migration to IP delivery is likely a 5-10-year-plus process.

Our streaming service is available on desktop and TV/mobile app stores including Apple, Android, Samsung and LG.

The streaming services gets very low usage as our traditional TV viewers want to watch telly on TV, and it is challenging to acquire new audiences as we have no prominence or visibility on these platforms, or access to on-platform marketing spaces to promote it.

We welcomed Lucy Frazer's RTS Cambridge speech looking ahead to an IP-delivered future but recognising that millions of viewers still love traditional telly. She said *"Free to view television is a vitally important part of our television landscape…we're not going to pull the rug from under the devoted audiences of Freeview channels. We want terrestrial television to remain accessible for the foreseeable future."*

We agree that we have a duty to serve them through terrestrial Freeview as well as the other TV platforms.

Our **digital audience** we engage directly through social media channels, video-sharing platforms, our website and growing CRM database who receive communications via EDM and SMS/WhatsApp.

Whilst there is substantial overlap in age / income between our Facebook-based audience (c.6m million a quarter) who engage with our community campaigns and challenges, most do not know us as a TV channel. We have younger, more progressive audiences on Instagram and to a degree YouTube.

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| | The digital audience engages with Together TV's social / digital primarily, more than as a linear TV channel. They show little interest in Together TV's long-form content or streaming app. This digital audience is where we engage in conversations, campaigns and community, however there is no revenue model attached and so we remain reliant on traditional TV (linear or IP simulcast) to deliver the viewing and income to fund this. |
| **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?** | There are several major trends which challenge the sustainability of TV distribution platforms and the TV ecology:<br><br>- Continued decline in traditional linear TV viewing<br>- Associated decline of TV EPGs, reducing footfall for IP-delivered linear channels<br>- Video viewing minutage migrating to SVOD, online, and short-form video-sharing platforms<br>- New gatekeepers controlling prominence, marketing and monetisation on smart TVs and streaming sticks (e.g. Samsung, Android, Amazon)<br>- Continued migration of TV advertising to CTV and digital<br>- Overall decline in younger audience film and TV viewing in favour of video-sharing platforms and gaming<br><br>The Pay TV market has different dynamics and can offset linear TV decline through super-aggregation of SVOD apps, premium sports and customer retention though telephony / broadband services.<br><br>Key decisions in the next decade will be around<br>- The future of DTT beyond 2030, subject to WRC 23 decisions<br>- Ofcom's implementation of the Media Bill's prominence regime<br>- BBC licence fee settlement and Charter renewal<br>- Sky's migration from satellite to IP delivery<br>- Likely consolidation amongst US Studios, telcos and tech leading to market power over PSBs and TV platform operators |
| **Q3. How do broadband networks and supporting infrastructure need to evolve to support resilient delivery of TV over the internet in the future?** | There needs to be universal and affordable broadband, especially in rural areas, before any 'streaming switchover' will be possible – the PSB compact is to be universally available and free to receive.<br><br>The volume of video data may require upgrades to CDN provision for broadcasters and potentially co-location broadcaster servers within datacentres. Several broadcasters use a mix of private and public CDNs for network balancing and delivery, and so sufficient capacity across the chain needs to be ensured.<br><br>Data security is also critical – network security to block foreign interference as well as DRM to protect content. Sir Peter Bazalgette makes the point that the DTT and FM mast networks are a matter of national resilience in times of emergency. |

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| **Q4. In what ways might different types of 'hybrid' terrestrial and internet services deliver benefits for audiences and what risks may arise?** | Hybrid terrestrial and IP delivery may lead to increased consumer choice and availability to viewers who may not have a TV aerial.<br><br>It could potentially reduce delivery costs for some broadcasters in the form of reduced transmission and EPG fees – however IP delivery comes with incremental delivery costs per stream – CDN / data charges and vendor fees across the chain (e.g. ad tech, DRM).<br><br>Risks to audiences are largely around Broadcast/Streaming Code-type issues (harmful content, unregulated news channels promoting propaganda, race hate or conspiracies, potential medical or financial harm, explicit content, commercial references) which could be brought into a regulatory regime by closing the 'streaming loophole' which DCMS and Ofcom are exploring<br><br>Prominence and discoverability remain key drivers of TV consumption and top EPG slots and homepage tiles are valuable. Increasingly this prominence sits alongside TV apps and FAST channels on smart TVs and streaming sticks.<br><br>The control the TV manufacturers and tech companies exert in prominence increases with every new TV sold. The wider hardware ecologies (mobile, TV, laptop and tablet) are controlled by a handful of global players (Amazon, Alphabet, Apple, Samsung), many of which control ad sales through these platforms so there is a risk of some broadcasters being disintermediated from ad supply and revenues. |
| **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)?** | As the Digital Television Group has pointed out, if DTT spectrum was co-allocated with mobile at WRC23 this could unintentionally force the UK to move to clear PMSE and DTT from some or all of 470-694 MHz as co-allocation efforts are usually harmonised across territories.<br><br>They also note that PMSE users are concerned about the loss of frequencies used for wireless communications in theatres, stadia and large outdoor events. PMSE users can share with DTT but this is not possible with 5G services.<br><br>Should DTT cease following a 'streaming switchover' then there will be implications to internet / CDN network volumes. Broadcasters may need multiple CDNs to support their streaming services, with a potential mix of private and public internet delivery, and potential colocation of dedicated broadcaster CDN servers within datacentres. With this there will be issues around network reliability, network security and data pricing.<br><br>It is likely they will need to rely on cloud services infrastructure for content storage and delivery too, an area dominated by Amazon, Microsoft and Google, and currently being investigated by the Competition and Markets Authority around potentially harmful charging, egress and supplier switching practices. There will also be a |

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| | potentially harmful environmental impact of the shift to streaming rather than using radio spectrum. |
| **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 coordination and planning needed will encompass several aspects of TV/video delivery, including<br><br>- Legislative and regulatory alignment on any reallocation of spectrum licencing and auction process<br>- A 10-year Streaming Switchover project much like the Digital Switchover – providing free broadband for older viewers and potentially TV upgrades – and involving audience advocacy groups (e.g. Voice of Listener & Viewer, the Broadcast 2040 partners) to ensure the process is inclusive, along with the right viewer support and digital literacy support services in place for the years it takes to migrate several million older viewers onto broadband and connected TV<br>- TV Selection Service / EPG licencing, ensuring prominence on smart TVs and streaming sticks<br>- Network / delivery uptime requirements for broadband and CDN suppliers to ensure robustness of IP delivery to TV broadcast standards (e.g. 99.97% SLAs etc)<br>- Alignment across platforms for viewer guidance, parental controls and accessibility services<br>- Coordination across supplier chains to ensure robust and independent reporting of viewing and advertising (initiatives such as BARB Dovetail, CFlight and Project Origin are looking at this – however there may be more needed for platforms and broadcasters / services not involved in these).<br><br>Overall we have found that interoperability across TV manufacturers, models and years has proven very challenging as each OEM implements specifications in their own way. An interoperability taskforce – led by a trade group such as DTG or DPP - will be needed to ensure IP and hybrid TV services work well on both new and the vast bulk of legacy TVs. |

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