



Qualitative research: Viewers' perceptions of the Code on the scheduling of television advertising

Report prepared by 2CV
for Ofcom

➔ MAKE YOUR MARK.

LONDON | LOS ANGELES | SAN FRANCISCO | SINGAPORE

Contents

Contents

1. Executive summary.....	3
1.1 The purpose of the research.....	3
1.2 Summary of findings	3
2. Introduction	6
2.1 Background and objectives.....	6
2.2 Methodology	6
2.2.1 Overview	6
2.2.2 Stimulus	8
2.2.3 Sample	8
3. Main findings.....	10
3.1 The current TV landscape and impact on viewing habits	10
3.2 The impact of advertising on viewers’ TV experiences	14
3.3 Viewer responses to existing COSTA rules.....	16
3.4 Viewer responses to potential changes to COSTA rules	21
Glossary	30
Appendix 1: Sample.....	32
Appendix 2: Method detail.....	34
Appendix 3: Fieldwork Materials & Stimulus.....	35
Script for online community.....	35
Discussion guide for group discussions	44
Discussion guide for telephone depths with low/no access audience	49
Stimulus material used in pre-task phase.....	54

1. Executive summary

1.1 The purpose of the research

Ofcom commissioned 2CV to conduct research into: viewers' perceptions of and attitudes towards television advertising; specifically, their perceptions of regulations on the quantity, and scheduling of TV advertising based on commercial Public Service Broadcasters (PSB) *and* non-PSBs and to understand viewers' attitudes to allowing commercial PSBs the same flexibility as non-PSBs with regards to the quantity and scheduling of TV advertising.

1.2 Summary of findings

The current TV landscape and impact on viewing habits

- The growth and development of TV channels and services was perceived by participants to have increased the amount of content (programmes as well as advertising) they now had access to. Many participants believe that they are able to curate their TV experiences and their exposure to advertising by fast forwarding via live pause technologies or watching more subscription video-on-demand (SVoD) services that do not have advertising.
- As a result of the increase in content, and more choice in how to consume it, viewers tended not to differentiate between the type and quality of TV across channels and platforms (PSB vs non-PSB vs subscription). Indeed many seemed to regard the current TV landscape as a homogeneous space with few obvious distinguishing features across channels and platforms.
- Although commercial breaks were viewed as an established part of the TV landscape, 'advertising' (and how it is regulated) was not top of mind for viewers. This notwithstanding, most understand advertising's role in TV and its importance to channels and broadcasters alike. Participants are broadly aware of the idea of regulation of TV advertising but have little knowledge of specific rules in place.
- When participants understood that TV advertising revenue was declining, while broadly sympathetic, they believed that PSBs would need to consider different revenue models and could not solely depend on advertising. The idea of increasing TV advertising frequency and length to compensate was not considered a viable long-term option.

The impact of advertising on viewers' TV experiences

- Viewer behaviour and attitudes to advertising were broadly consistent. Commercial breaks were not a loved element and could negatively impact TV experiences particularly if thought to happen too frequently and 'break' the flow of a programme. Advertising breaks were typically used by some viewers as an opportunity to do something else.
- While advertising was recognised to be part of the TV landscape, the opportunity to curate content and limit exposure to advertising has meant some have grown used to seeing less and reacting more negatively to breaks. Although the amount of advertising on TV was thought to have remained broadly constant, the prospect of any increase was not well received. Those with

access to SVoD felt that more advertising across PSB platforms might see them gravitate to watching more of the subscription channels.

- The perceived homogeneity of the TV landscape meant that on balance, very few noticed any differences in the amount or frequency of advertising across different channels (PSB vs non-PSB).

Viewer responses to existing COSTA rules

- While it was generally assumed that there were some 'restrictions' in place to limit length and frequency of breaks, participants acknowledged they had a limited understanding and awareness of any rules to regulate the frequency and length of TV advertising.
- Spontaneous responses to the details of the current COSTA rules in place was surprise towards their quantity and complexity. Although the complexity and depth of existing rules was surprising, viewers were in favour of regulations that aim to protect their viewing experiences.
- It was only following interrogation of the COSTA rules that viewers understood that there is a variation in ad break length across PSB and non-PSB channels. The vast majority claimed they had never noticed a difference when watching TV.
- Viewers were surprised that there is a difference in the quantity and scheduling of TV advertising in commercial breaks across channels and did not understand why. On balance, viewers had not noticed a difference in viewing experiences. And once it was understood how they were being impacted, and that there was a difference in frequency and the quantity and scheduling of TV advertising, some participants felt that they were ultimately being punished for their viewing preferences.
- Viewers were uncertain why PSB and non-PSB channels had different quantity and scheduling rules, and many thought the differences unfair and uncompetitive. From their understanding, they felt it wasn't right that PSBs with larger and more consistent viewing numbers were subject to greater restrictions. As such viewers initially felt there is currently a lack of fairness in the different rules and that there should be parity between channels

Viewer responses to potential changes to COSTA rules

- On balance, viewers initially felt the need for a re-examination of the COSTA rules was reasonable and that the current status quo needed to be addressed. And the notion that any potential change might allow PSB channels the chance to remedy the fall in advertising revenue, helped drive viewer support. This said, acceptance of the potential rule changes also depended on what broadcasters would do with the additional revenue generated. Viewers felt strongly that any additional revenue must go towards the development of good-quality programming, and not solely towards broadcasters' profits or to their shareholders.
- While viewers wanted a fairer application of the rules, they were resistant to the idea of more advertising as a consequence of bringing parity. It was apparent that the ultimate priority for

viewers would always be the preservation of their current TV experiences over and above the idea of fairness.

- This notwithstanding, participants opinions changed upon reflection. Viewers moved from initial resistance to the proposed changes to being fairly accepting of their introduction, with tolerance levels towards each scenario determined by how disruptive the proposed idea was perceived to be to overall viewing experiences. Viewers also wanted any potential increases in the quantity and scheduling of TV advertising to be as minimally disruptive and noticeable as possible.
- On balance, viewers considered the scenarios perceived to be least disruptive to their TV viewing to be the most acceptable options. The preferred scenarios were: *Allowing longer advertising breaks*, *More advertising during certain parts of the day*. However, all potential scenarios were considered to be short-term solutions and it was incumbent on PSB platforms to explore alternative funding models.

2. Introduction

The findings in this report contain the views, feedback and experiences of participants, which were collected and collated across the lifecycle of this project. They do not represent Ofcom's views or any regulatory judgment

2.1 Background and objectives

Ofcom commissioned 2CV to conduct research into viewers' attitudes to the Code on the scheduling of television advertising (COSTA) rules.

The overarching objectives of the research were:

- to understand viewers' overall perceptions and attitudes to advertising
- to identify whether viewers perceive any differences in the quantity and scheduling of TV advertising between Public Service Broadcasters (hereinafter referred to as PSB) and non-PSB broadcasters
- to gain insight into viewers' perceptions of regulations on the quantity and scheduling of TV advertising based on PSB and non-PSB broadcasters
- to understand viewers' attitudes to, and impact on viewing of, allowing commercial PSBs the same flexibility as non-PSBs with regards to the quantity and scheduling of TV advertising using scenarios to illustrate possible outcomes.

Research did not cover participant views or perceptions on the content of TV advertising in the UK.

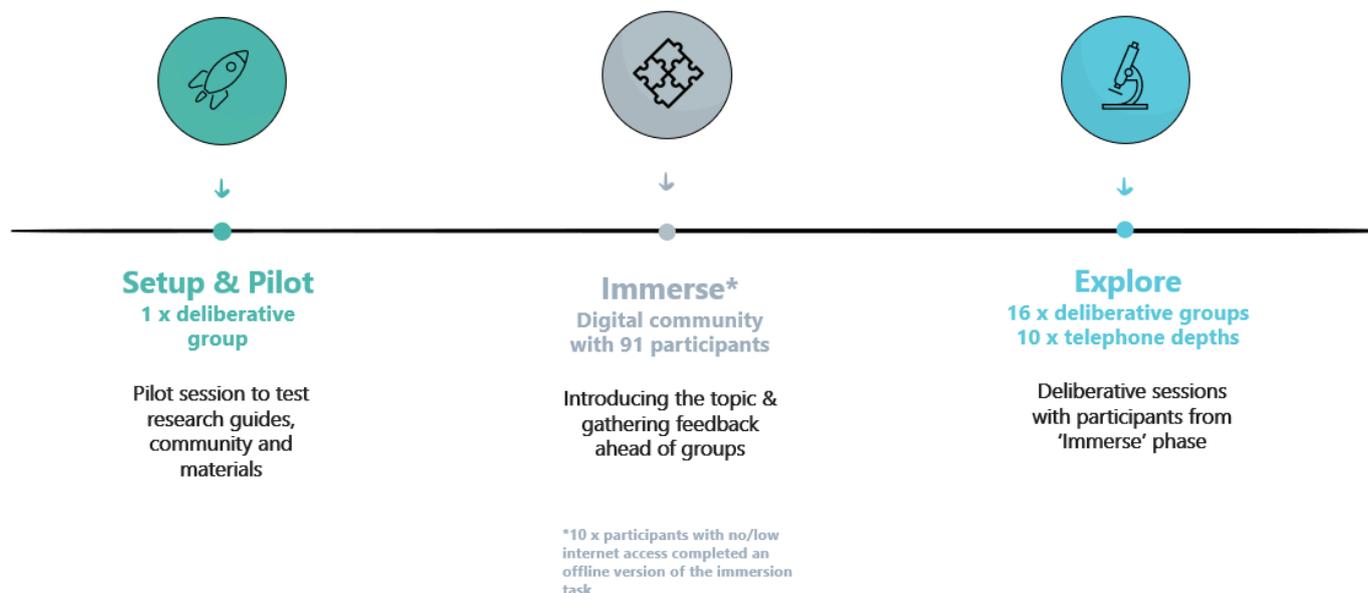
2.2 Methodology

2.2.1 Overview

A deliberative approach was chosen to enable exploration of both spontaneous and more informed opinions. A key part of the method was to allow for the breaking down of a complex topic into manageable, discrete portions through a multi-stage approach. Staging the research across two phases allowed the stimulus and information to be 'drip fed' across the research process, enabling responses to the subject of regulation of the quantity and scheduling of TV advertising to be captured from unfamiliar, informed and reflective perspectives.

A mixed method, phased approach (online community, qualitative discussions) was used with a broad range of participants in the UK (see sample details below). A pilot stage was undertaken to test the research process and materials before the main body of research.

Figure 1: Methodology overview



The first online community was used to introduce the topic through stimulus and to capture feedback while building awareness and understanding. Following the initial community, the same participants attended deliberative groups, held online, lasting 90 minutes, which deep dived into the topic and explored the more complex aspects of the quantity and scheduling of TV advertising and Ofcom rules.

Respondents with no or limited online access completed a simplified off-line version of the immersion task to build their understanding of television advertising rules.

A total of 101 participants took part in the research project. There were 91 participants in the first online community, who then reconvened in 16 groups. Ten participants with no or limited internet access were also consulted in depth telephone interviews. A detailed description of the research method is included in the appendix of this report.

Fieldwork was conducted across the following dates: the pilot phase took place in November 2022; the main fieldwork took place across November – December 2022 and the no/low internet access depth interviews took place in December 2022.¹

¹The research took place during the recoupment period in which broadcasters were permitted to recoup advertising minutes that they had not used in the period of mourning following the death of Queen Elizabeth II. Any increase in advertising during this period was not noticed by participants, who were asked specifically about any changes to advertising volume during that period, and had no impact on the research.

2.2.2 Stimulus

Stimulus material was key to building participants' understanding of television advertising and the issues at play. The following materials (in the form of a PowerPoint presentation) were used to engage and educate participants:

- **The existing TV advertising landscape.** This information explained: the role and importance of TV advertising: why there are rules around length and frequency of breaks.
- **The current COSTA rules.** A simplified explanation of current rules in relation to the amount and scheduling of advertisements based on PSB and non-PSB. These materials also included illustrated examples of the quantity and scheduling of TV advertising rules.
- **Possible impact of any potential changes to existing rules.** An explanation of why Ofcom is considering reviewing the existing COSTA rules. A series of scenarios to explain *how* changes to the COSTA rules *might* manifest in terms of length and frequency of advertising breaks. These scenarios were only discussed in the deliberative groups and telephone interviews.

Participants unable to access the internet were sent hard copy stimulus to read before telephone interviews.

2.2.3 Sample

A mix of people were recruited (ages 16+, mixed gender, broad socio-economic group and ethnicity) across the UK (England, Wales, Scotland & Northern Ireland). A full sample grid is included in the appendix of this report.

The following criteria was applied across the sample:

- **Lifestage:**
Age/Lifestyle – A range of ages (loose quotas were set by lifestage to ensure a broadly representative cross section of the UK from 16+)
- **Demographics:**
Social Economic Group – A broad mix of A, BC1, C2D, E
Ethnicity – To reflect the diversity and ethnic makeup of communities
- **TV Viewership:**
Format – Spread of channel usage across the sample (i.e. Linear television, Pay-TV, Broadcast Video on-Demand (BVoD) and Subscription Video on-Demand (SVoD). All participants watched linear/live television and the vast majority also used catch up and streaming services
Channels - All watched some commercial PSB channels (ITV1, Channel 4, S4C or Channel 5). All watched at least 1 non-PSB channel at least occasionally
PSB viewing behaviour – included: 'Regularly'; 'Occasionally'; 'Rarely' (as defined in Appendix 1 of the report)



- **Location:**
Region - All four nations (two locations per nation)
Rural vs. urban/suburban - A mix across all locations
- **Additional criteria:**
Internet access - An additional sample of people with no or limited internet access

The attributions used in quotes in this report relate to following characteristics of the speaker: *Lifestage, Age, Social grade, Location, PSB viewing frequency.*

3. Main findings

Please note that the opinions expressed in this report on the materials and scenarios viewed by research participants represent their views and not those of Ofcom.

3.1 The current TV landscape and impact on viewing habits

The amount of TV content available to viewers has increased, but many feel that, due to access to new technologies, they are able to curate their viewing experiences and exposure to advertising

At the start of the deliberation phase, participants were quick to acknowledge how developments to the TV landscape have affected their behaviours with regard to not only *how* they watch television but also their attitudes to and expectations from platforms, broadcasters and advertisers. The growth of the television landscape, particularly the range and number of platforms and channels but also the different opportunities viewers now have to consume TV (be it 'on-demand', live, subscription or free to air) has meant greater exposure to more content.

These developments have meant that viewers felt they are able to better 'curate' their TV experiences, including the content they consume but also their exposure to advertising. Tools like 'live pause', recording technologies and catch-up services have given viewers the option to manage their exposure to advertising, by, for example, 'fast forwarding' through commercial breaks. In addition, greater use of subscription platforms that offer advertising-free TV experiences (*Netflix, Amazon Prime, Disney+*) meant some people felt that they were seeing less advertising on balance.

"Watching live TV is not a very good experience because every time you flick to another channel there's an advert. You just seem to be watching more adverts than content and so you just go to what you've recorded or what's on-demand; you can watch it when you want to watch it, it starts when you want to start it, you can pause it and go off and do things that you need to do and come back to it."

Young Family (children 1-10), ABC1, East Anglia, Rarely

"Sometimes I record so I can fast forward the ads. I know that with '*I'm a Celeb*' and STV, there are ad breaks every 5 minutes. The companies all want their brands out at those times."

Pre-family (living with parents), 16-17, C2DE, Scotland, Occasionally

The viewing habits of participants across the research sample were broadly consistent with regard to channel and platform preferences. There were some key differences based on age and lifestyle and access to digital platforms with: younger viewers (typically those aged 16-24) less likely to watch 'live' TV and tended to use on-demand services; viewers with no/low internet, who tended to be older (50

plus) had less access to and experience of Subscription Video on-Demand (SVoD²) platforms and services (like *Amazon Prime* or *Netflix*) and were more likely to watch live TV.

“I am watching ‘I’m A Celeb’ live always, but otherwise, I tend to watch on-demand because the content I want to watch is there and I don’t need to watch it live.”

Pre-family, no children, 18-24, ABC1, Regularly, Wales

With more choices in terms of programme content, and critically, more choices in how to watch content, viewers (particularly but not exclusively younger respondents) tended not to differentiate between the type and quality of content across channels and platforms (PSB vs non-PSB vs subscription) but would see ‘TV’ as a whole. Many seemed to regard the current TV landscape as a homogeneous space with few obvious distinguishing features across platforms.

On balance television advertising as a subject is not given much consideration by viewers

While commercial breaks are acknowledged as an established part of the TV landscape, preliminary discussions soon revealed that ‘advertising’ (and how it is regulated), is not top of mind for viewers. Indeed, the research had prompted many to think about TV advertising (including its perceived prevalence) in far more depth than they had ever considered.

“I just thought that ads were something that had to be done to make money. I didn’t think about it much further than that.”

Younger family (children 1-10), 21-50, C2DE, Midlands, Regularly

Despite not giving the idea of advertising in the abstract much thought, most viewers possessed an understanding of its role in TV and its importance and relevance to channels and broadcasters. In brief, it was largely understood by viewers that advertisers pay broadcasters to convey messages promoting and marketing products or services.

“It’s definitely a money earner for broadcasters and I feel that we’ve just got numb to it, you don’t necessarily zone into them...It’s so repetitive which is what I find the most annoying. If it was quality and less repetitive and you saw more interesting things. They’re missing a trick really, because they’re just annoying everyone.”

Post family/Empty nester, 50+, South East, C2DE, Occasionally/Rarely

“I notice TV advertising. I know on some channels it seems to appear more regularly than other channels. It exists so people can plug their products or TV shows, to an audience in real time, to make them money. BBC channels do not advertise, hence the licence fee.”

Middle age (never had children), 41-60, ABC1, Midlands, Regularly

² See Glossary below for definition of Subscription Video on Demand

“I notice television advertising a lot. I think that it is unavoidable. I think it exists to make TV companies money, as television is largely free to watch they have to make money somehow.”

Pre-family (no children), 18-24. South East, ABC1, Occasionally/Rarely

This said, a small number were less aware that broadcasters generated revenue in this way and believed PSB channels’ income streams were reliant on: the sale and distribution of programme content; sponsorship deals and competition call lines. And while the majority did have a fundamental understanding of the role of advertising, there was some surprise with relation to the value of advertising to broadcasters and the amount of money generated.

As noted, viewers did not know the specifics or detailed rules relating to how TV advertising is regulated. There was a general awareness that there are restrictions on the promoting of particular products on TV, and an assumption that there are rules in place to protect children from certain messaging, but little understanding of regulations beyond this. It was apparent that there was no knowledge or understanding of the design of rules to regulate the frequency and length of commercial breaks.

Participants were unaware that commercial PSB broadcasters may be facing funding challenges, and the idea that TV advertising revenues are experiencing a long-term downward trend was not known. There was some empathy from participants regarding these challenges faced by PSB broadcasters and, given the increase in competition from SVoD platforms, an overall belief that this downward trend would continue.

“There are so many channels these days; there must be a finite amount of advertising that they’re competing for and need to try to maximise any revenue they can get. There are a lot of competitors like Amazon Prime and Netflix so they’re trying to generate revenue. It’s a difficult step. If they couldn’t raise more revenue from ads, I’m not sure where else they’d get revenue from. Maybe an increased licence fee or a subscription?”

Post family/Empty nester, 50+, ABC1, Northern Ireland, Regularly

“You understand why they have to do this [consider raising the quantity and scheduling of TV advertising]. There are a lot more channels now. It probably makes it harder for PSBs.”

Family (children 11-15), 30-50, C2DE, Northern Ireland, Occasionally

“I think they’re struggling to keep viewers because people are so busy now with work and other commitments, people just catch up on TV when it suits them. A lot of people don’t watch live TV now.”

Younger family (children 1-10), 21-50, C2DE, Midlands, Regularly

This said, while viewers understood why this commercial challenge was happening and its potential impact on PSBs, there was a broad acceptance that the current revenue model (advertising to generate revenue) was not sustainable and new ways needed to be explored by broadcasters.

“There is a continuous challenge for the commercial public service broadcasters in creating enough revenue balanced with the right amount of advertising to keep its audience interested. Investing in new, creative, exciting viewing will always attract the punters in.”

Post family/empty nester, 50+, South East, ABC1, Occasionally/Rarely

Increasing the quantity and scheduling of TV advertising on PSB platforms to grow dwindling advertising revenue was generally thought a short-term solution.

As discussions developed, it was widely believed that, as people continue to migrate to SVoD services, linear broadcasters will need to consider longer-term solutions. The potential alternatives discussed by viewers included exploring commercial references (product placement and programme sponsorship were most commonly referenced) and subscription models (including advertising-free options).

“I know I would pay for YouTube premium to skip ads, but then it’s like ‘do you want to keep the traditional idea of television’, so I guess that’s the question for them [PSBs].”

Pre-family (no children), 18-24, ABC1, Wales, Regularly

“Use sponsorships instead. They are more subtle, less in your face and less annoying. And you can have a bit more choice about it.”

Post family/Empty nester, 50+, ABC1, Northern Ireland, Regularly

I think they should look at other streams [of revenue] because if channels are worried about their revenue from adverts and they’re struggling for money. I think product placement is an easy way to make money and not interfere with your watching experience as well.”

Pre-family (no children), 18-24. South East, ABC1, Occasionally/Rarely

“We’re constantly told ‘do more with less’ so television companies need to do this. I personally swing in two minds about the TV licence fee but the more targeted a streaming service can be without adverts, the better and that should be the same for terrestrial TV.”

Family (oldest children 11-15), 30-50, C2DE, Northern Ireland, Occasionally

When participants were prompted to discuss the potential impact of lower advertising revenues for PSBs, the idea of a drop in quality (with more repeats and less innovative and quality programming being a potential outcome) was resonant and seen as credible (and indeed there were a handful that felt that they had already experienced this).

“It’s very noticeable at the moment - particularly with ITV and Channel 4 and the lack of quality dramas. One of the joys of autumn and winter usually is that you have great TV on, three or four strong dramas spread across the channels and that just doesn’t seem to be happening at the moment...I don’t know if that’s connected to the revenue coming in with advertising.”

Post family/Empty nester, 50+, South East, ABC1, Occasionally/Rarely

A small number were sceptical about the 'threat' to broadcasters and were less concerned by the notion of a drop in quality and choice. This audience felt that they would simply stop watching PSB channels content and that SVoD platforms would deliver the quality that they needed.

“People already say is there is nothing new on the telly. If people don't have the option of smart tellys and Netflix then it will be a disaster for PSBs if nothing changes. I already switch channels, flick through on telly find nothing and then go to on-demand so they need to change.”

Younger family (children 1-10), 21-50, C2DE, Midlands, Regularly

3.2 The impact of advertising on viewers' TV experiences

Tolerance towards advertising appears to be influenced by viewers' ability to manage their exposure to commercial breaks

When discussing the overall TV landscape with regard to advertising and its prevalence, most (particularly frequent PSB channel viewers) felt the amount of advertising in terms of frequency and length of breaks has remained consistent over time. And while advertising was regarded as part of the TV landscape, some have grown used to managing their exposure and this has impacted on their tolerance toward commercial breaks. The ability to curate content and limit exposure to advertising has meant some have grown used to seeing less and react more negatively to breaks. For many, breaks were not a loved element of the TV experience and tolerated at best. Some saw them as an annoyance but for many (and particularly low internet users) they were regarded as the 'cost of' watching TV. Those with low internet access and less access to linear TV alternatives, like video on-demand services, were far more accepting of them.

“As you get older, adverts become more of an irritant. You can just fast forward them now. When you're younger, you see certain adverts and you look forward to seeing them. I don't know whether the quality of adverts has changed. I think it's more of an inconvenience to watch them.”

Older family (oldest children 12+), 41-60, ABC1, Wales, Occasionally

“Having watched TV for decades, I'm well used to advertising during programmes. In the absence of a revenue stream like a licence fee, I fully accept that advertising is vital for many TV channels to survive.”

Post family/Empty nester, 50+, ABC1, Northern Ireland, Regularly

“I guess people would say they're annoying, but I think a lot of people don't realise that the reason we get free TV or free preview is because advertising pays for the channels.”

Pre-family (no children), 18-24. South East, ABC1, Occasionally/Rarely

“Advertising is the price viewers pay for free commercial television and this made me think, a lot of the television that is available are the free commercial channels, therefore advertising obviously is very important for revenue for the channels and for creating revenue for new programmes to be made.”

Young family (children 1-10), 21-50, ABC1, East Anglia, Occasionally/Rarely,

While the amount of advertising on TV was thought to have remained broadly constant, there were concerns by viewers regarding the prospect of any increase. Spontaneous reactions to the idea of more advertising were universally negative, with viewers assuming the adoption of an 'American model' of numerous and lengthy breaks. Many of those with access to SVoD felt that more advertising across PSB platforms might see them gravitate to watching more of the subscription channels.

“If the ads got longer, I’d probably go watch on-demand. If they doubled the length, it would become very noticeable, and I’d probably get fed up.”

Pre-family (living with parents), 16-17, C2DE, Scotland, Occasionally

As noted, technological developments over time have made it possible to record and pause TV and has resulted in viewers being able to better manage how much advertising they see. And, for some, access to SVoD platforms has meant less exposure to advertising altogether. These developments seem to have impacted viewers’ overall tolerance towards advertising and their acceptance of it, given they feel it can interrupt their viewing.

“Advertising negatively affects my viewing experience. It’s part of the reason I prefer paid streaming services.”

Pre-family (no children, 18-24. ABC1, South East, Occasionally/ Rarely

“We hate ads, I would move away from the TV when they come on or flick through other channels, I understand why they are there, but they have no influence over what I buy, they only influence what I may watch”

Middle age (never had children), 41-60, ABC1, Midlands, Regularly

When breaks occurred on PSB and non-PSB channels, behaviours were broadly consistent across the sample. If they didn’t watch the advertising, viewers would typically: use the time for a break (e.g. make a cup of tea; use the bathroom); or fill the time in other ways (e.g. go on their phones; respond to messages); avoid the advertising break by flicking through channels.

“It [commercial breaks] doesn't impact my viewing too much as I don't usually pay much attention but it can be frustrating, on the other hand it can be useful as you can do things in the break because you can't pause live TV.”

Pre-family, no children, 18-24, ABC1, Wales, Regularly

“I don’t really notice ads. You just go on your phone during them.”

Pre-family (living with parents), 16-17, C2DE, Scotland, Occasionally

“I’m not a massive fan of adverts in any shape or form. It might be alright for a cup of tea or quick toilet break but I mostly just find them annoying. Sometimes it makes me want to avoid the brand that is being advertised.”

Pre-family, no children, 16-17, C2DE, Scotland, Rarely

As noted above the vast majority did not think that advertising (in terms of frequency and length of breaks) had increased. This said, there was a small number (typically when referencing non-PSBs) felt

that there has been a steady increase across these channels. This minority reacted negatively to this perceived increase, and a few claimed to watch non-PSB less channels as a result.

“I’ve noticed that the chances when flicking onto a non-PSB, the likelihood of there being an advert on is quite high!”

Older family (oldest children 12+), 41-60, ABC1, Wales, Occasionally

It should be noted that while people felt more advertising could see people migrate to more SVoD platforms, a significant proportion of the sample acknowledged that transitioning to SVoD was not a viable option to all and that some may not be able to afford the subscription model alternatives.

“It would be sad if we didn’t have new programmes on PSBs, as there are enough repeats as is. Not everyone is streaming or has access to Netflix or Sky and other signed up channels. People on low income can only afford the basic TV fee and this is their only excitement.”

No internet, Young family, 30-50, C2DE, North, Regularly

The perceived homogeneity of the TV landscape appeared to impact how viewers understand the nature of advertising across different channels.

On balance, very few noticed any differences in the amount or frequency of advertising across different channels (PSB vs non-PSB).

“Across the channels, I’m not aware of the differences between channels. There would be certain programmes where I wouldn’t want to be bothered by it, like a drama. For current affairs, it wouldn’t bother me as much. It really depends on the programme.”

Family (oldest children 11-15), 30-50, C2DE, Northern Ireland, Occasionally

“I have not noticed much difference between channels, except BBC only having ads for its own products.”

Pre-family, no children, 18-24, ABC1, South East, Occasionally/ Rarely

The way many viewers consume TV is likely to be a factor, with people watching a mix of on-demand, catch-up and a range of linear channels. The result of this was that participants were not always conscious of differences and just see these channels all as ‘TV’. It was only when the rules on the quantity and scheduling of TV advertising were explored and interrogated that people realised that there are differences across channels.

3.3 Viewer responses to existing COSTA rules

Viewers had limited awareness of the current rules to regulate advertising breaks

As noted above, participants believed that commercial breaks were a tool for brands to market their goods and services and for channels to generate revenue. Beyond this, participants acknowledged they had a limited understanding and awareness of any rules to regulate the frequency and length of

advertising. While it was generally believed that there were some 'restrictions' in place to limit length and frequency of breaks, there was no knowledge of any specific details. Broadly, across all audiences spoken with, the assumptions held were that advertising breaks on both PSBs and non-PSBs were limited to roughly five minutes in length; that the number of advertising breaks within an hour-long programme were presumed to be three breaks an hour; that certain, brands, products and services would be limited to the 'appropriate' times of day (post-watershed) and to the 'appropriate' channels.

“Advertising is on all the time and there seems to be a lot of it on live TV – like every 15 minutes, for 5 minutes!”

Family (oldest children 11-15), 30-50, C2DE, Northern Ireland, Occasionally

“I have always just assumed that they were that long [5 minutes], it is just something that I have always said, like ‘oh don’t worry you’ve got plenty of time, they’re 5 minutes long’, if I need to get something done in the ad breaks.”

Post family/Empty nester, 50+, ABC1, Northern Ireland, Regularly

It was primarily participants, aged 30+, who had given some thought to the idea of restrictions and were able to make assumptions on the current restrictions in place, feeling it was likely because they were more likely to watch programmes 'live' on TV, and that advertising on PSBs are an established part of their TV experience. In contrast, younger audiences (typically 16-24 years old) had less established opinions on the abstract idea of advertising in general and were less articulate in voicing their views on the prevalence of advertising or its regulation. These audiences felt that due to their greater use of streaming and on-demand services, they were much less aware of and confident in guessing the current regulations for 'live' TV advertising.

“The way the youth watch TV now isn’t the same as how we watched it. I grew up with four channels, we all watched a programme at the same time so an advert would probably hit more people so the audience viewing figures were definitely different. Now, with all the platforms, it has diluted everything so much, it’s got to be hard.”

Post family/Empty nester, 50+, C2DE, South East, Occasionally/Rarely

“I’m a child of the 80s so I remember having to sit through and watch ads; you couldn’t change the channel. Advertising is there to generate revenue for the channels and the individual advertisers to promote their product.”

Family (oldest children 11-15), 30-50, C2DE, Northern Ireland, Occasionally

“I rarely watch adverts to be honest, this is probably because of how little TV I watch that comes with adverts. I never really have, maybe when I was younger I did watch programmes with adverts, but now it is either Netflix or Amazon that I watch.”

Pre-family, no children, 16-17, C2DE, Scotland, Rarely

While the complexity and depth of existing rules was surprising to many, viewers were in favour of regulations that aim to protect their viewing experience

When simplified details of the current COSTA rules in place were shared with, and interrogated by participants at the start of the research process, their spontaneous responses were surprise at the quantity of rules in place.

“I didn’t realise that there were different limits with times per hour; that was a bit of an eye opener and the rules across the different channels and there being an average across hours. It was interesting that some channels can have more ads than other channels.”

Post family/Empty nester, 50+, ABC1, Northern Ireland, Regularly

“I had no idea it was so complex and so discriminating against the PSBs.”

Pre-family, no children, 16-17, C2DE, Scotland, Occasionally

“I didn’t know that there were different rules so that was interesting.”

Older family (oldest children 12+), 41-60, ABC1, Wales, Occasionally

Some elements of the rules, such as the specifics around the quantity and scheduling of TV advertising, were felt confusing and required time for viewers to understand them but also ultimately to understand *how* or *whether* the rules impacted their viewing experiences across different channels. Participants often found their assumptions and their understanding of restrictions challenged by the (simplified) rules they were shown, finding it difficult to apply them to their recollections of watching TV and advertising breaks.

“I feel like adverts are going on for longer, and when I read the guidelines that they have to stick to for the amount of minutes, I was like ‘wow!’, so why are they seeming longer? Is that because of my attention span? Because of the constant streaming and the other technology we’ve got now has changed my brain?”

Post family/Empty nester, 50+, C2DE, South East, Occasionally/Rarely

In spite of an initial lack of awareness, on consideration and deliberation of the rules, viewers were generally supportive of the rationale behind the COSTA rules and the idea that the regulations in place are there to protect their TV viewing experience by limiting their exposure to advertising.

“I agree with having rules and from my perspective, what we have in Britain is very good and I think that’s because of regulations. The ads in the US are much longer so I’m quite happy to have the rules!”

Post family/Empty nester, 50+, ABC1, South East, Regularly

“You don’t want it to be a free for all; there needs to be some rules and regulations.”

Post family/Empty nester, 50+, ABC1, Northern Ireland, Regularly

“I’m not any happier to see adverts, as I still don’t enjoy being advertised to - but I would say that I feel a little more tolerant, as I now understand the reasons why they are needed.”

Middle age (never had children), 30-50, C2DE, South West, Regularly

Viewers are surprised when they learn that there is a difference in the quantity and scheduling of TV advertising in commercial breaks across channels.

Prior to the study, participants were unaware of any differences in how advertising across TV channels may manifest.

“I had no idea that PSB had more rigorous rules applied. I would have assumed that all advertising followed the same rules.”

Older family (oldest children 12+), 41-60, ABC1, Wales, Occasionally

“All I noticed was that I always knew BBC didn’t have adverts and noticed ITV had ads and then that ITV2 had ads about ITV.”

Younger family (children 1-10), 21-50, ABC1, Midlands, Regularly

It was only following interrogation of the COSTA rules that viewers understood that there is a variation in ad break length across PSB and non-PSB channels and many were surprised by Rule 5³ that determined the length of advertising breaks. When recalling their own viewing experiences, the vast majority had not noticed any differences in break length.

“I don’t see any difference in advertising between PSB and non-PSB channel advertising. I think they’re all much of a muchness.”

Post family/Empty nester, 50+, ABC1, Northern Ireland, Regularly

Based on prior assumptions, participants felt that all advertising breaks (regardless of channel) lasted around five minutes and they were particularly surprised to learn that, for PSB channels, advertising breaks were restricted to three and a half minutes of advertising.

“I think the perception of time is much longer than it actually is. When people were saying sometimes the adverts seem to be longer than the programme...when you sit down and actually put your stopwatch on or look at your watch and say right, I’m going to see how long this lasts for, you notice that they do stick roughly within those timeframes. But when you’re watching it, you think adverts are so long.”

Post family/Empty nester, 50+, C2DE, South East, Occasionally/Rarely

When it was understood that the current rules allowed for more advertising on non-PSB channels, some responded negatively to the idea (despite most not having noticed this before). Participants felt

³ Rule 5: In terms of duration (length) **that one break cannot exceed 3 and half mins of advertising**, with an additional 20 secs (3.50 in total) of trailers/other promotional material

in particular that having two internal breaks per 30-minute programme would be too disruptive and impact negatively on their viewing experience.

Once it was understood how they were being impacted, and that there was a difference in frequency and the quantity and scheduling of TV advertising rules across channels, some participants felt that they were ultimately being punished for their viewing preferences, especially if they were more likely to watch non-PSB channels instead of PSB channels. They felt that their viewing experiences were being more impacted by the regulations, because the non-PSB channels they watched had more commercial breaks so their viewing is more likely disrupted.

“It does seem a bit unfair on viewers. It's as if viewers are penalised for their viewing choices. I watch a combination of PSB and non-PSB channels, if anything probably more non-PSB channels, so I am being forced to watch more adverts?”

Family (oldest children 11-15), 30-50, ABC1, Scotland, Regularly

Viewers were uncertain as to why there is a difference in rules across television channels, with this lack of parity between them being seen as ‘unfair’ to the channels.

When discussing the difference in COSTA rules for PSB and non-PSB channels, viewers struggled to understand the rationale behind why there is a variation. Viewers’ understanding of the rules and how they were applied led them to believe the idea that non-PSB channels, due to their smaller viewing numbers, require more advertising ‘time’ to better ensure there is equal opportunities to generate revenue on the level of PSBs – a hypothesis they largely rejected. Many thought it unfair and not in the spirit of fair competition that PSBs with larger and more consistent viewing numbers have greater restrictions and less quantity and scheduling of TV advertising available to them.⁴

“Very divisive if you ask me, simply because the likes of ITV are under a heavier set of restrictions than the likes of ITV2... At the end of the day what’s going to happen is if you keep on giving more freedom to the non-PSBs there’s going to come a point in time where the PSBs will become underfunded to the point whereby they will be regulated into oblivion.”

Post family/Empty nester, 50+, C2DE, South East, Occasionally/Rarely

In addition, as many regarded the non-PSBs discussed to be the ‘sub brands’ of main PSB channels (e.g. E4 being essentially the same entity as Channel 4), they struggled to see how having parity between the two would negatively impact the ‘smaller’ channel as they essentially ‘share’ revenue.

“I don’t see it like that. PSBs are like the mother channels and the others are subsidiaries; they’re like children type of channels. It’s all advertising so what difference does it make? This is about funding programmes. It gets quite complicated doesn’t it when you think about all of the channels and all of the streams?”

Older family (oldest children 12+), 41-60, ABC1, Wales, Occasionally

⁴The pre-task materials explained the rationale behind having rules around quantity and frequency of advertising but not specifically on the difference in rules between PSB and non-PSB channels.

As such, viewers felt that there should be parity between channels and that there is currently a lack of fairness in the different rules enforced upon PSBs and non-PSBs.

“As I said, there needs to be a bit of a levelling up of the regulations such that either PSBs are given a little more leeway or the non-PSBs are given a little less.”

Post family/Empty nester, 50+, C2DE, South East, Occasionally/Rarely

“I didn’t realise that ITV is held to much stricter guidelines than Sky or ITV2. ITV2 and ITV are pretty much in the same family of broadcasters and yet ITV is held to much stricter standards. For me, it is like you’re penalising somebody because they are going to state school as opposed to going to private school.”

Post family/Empty nester, 50+, South East, C2DE, Occasionally/Rarely

“I think the rules being different for PSB vs. non-PSB is unfair. As a viewer, depending on what you enjoy watching and what channel it is aired on, will mean you could be subject to more advertising as opposed to someone who enjoys watching something else. This is also unfair on the channels as why should it be one rule for one and not the other.”

Middle age (never had children), 30-50, C2DE, South West, Regularly

3.4 Viewer responses to potential changes to COSTA rules

Openness to changing current regulations is initially based on the idea of fairness and bringing parity to rules affecting PSB and non-PSB channels

Overall, viewers recognised the need for a re-examination of the COSTA rules and felt like the current status quo needed to be addressed. As noted, viewers were generally unclear on *why* the two types of broadcasters (PSB and non-PSBs) have different regulations. For many, this difference felt ‘unfair’ and initially led them to believe that change to advertising rules needed to happen in order to bring parity between PSB and non-PSB channels.

“Fairness is important. The fact that there are differences doesn’t seem right to me.”

Older family (oldest children 12+), 41-60, ABC1, Wales, Occasionally

The idea of this potential change allowing PSB channels to remedy the financial shortfall caused by a fall in advertising opportunities, helped drive viewer support of a potential change to the rules.

Acceptance of the potential rule changes tended to depend on what broadcasters would do with the additional revenue generated.

Throughout the research process, viewers were quick to reiterate that any additional revenue must go towards the development of good-quality programming, and not solely towards broadcasters’ profits or to their shareholders. In the minds of viewers, this was felt to be a non-negotiable condition of increased advertising. This made viewers less accepting of the idea of increased advertising; if there is no proof of a tangible benefit to them (i.e. investment in good-quality programming), this is where the idea of more advertising falls down in their minds.

“If they were able to say ‘we’re increasing the amount of ads because we need this to make better programmes’ or ‘40% of your revenue has to go back into making better programmes’ maybe people would be more accepting of it. No guarantee that the revenue from ads is not just going to end up going to shareholders. Doesn’t necessarily mean we’re going to get better quality – it’s not a definite equation.”

Family (oldest children 11-15), 30-50, ABC1, Scotland, Regularly

“Does it really go towards quality programmes? I didn’t know it worked like that. I thought revenue went to them, not to programming. I guess I would like confirmation of that because I have never been made aware that ad revenue goes directly to that.”

Pre-family, no children, 18-24, ABC1, Wales, Regularly

“A few ad breaks in an hour length programme is acceptable. I would rather have none, but I see how money needs to be made and advertising on other TV shows is important. It goes towards massive funding to bring us new dramas which is what is needed. Otherwise, we would be watching constant repeats of TV programmes!”

Family (oldest children 11-15), 30-50, C2DE, Northern Ireland, Occasionally

While the idea of parity is important to viewers initially, the maintenance of current TV experiences is the overarching priority.

While viewers often cited wanting fairness in the application of rules, they were strongly resistant to the idea of more advertising as a consequence of bringing parity. As conversations continued therefore, it became clear that the ultimate priority for viewers would always be the preservation of their current TV experiences over and above the idea of fairness. It was not uncommon for these contradictory views to be held at the same time and viewers saw no contradiction in holding both views. This contradiction was typically played out in the research by viewers expressing that they would not want to see non-PSB advertising rules applied to PSB channels in spite of the fact that they had not noticed any differences in the quantity and scheduling of TV advertising, or how advertising breaks are scheduled, between non-PSB and PSB channels.

While the idea of fairness and equity across channels was felt important to viewers, there was an initial negative and visceral reaction to how increased advertising may manifest (i.e. PSB rules changing to reflect non-PSB regulations) and the idea of increased advertising on PSB channels.

“I already get annoyed when there are loads of ads on the channels my kids watch, and they come to me going ‘I want that toy etc.’, they wouldn’t know these toys existed, so annoying, so wouldn’t want that to increase.”

Younger Family (children 1-10), 21-50, C2DE, Midlands, Regularly

When challenged further, however, it became clear that viewers wished to prioritise their current TV experiences over fairness and parity.

“Ofcom need to put the viewers’ experience first. Don’t allow too many ads across the board as viewings will decrease.”

Younger family (children 1 – 10), 21-50, C2DE, Midlands, Regularly

As conversations and deliberation continued and turned to the question of *how* additional advertising could be introduced, the strength of feeling for preserving current PSB viewing experiences did lessen.

“To be honest the changes discussed aren’t that bad, I would still watch TV as long as quality remains high.”

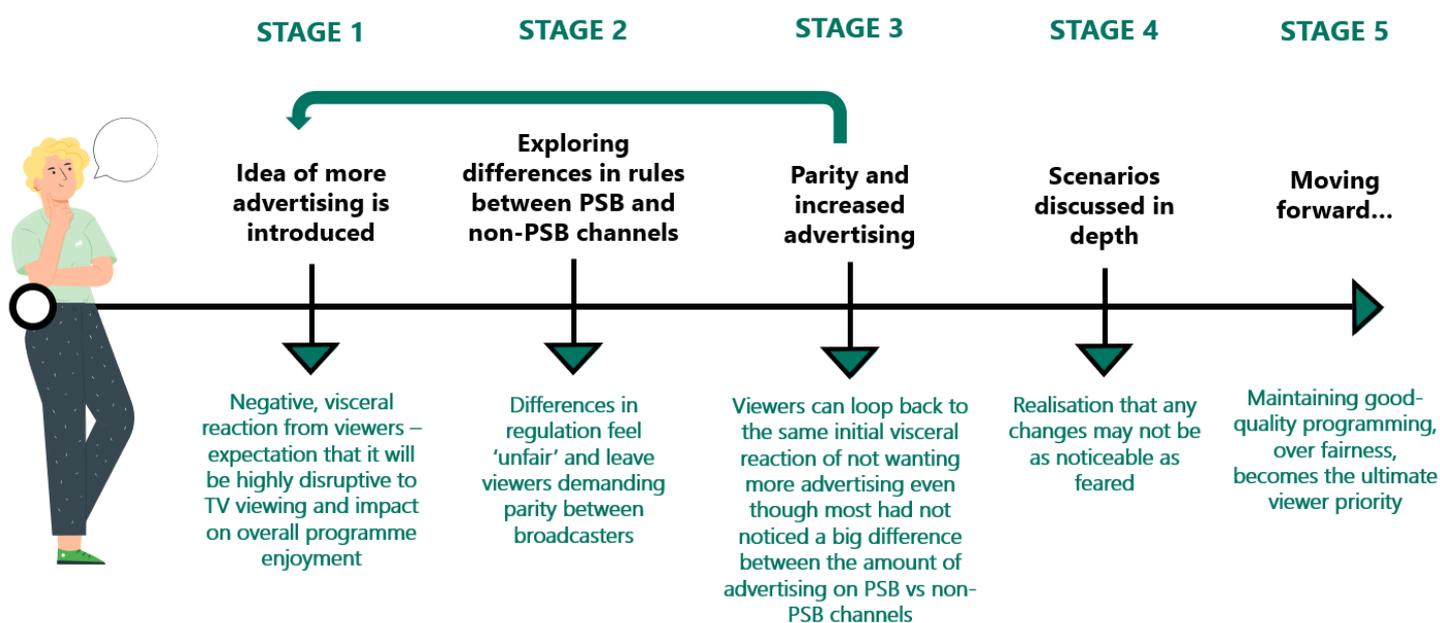
Pre-family, no children, 18-24, ABC1, South East, ABC1, Occasionally/Rarely

The prospect of increased advertising becomes more acceptable as viewers become more informed.

As often seen with the deliberative research process, participants opinions changed upon reflection. In this instance, viewers moved from initial resistance to the proposed changes to being fairly accepting of their introduction. Tolerance levels towards each scenario were determined by how disruptive the proposed idea was perceived to be to overall viewing experiences and were based around the condition that the additional revenue had to be invested in good-quality programming for the enjoyment of viewers.

The illustrative model below shows the typical attitudinal journey that viewers went on as they considered the possibility of increasing advertising based on changes to the COSTA rules and how this might play out on their screens and impact their TV experiences:

Illustrative example



At **Stage 1**, when the idea of more advertising was introduced, there tended to be a negative, visceral reaction from viewers. They quickly jumped to the conclusion that any increased advertising would be highly disruptive to their TV viewing and significantly impact their overall programme enjoyment.

When differences in rules between PSB and non-PSB channels were discussed at **Stage 2**, conversations focused on the perceived ‘unfairness’ of these differences. This meant that many viewers started taking a moral standpoint and were keen to highlight that parity between broadcasters (i.e. ensuring that rules were changed to be the same for PSB and non-PSB channels) should be the priority when changing regulation.

As conversations progressed at **Stage 3** and the topics of both parity and increased advertising were discussed in more depth, viewers tended to loop back to the same initial visceral reaction of not wanting more advertising. This was often notwithstanding the fact that the vast majority had never noticed a significant difference between the amount of advertising on PSB vs. non-PSB channels.

When viewers were taken through a range of scenarios (see pages 62-64 in the Appendix) outlining how potential changes to COSTA rules could manifest at **Stage 4**, they then tended to realise that any rule changes may not be as noticeable, or as disruptive to their viewing, as initially feared. Acceptance of rule changes grew at this point as viewers better understood how increased advertising might be introduced. Critically, viewers felt that it was essential that the additional revenue generated by increased advertising would be invested in providing good-quality programming.

Finally, at **Stage 5**, when the conversation moved to the future of TV advertising, and what Ofcom as a regulator should bear in mind when introducing any new rules, it became clear that viewers ultimately prioritised the continuation of good-quality programming. Preserving good-quality programming is a non-negotiable factor for viewers – this means that their willingness to tolerate more advertising on PSB channels in the future is on the condition that any additional revenue, generated through increased advertising, is invested in engaging content. In short, there must be a tangible benefit to viewers if they are to tolerate any potential disruption to their TV viewing experiences.

Viewers wanted any potential increases in the quantity and scheduling of TV advertising to be subtle.

Although viewers generally understood the rationale behind the proposed changes to the COSTA rules and the need for PSB channels to raise enough revenue, viewers made it clear that the ideal would be to make increased advertising as minimally disruptive and noticeable as possible. As noted above, ensuring that increased revenue went toward maintaining good-quality programming was reinforced as a necessity by viewers.

“There has to be a balance. I accept the need for adverts but too many adverts can spoil viewing so it depends how extreme.”

Older family (oldest children 15-16), 41-60, C2DE, North East, Regularly

Overall responses to scenarios

On balance, viewers considered the scenarios perceived to be least disruptive to their TV viewing to be the most acceptable options.

However, all potential scenarios were considered to be short-term solutions. There was a general consensus among participants that the potential COSTA changes would only help PSBs with funding challenges in the short term.

Scenarios:



When discussing what the potential COSTA rule changes could look like, viewers considered the scenarios that they perceived to be the least disruptive to their TV viewing to be the most acceptable options. The only exception would be **Scenario 1** – although this scenario of ‘Rules staying the same’ would be the least ‘disruptive’ in terms of the amount of time dedicated to advertising, viewers generally agreed that Scenario 1 would be the most detrimental to their overall viewing experiences; the prospect of less good-quality programmes as a result of ‘rules staying the same’ was strongly rejected by viewers.

The two preferred scenarios were:

- Scenario 3 – Allowing longer advertising breaks
- Scenario 4 – More advertising during certain parts of the day

The least preferred scenario was:

- Scenario 2 – Allowing more ad breaks within programmes

Scenario 2 was seen to be the most disruptive to the viewing experience.

Although **Scenario 3** and **Scenario 4** were felt to be the most acceptable options of those discussed, it became clear that all scenarios were perceived by viewers to be short-term solutions to the current funding challenges faced by PSBs. Viewers reached the consensus that more innovative, longer-term alternatives will need to be adopted to ensure that PSBs can compete with on-demand television and online streaming services.

“I think advertising is a very risky thing to base your whole funding on. Increasing it [advertising] isn’t sustainable. It might be that you have to pay a subscription fee.”

Post family/Empty nester, 50+, ABC1, Northern Ireland, Regularly

“It feels like a pre-historic model and quite how to fix it and make it right, I don’t know.”

Family (oldest children 11-15), 30-50, C2DE, Northern Ireland, Occasionally

Some worried that the potential changes introduced in Scenarios 2-4 could be the ‘thin end of the wedge’ and the first step towards the risk of incremental increases.

“The difference between nine minutes and seven minutes for me is quite a lot over the course of an hour. If we don’t draw the line now, what’s to stop them from putting 15 minutes of advertising in?”

Family (oldest children 11-15), 30-50, C2DE, Northern Ireland, Occasionally

“My fear is that with any of these options, what’s going to happen is that PSBs are going to have a change, which is fair enough, we need a change, but the non-PSBs are also going to have a change and effectively what’s going to happen is they are going to have more liberty or leeway than the PSBs even though the idea is that PSBs need a break.”

Post family/Empty nester, 50+, South East, C2DE, Occasionally/Rarely

There was also an awareness among viewers of there being no guarantee that any additional funding would go towards new content. This raised concerns that viewers would continue to migrate away from PSB channels if the current quality of programming was not maintained. The implication from viewers therefore was that Scenarios 2-4 would only be acceptable, and tolerated by viewers, if additional revenue is used to maintain the quality of programme content. Remaining competitive in the TV landscape, by investing in engaging content, was felt to be essential to ensure that PSB channels can survive.

“Most important thing is the quality, that’s all that matters. If there are still repeats and the quality drops, they will lose everyone to Netflix.”

Older family (oldest children 12+), 41-60, ABC1, Wales, Occasionally

Detailed responses to each scenario

We tested four potential scenarios in total with participants – each scenario was positioned as an example of how the potential rules changes might manifest subject to how broadcasters chose to introduce them.

Participants were given an initial opportunity to read through these potential scenarios independently in their digital pre-task and then we explored each scenario in depth in their follow-up focus group or depth interview.

Scenario 1 – Rules staying the same

Generally, Scenario 1 was not considered to be a viable option if good-quality programming is to be maintained in the current competitive TV landscape; the few in support of this scenario highlighted the need to explore other revenue streams.

As noted above, some viewers felt that TV programmes on PSB channels are already reducing in quality and showing more repeats than in the past.

The possibility of programme quality worsening and repeats increasing as a result of keeping the current COSTA rules was therefore negatively received. Viewers imagined that the number of those watching TV 'live' would reduce further; many reported that they would consider watching more programmes on online streaming platforms if that ensured that they had access to better quality programmes.

The minority who were in favour of Scenario 1 chose this option because they believed that PSB channels should not rely solely on increased advertising to raise revenue and should consider alternative revenue options, such as product placement and sponsorship. Others chose Scenario 1 as their preferred option because they were concerned that the new potential rules could significantly, and noticeably, increase the amount of advertising shown.

“If rules stayed the same, there would be less good-quality shows which would mean less people would watch them. Things shouldn’t stay the same as they risk things becoming worse.”

Pre-family, No children, 16-17, C2DE, Scotland, Occasionally

“Too many repeats and I would just move to listen to radio more. Less choice would also burn off my interest.”

No internet, Young family, 30-50, ABC1, South

Scenario 2 – Allowing more ad breaks within programmes

Viewers worried that Scenario 2 would be highly disruptive, especially during shorter programmes – this scenario was frequently voted as the least acceptable potential change.

Increasing the number of commercial breaks within programmes was not well received. The stimulus example of including two breaks during a thirty-minute programme, like *Coronation Street*, was not well liked as viewers reflected on how this could disrupt the flow of a storyline.

The split between programme content and advertising also raised concerns. Some worried that a 30-minute programme might be reduced to nearer to twenty minutes of content with the inclusion of increased advertising. As viewers reflected on this scenario, they anticipated that programme content length would reduce rather than extend into a longer allocated slot of forty minutes with increased advertising.

Length of programming and **time of day** is a key consideration. A one-hour programme with multiple ad breaks was perceived to be *more* acceptable than a thirty-minute programme with two ad breaks. Some viewers, including parents with younger children, were less tolerant of increased breaks on weekday evenings; schedules tend to be more fixed on weekdays and some worried that another ad break would disrupt family routine or deter them from watching a programme at all.

“I’m not that keen to have two adverts. I don’t mind the one; to have two ad breaks in 30 minutes, especially if you’re watching a drama, perhaps not a quiz show so much, it’s really going to take from that drama and add the suspense. I think it would encourage people to record it. And then people aren’t watching the adverts at all.”

Older family (oldest children 12+), 41-60, ABC1, Wales, Occasionally

“My kids already have very little attention span; they are not used to ads like we are so I think they would not like this option.”

Young family (children 1-10), 21-50, ABC1, East Anglia, Occasionally/Rarely

Scenario 3 – Allowing longer ad breaks

Scenario 3 was considered to be a more acceptable option as it was perceived to be less disruptive to overall programme flow and the TV experience.

Most viewers felt that longer commercial breaks are likely to be less noticeable and disruptive compared to more commercial breaks within programmes (Scenario 2).

Of those who currently watch non-PSB channels, most had not noticed a difference in the length of advertising on these channels compared to PSB channels. This means that they felt they could become accustomed to a longer break if introduced.

As many viewers use commercial breaks as an opportunity to “do something else”, there was a perceived additional benefit of using a longer run of adverts to their advantage. For example, to make a drink, have a comfort break or respond to phone messages.

The only real concern viewers had with Scenario 3 was how much longer breaks would be. Increasing commercial breaks length time as subtly as possible was the ideal for viewers to ensure that programme engagement levels are maintained.

“It would be a lengthy ad break but at least it would be done and dusted and then you can immerse yourself back into the programme.”

Older family (oldest children 12+), 41-60, ABC1, Wales, Occasionally

“I would just see it like a half time. They have that in sport, and everyone is fine with it. You just make a cup of tea, do some washing etc. And you can do all that and then not miss any of the programme.”

Young family (children 1-10), 21-50, ABC1, East Anglia, Occasionally/Rarely

Scenario 4 – More advertising during certain parts of the day

Like Scenario 3, Scenario 4 was felt to be an option that would be less disruptive to viewers’ overall TV viewing experiences.

Overall, Scenario 4 was perceived to be an effective way to help PSB channels raise revenue with minimal disruption to current TV viewing experiences.

It was generally understood that the peak-time slots provide opportunities to raise the largest revenue based on high audience numbers at these times. Viewers were therefore more accepting of increased advertising on PSB channels during the peak 6-7pm and 10-11pm slots.

“There are more people watching so you expect more adverts so they get more revenue. You can stick more ads on ‘I’m a Celeb’ as more people are watching it. It’s the time when people are watching, they’re eating their dinner and they won’t

really care.”

Post family/Empty nester, 50+, ABC1, Northern Ireland, Regularly

They recognised the need to spread out the amount of advertising across the day and there was a general acceptance that if their favourite programme was broadcast during these peak slots, they might have to make a compromise and accept an increase in advertising to ensure that programmes continue to exist in the future.

Increasing advertising during **news programmes** (typically broadcast during these peak slots) was generally felt to be acceptable. Viewers felt that the news landscape was very different now and that news stories can be accessed from a variety of sources, not just through the medium of television at a given time. The peak news slots were not viewed as being sacrosanct. However, ensuring that advert breaks were scheduled carefully, and sensitively, was one key consideration that viewers felt strongly about. For example, viewers mention that it would be preferable to avoid showing an advert break in the middle of hard-hitting headlines.

“I like Scenario 4 best as I don’t really watch the news anymore. And I don’t watch 10-11pm as that’s when I’m getting ready for bed.”

Post family/Empty nester, 50+, ABC1, Northern Ireland, Regularly

Glossary

BVoD (Broadcast Video on-Demand): A video on-demand service that allows online access to content from traditional television broadcast stations that viewers can consume at any time. There is no charge to access these services.

Code on the scheduling of television advertising (COSTA): The Code sets out the rules with which television broadcasters licensed by Ofcom must comply when carrying advertising.

Commercial reference: Any visual or audio reference within programming to a product, service or trademark (whether related to a commercial or non-commercial entity).

Minutage: The amount of time, in minutes, during which advertising can be broadcast.

Non-public service broadcasters (non-PSB): Non PSB channels refers to all licensed commercial television channels except for the PSB channels – it includes Local Digital Television Programme Services (L-DTPS) services For this research examples of non-PSBs given to participants included: ITV2, E4, Dave, 5star, Sky Atlantic, Gold.

Product placement: The inclusion in a programme of, or of a reference to, a product, service or trademark where the inclusion is for a commercial purpose, and is in return for the making of any payment, or the giving of other valuable consideration, to any relevant provider or any person connected with a relevant provider.

Programming: All broadcast content except advertisements in commercial breaks and teleshopping. (Programmes, trailers, cross-promotions and sponsorship credits are all forms of programming.) For the purposes of this research ‘programming’ refers to actual programming content.

Public service broadcasters (PSB): All the channels funded by the TV licence fee, ITV/STV, Channel 4, S4C and Five. Under the Communications Act 2003, the main terrestrial TV channels – BBC One, BBC Two, ITV/STV,, Channel 4, S4C and Five – must deliver programmes and services which cover a wide range of subjects and which meet the needs and interests of many different audiences. Among other aims, they are expected to meet high standards, to educate, to entertain, and to reflect and support cultural activity in the UK. For this report PSBs refer only to commercial PSBs, namely ITV/STV,, Channel 4, S4C and Five.

Recoupment: The process under which broadcasters are permitted to make good losses sustained through unforeseen human or technical failure or unavoidable interruptions in transmission. In all cases, losses should where possible be recouped in airtime of similar value.

Sponsorship: Sponsored programming (which may include a programme, channel, programme segment or block of programmes) is programming that has had some or all of its costs met by a sponsor with a view to promoting the sponsor’s products, services, trademarks and/or its activities. (An advertiser-funded programme is a form of sponsored programme).



SVoD (Subscription Video on-Demand): A video on-demand service that allows users to access a library of content for a recurring fee. This fee may be charged daily, weekly, monthly or annually, depending on the service.

Television advertising: (as defined in COSTA) Any form of announcement broadcast whether in return for payment or for similar consideration or broadcast for self-promotional purposes by a public or private undertaking or natural person in connection with a trade, business, craft or profession in order to promote the supply of goods or services, including immovable property rights and obligations, in return for payment.

Appendix 1: Sample

Group criteria

- Range of ages (loose quotas set by lifestage to ensure a broadly representative cross section of the UK from 16+)
- Broad mix of ABC1/C2DE (representation of 'As' across the sample were based on best effort basis as this social economic group is less prevalent)
- Coverage in England, Scotland, Wales, and Northern Ireland (quotas set to provide a broadly reflective sample of UK population)
- Mix of urban/suburban and rural locations within each region
- Mix of cities represented within locations
- A diverse audience with a spread of different ethnic backgrounds and representation of those with disabilities
- Even split of gender
- A range of TV channels used
 - All watched PSB channels (ITV1, Channel 4, S4C, Channel 5)
 - All watched at least 1 non-PSB channel at least occasionally
 - A range of other viewing such as to SVoD services including Netflix, Amazon Prime etc.
- A range of TV viewing behaviours
 - Mix of live versus on-demand viewing habits/preferences
 - Mix of those who watch TV in evening versus daytime viewing
- A range of PSB TV viewership defined as:
 - *Rarely*: Spending less than 4 hours total across a week
 - *Occasionally*: Spending more than 4 but less than 8 total across a week
 - *Regularly*: Spending over 8 hours total across a week.

Sample summary

Session	Lifestage	Age bands	SEG	TV viewership	Location
1 (Pilot Group)	Post family/Empty nester	50+	ABC1	Regularly	London
2	Pre-family, no children	16-17	C2DE	Occasionally	Scotland
3	Pre-family, no children	18-24	ABC1	Regularly	Wales
4	Pre-family, no children	18-24	C2DE	Occasionally	North West
5	Pre-family, no children	18-24	ABC1	Occasionally/Rarely	South East

6	Young family (children 1-10)	21-50	C2DE	Regularly	Midlands
7	Young family (children 1-10)	21-50	ABC1	Occasionally/Rarely	East Anglia
8	Middle age (never had children)	30-50	C2DE	Regularly	South West
9	Family (oldest children 11-15)	30-50	ABC1	Regularly	Scotland
10	Family (oldest children 11-15)	30-50	C2DE	Occasionally	Northern Ireland
11	Middle age (never had children)	41-60	ABC1	Regularly	Midlands
12	Older family (oldest children 15-16)	41-60	C2DE	Regularly	North East
13	Older family (oldest children 12+)	41-60	ABC1	Occasionally	Wales
14	Post family/Empty nester	50+	ABC1	Regularly	Northern Ireland
15	Post family/Empty nester	50+	C2DE	Occasionally/Rarely	South East

Depths*	Lifestage	Age bands	TV viewership	Location
X 10	A mix inc. (pre family, family, empty nesters)	A range of ages (34-67)	A mix of regular and occasional	4 x South 4 x North 2 x devolved Nations

*Depth participants had limited or no access to the internet.

Appendix 2: Method detail

Stage 1: Respondents in the online community were given an explanation of the role of advertising before being shown information on the COSTA rules and asked a series of questions on their attitudes to and perceptions of TV advertising as well their thoughts on the quantity and scheduling of TV advertising rules. The community followed the following structure:

- *Your thoughts on television and advertising* – a brief task to explore viewers’ understanding and awareness of current television advertising.
- *Television Advertising 101* – a more detailed introduction to TV advertising with a few short questions to capture attitudes and opinions on: The role and necessity of TV advertising; Different rules for PSB and non-PSB channels and rationale; The current challenges faced by PSBs.
- *Television Advertising Scenarios* – exploring potential changes to television advertising rules presented through a range of different scenarios.

Participants responded to questions over a 3-day period before attending deliberative sessions.

Stage 2: Participants were reconvened in online groups based on criteria (age, region, demographic detail, viewing habits) for discussions lasting up to 1.5hrs. Sessions covered: their reflections on TV advertising; the current COSTA rules; the repercussions of potential changes to the rules (using stage 1 responses task as a reference point). The information from Stage 1 was used as stimulus to prompt discussion. All sessions used the same following structure:

- **Introduction:** A brief recap on the project objectives and an opportunity for respondents to introduce themselves.
- **A reflective discussion:** Participants reflected on the wider topic of TV advertising based on Stage 1 and discuss how/whether this impacted on their views.
- **A deep dive into potential COSTA rule changes:** A deliberative discussion to establish how participants feel about potential changes to the COSTA rules Conversations also covered: participants understanding of the broader TV landscape; viewing habits and how these have changed over time; how TV is funded before looking at the existing COSTA rules and potential changes to them. These discussions helped to establish a benchmark for tolerance in terms of what is (un)acceptable and why.
- **Summing up:** Reflection on what was discussed and to what extent their views had changed following group discussions.

Appendix 3: Fieldwork Materials & Stimulus

Script for online community

Task 0a – Welcome/Consent [INSTRUCTION. SINGLE COMPLETE]

Subtitle: Consent form

1. Please read the following and then click 'I agree' if you agree to the below terms.

I understand that 2CV, an independent research agency, are conducting this study. This is a nationwide research project being run on behalf of Ofcom.

I agree that I will keep strictly confidential all information (including but not limited to the ideas, concepts) discussed during this Study for the two (2) year period starting on the date this agreement is signed.

I give permission for all text and media (photos, pictures, audio, video) I share with the research company via uploads/emails/app sharing be used only by the research company (2CV) and the company commissioning the research (Ofcom). I understand that my full name will never be associated with any of my responses at analysis, but will be analysed and reported collectively, unless I consent otherwise upon request.

I understand that all those observing from 2CV must respect the confidentiality of all information exchanged. The end-client may also be observing your submissions including any videos, audio or images but will not be able to view your personal details i.e. name, email address.

I understand that all those observing from 2CV, recruiting partners and clients must respect the confidentiality of all information exchanged.

I understand that I can refuse to respond to any question and have the right to withdraw my consent at any stage during the study and shortly thereafter, and must contact the person who recruited me or the research contact. (Please note that this will affect the amount of incentive received.)

2CV operates in accordance with the MRS (Market Research Society) Guidelines in compliance with GDPR. [SINGLE CODE]

2. Please select your response to the above terms.
 - Yes, I understand and agree to the terms
 - No, I do not agree to the terms

3. [IF CODE YES at Q2]

Where we ask for text or media responses, these will be used as part of our reporting.



Please tick all that you consent to below (**you must consent to all to take part in the project**). [MULTI CODE]

- 2CV sharing the content (text/photos/audio/video) internally to include in client debriefs.
- 2CV sharing the content (text/photos/audio/video) with the end client as part of our reporting.

4. [IF CODE 1 + 2 AT Q3 – LEAVE CONSENT/TASK REPEATABLE SHOWING ONLY THIS TEXT]

We're pleased to have you on-board! We're looking forward to your participation in this project.

Please note that you can participate in this study via the '2CV Momento' app or our online platform. On your desktop/laptop, go to <https://xxxxx> and log in with the same account info. [CLOSE]

5. [IF CODED NO AT Q2 OR CODED ONLY 1 OR 2, SHOW BELOW MESSAGE] You must consent to all of our data usage conditions to take part in this research - you can restart this task to agree consent OR contact your recruiter and/or **xxxx** (xxxxx@2cv.com) to let us know you won't be taking part so we can find a replacement. Thank you! [INSTRUCTION]

Task 0b – Project Intro & Instructions [REPEATABLE]

Subtitle: An introduction to the project

1. Hi everyone!

Welcome to our research project '**Exploring Television Advertising**' - thank you very much for agreeing to take part.

This project is all about gathering opinions, experiences and perceptions on the subject of '**Television Advertising**' from people across the UK.

More on 'Television Advertising'

To ensure that the public is not exposed to excessive amounts of advertising and that the quality of the viewing experience is not compromised, there are **restrictions on the amount of adverts and the frequency they are shown** that UK television broadcasters are allowed to show.

We will be using the below terms throughout the research so please keep these in mind:

- '**PSB**' channels = commercial **public service broadcasting (PSB) channels**. These are ITV, Channel 4 and Channel 5.
- '**Non-PSB**' channels = **non-public service broadcasting (non-PSB) channels**. These are all other TV channels with adverts, including ITV2, E4, Sky Atlantic, etc.

2. So, what do you need to do?

The online community aspect of this project will take place across one stage, **pre-focus group** – *these tasks must be completed ahead of attending your group session*.



1. **Getting to know you and your thoughts on television and advertising** – a task where we will explore your understanding and awareness of current television advertising.
2. **Television Advertising 101** – a more detailed introduction to television advertising with a few short questions to capture your thoughts on the following topics:
 - a. The role and necessity of TV advertising currently
 - b. Different rules for PSB and non-PSB channels and rationale
 - c. The current challenges faced by PSBs
3. **Television Advertising Scenarios** – exploring some potential changes to television advertising rules and gathering your feedback on scenarios

While participating in this project, **please remember that there are no right or wrong answers**. Please respond honestly and openly in the same way you would with a friend/family member. We're just interested to hear what you have to say.

Please also be reassured that **your responses will be entirely private and remain confidential from all other participants** - no other participants in the study will be able to see your answers to these tasks.

3. Deadline and Incentives

If all activities are completed on time and to a satisfactory standard, you'll receive your full agreed incentive after the project has closed.

REMEMBER: We need full and detailed responses to our questions, so ensure you complete the questions on whichever device is easiest for doing this. To make this easier - you can record your answers as voice notes, or use the desktop version of the app if you'd prefer to write out detailed responses using a full-size keyboard. We would recommend using the desktop version for Tasks 2 and 3 as these tasks will require you to read information and respond

Please give us as much detail in your answers as possible – we will follow up and ask additional questions if your responses are not done with sufficient detail. **You risk losing out on payment if your responses to our questions lack detail or if your responses to our additional questions are not satisfactory.**

Support & Information

If you experience any problems using this online platform please contact xxxxt@xxx.com who will provide you with technical support.

If you have any questions about the research or for further assistance, please get in touch with xxx at xxxxxx@2cv.com.

Thanks again for taking part.

Task 1 – Getting to know you and your thoughts on television and advertising [SINGLE COMPLETE]

Subtitle: Exploring your initial understanding and awareness of television advertising

1. In this task, we would like to learn a bit about yourself and to explore what you already know of television and television advertising.

PLEASE NOTE: When we are talking about 'television advertising', it is in relation to 'live' television. This is when you are watching the programme as it is broadcast, instead of paused, programmes you have recorded or via on-demand streaming services (All 4, ITV Player etc.)

If possible -please try to work through the task in one go it shouldn't take longer than 10-15 mins to complete – when you're ready, click 'Next' to start this task.

[INSTRUCTION]

2. First of all, lets start with a quick introduction – please tell us your **first name, age, what you do for work if you work/volunteering, what you do for fun** (any particular passions or hobbies) and **who you live with if you live with anyone**.

[TEXT – FIRST NAME, AGE, WHAT YOU DO FOR WORK/VOLUNTEERING, WHAT YOU DO FOR FUN, WHO YOU LIVE WITH]

3. **Thinking about television in general:**

- How often are you watching live television?
- Which channels are you watching on television?

Remember that when we say 'live', we mean when the programme is broadcast on TV – not paused, programmes you have recorded or on-demand streaming services (All 4, ITV Player etc).

[TEXT/AUDIO RESPONSE]

4. **Continuing to think about your tv watching – please tell us:**

- How often, if at all, are you **recording** TV programmes? Why?
- When you watch 'live' TV, is there anything that **influences your decision to watch it 'live'**? i.e. choosing to watch at specific times of day, for particular genres or particular channels?

[TEXT/AUDIO RESPONSE]

5. **At this current moment, what is your favourite TV programme that you watch live?** Why is it your favourite at this time? **Why do you watch it live?**

Remember that when we say 'live', we mean when the programme is broadcast on TV – not paused, programmes you have recorded or on-demand streaming services (All 4, ITV Player etc).

[TEXT/AUDIO RESPONSE]

6. **We'd now like to understand what your 'starting point' is when it comes to television advertising.**

We would like you to try and summarise your level of awareness and general attitudes towards television advertising on UK TV.

Please consider in your answer:

- a. How much, if at all, have you noticed television advertising?
- b. Why do you think that television advertising exists?
- c. How, if at all, does advertising differ between channels?
- d. How does advertising impact upon your overall television viewing experience?

You can respond to the above questions by **writing out your response** OR by **recording a voice note** – **please use whichever you are most comfortable with!**

[TEXT/AUDIO RESPONSE]

7. You're done! **Thanks very much – you've completed this task.**

Over the next couple of days before your group session, we would love for you to try and pay attention to the television advertising that you see whilst watching the television. We are **not looking for the types of adverts** that appear- this is more about **the LENGTH of the advertising breaks, the PLACEMENT of the advertising breaks, and how OFTEN they occur during your television viewing experience.**

Try to make notes on a piece of paper, your phone or a method that works best for you so that you can refer back to these notes during the focus group sessions.

8. The next task will now unlock for you.

Task 2 – Television Advertising 101 [SINGLE COMPLETE]

Subtitle: Providing you with information on television advertising and hearing your thoughts

In this task, we want to share some key information with you about **television advertising, television advertising rules** and the **differences in rules between channels.**

We will also **share information about the challenges that commercial public service broadcasters (PSBs) are facing in relation to television advertising rules.**

As a reminder, commercial public service broadcaster (PSB) channels are ITV, Channel 4 and Channel 5.

The online focus group you will attend will be focused on exploring television advertising in greater detail, so **we want to make sure you have a good understanding of the subject before we see you at the focus group!**

This task **shouldn't take much longer than 20-25 mins to complete** – when you're ready, click '**Next**' to start completing the task.

[INSTRUCTION]

1. **Firstly – we would like you to carefully read some key information that summarises why television advertising is important and what the current rules are in relation to the amounts and scheduling of advertisements.**

These slides cover:

- a. Why advertising is important
- b. Differences across times of day
- c. Rules about how long and how often
- d. Differences across channels

[INSERT STIM HERE] – SLIDES 1-14 (Intro to Existence and Importance of Television Advertising and The Rules on their Implementation)

After reading the slides above – we'd like you to share your thoughts about television advertising again keeping this new information in mind.

Please consider how 'new' this information was when answering the questions

You can respond to the above question by writing out your response OR by recording a voice note – please use whichever you are most comfortable with!

[INSTRUCTION]

2. Now you've been given this extra information what are your thoughts on the necessity and importance of television advertising? How has this impacted upon your perceptions and tolerance for advertising?

[TEXT/AUDIO RESPONSE]

3. What are your thoughts surrounding the different rules in place regarding television advertising?

How does knowing about the difference between commercial PSB channels (ITV, Channel 4, Channel 5) and non-PSB channels (e.g. E4) rules impact on your thoughts? How fair do you feel these rules are? (*For you as the viewer AND for the channel itself*).

[TEXT/AUDIO RESPONSE]

4. How would you summarise the challenges that are faced by the commercial public service broadcasters (PSBs)?

How would you imagine they could be resolved?

Remember that when we say PSBs, we mean ITV, Channel 4 and Channel 5. When we say non-PSBs, we mean channels like E4, ITV2, Sky Atlantic etc.

[TEXT/AUDIO RESPONSE]

5. Thanks very much – you've completed this task. Just one task left!

Task 3 – Television Advertising Scenarios [SINGLE COMPLETE]

Subtitle: Sharing scenarios that could happen under new television advertising rules and hearing your thoughts

1. **This is the FINAL task. Excellent job so far!**

We'd now like to share **four different scenarios with you** – these are all scenarios that **could** happen under the new television advertising rules.

As you'll see, these scenarios cover:

- **Keeping rules as they are**
- **Allowing more advertising breaks within programmes**
- **Allowing longer advertising breaks**
- **More advertising during certain parts of the day.**

This task **shouldn't take much longer than 15-20 mins to complete** – when you're ready, click **'Next'** to start completing the task.

[INSTRUCTION]

2. Before we share the four scenarios with you, we firstly want to share some extra information about the **reasons that Ofcom are reviewing current television advertising rules.**

Please **read the information below carefully.**

[INSERT STIMULUS SLIDES 15-17 – 'WHY IS OFCOM CONSIDERING CHANGES TO RULES' TO 'THINGS FOR VIEWERS TO THINK ABOUT']

Now that you've read this information, **what are your immediate reactions?** Does anything in particular stand out to you? Why?

[TEXT/AUDIO RESPONSE]

3. We'd now like you to look at Scenario 1 showing that one potential option for Ofcom could be **'Rules staying the same'**.

Please **click on the image to enlarge it and feel free to zoom in using your finger to read the speech bubbles.**

[INSERT SCENARIO 1 COMIC STRIP]

How do you feel about this as an option? Take a read of the text in the speech bubble which explains what the impact could be e.g. less good-quality programmes, more repeats and less choice in the future.

[TEXT/AUDIO RESPONSE]

4. We'd now like you to look at Scenario 2 showing that one potential option for Ofcom could be **'Allowing more ad breaks within programmes'**.

Please click on the image to enlarge it and feel free to zoom in using your finger to read the speech bubbles.

[INSERT SCENARIO 2 COMIC STRIP]

How do you feel about this as an option? Take a read of the text in the speech bubble which explains what the impact could be e.g. a 30-minute programme might have 2 ad breaks rather than 1.

[TEXT/AUDIO RESPONSE]

5. We'd like you to look at Scenario 3 showing that one potential option for Ofcom could be '**Allowing longer ad breaks**'.

Please click on the image to enlarge it and feel free to zoom in using your finger to read the speech bubbles.

[INSERT SCENARIO 3 COMIC STRIP]

How do you feel about this as an option? Take a read of the text in the speech bubble which explains what the impact could be e.g. there being no restrictions on how long ad breaks are – this is the case across non-PSB channels like E4, ITV2 and Sky Atlantic.

[TEXT/AUDIO RESPONSE]

6. We'd now like you to look at Scenario 4 showing that one potential option for Ofcom could be '**More advertising during certain parts of the day**'.

Please click on the image to enlarge it and feel free to zoom in using your finger to read the speech bubbles.

[INSERT SCENARIO 4 COMIC STRIP]

How do you feel about this as an option? Take a read of the text in the speech bubble which explains what the impact could be e.g. more advertising between the peak 6-7pm and 10-11pm slots.

[TEXT/AUDIO RESPONSE]

7. Now that you've looked at and considered all four **potential** rule changes, please **rank** the four scenarios from 1-4 in terms of **acceptability** i.e. how acceptable you feel these changes would be to you as a TV viewer if they came into effect where **1 = Very acceptable** and **4 = Not acceptable at all**.

Please drag the options into your chosen box from 1-4.

1. Keeping rules as they are



2. Allowing more advertising breaks within programmes
3. Allowing longer advertising breaks
4. More advertising during certain parts of the day

[THUMBNAIL LABELS – KEEP RULES AS THEY ARE, ALLOW MORE AD BREAKS, ALLOW LONGER AD BREAKS, MORE ADS DURING CERTAIN PARTS OF DAY]

[RANK 1-4 – 1 = VERY ACCEPTABLE, 4 = NOT ACCEPTABLE AT ALL]

8. [PIPE IN RESPONSES FROM Q7] **Why did you rank these options in this order?** Why did your top and bottom choice feel more or less acceptable to you?

[TEXT/AUDIO RESPONSE]

9. **That's the end of the tasks!** Thank you for all of your hard work – we look forward to meeting you at your focus group 😊

Discussion guide for group discussions

Business objective

To provide Ofcom with a clear understanding of current attitudes towards television advertising and specifically test audience views on the potential COSTA changes.

Session objectives

The objectives for the reconvened sessions are...

1. To gain insight into viewers' **perceptions of advertising regulations on the amount and scheduling of advertising** based on PSB & non-PSB channels.
2. To **understand viewers' attitudes to, and impact** on viewing of, allowing commercial PSBs the same flexibility as non-PSBs with regards to the amount of advertising that is broadcast and where it is scheduled.

Materials

- Information from Phase 1 inc.: Role of advertising; current COSTA Rules; Potential rule changes
- Scenarios from Phase 1;
- Ofcom 'choices'

Introduction (5 minutes)

Introducing research

Moderator to introduce themselves and the purpose of the research:

- Moderator to introduce self, welcome and thank respondent for their time & commitment so far
- Explain moderator role: impartial, independent, run tasks and keep to time; make sure participant is comfortable and understands what we're doing
- Explain confidentiality, recording & viewing, remind participants to change name on Zoom to first name only
- No right or wrong answers
- Moderator to explain that research is needed to build on the work they've done so far. Introduce idea of the group in the overall process – a chance to deliberate many of the issues explored to date
- Session lasts up to 90mins
- Answer any questions they have on the research at this point.

Respondents to introduce themselves:

- Where they live & how long for; if working, what do they do for a living; living arrangements/household composition; hobbies and interests.

Reflection – recap on what they have learned? (15 mins)

Section objective: To get participants to reflect on what they have learned on the wider topic of TV advertising views

Stimulus to be used (moderators to have to hand and use only if necessary):

1. Explanations of how TV is funded
2. Funding challenges faced by PSB broadcasters

Moderator to explain that we will look at COSTA rule changes in more depth but want to start with getting top of mind thoughts on some of the issues.

Moderator to explain that advertising is a big topic that can lead to many segues, and although content of advertising will be mentioned and covered, we are looking to explore the impact of changes to timing and rules upon the quality of their viewing experience. Moderator to prompt/be conscious of throughout.

Remind them that the rationale for the project is to explore the impact that any potential changes implemented may have on the quality of their viewing experiences, and that it is not certain how extra revenue may be used as a result of any changes that are made.

Understanding the landscape

- How conscious were they of TV advertising before they got involved in this project?
 - To what extent does this change depending on channels (PSB vs non-PSB vs VoD etc)
 - *Moderator to be constantly conscious of terminology used and to try and purposefully remind of PSB, non-PSB throughout – keeping pre-task to hand for referral.*
- What are their overall thoughts on the role of TV advertising?
 - What did they already they know? What was 'new' news/ what had they learned? What was most surprising?
 - Anything unclear/need clarifying?
 - Explore thoughts on advertising to raise revenue? Do they have any thoughts on ways broadcasters might have to raise revenue? (*Listen for then prompt on e.g. digital advertising and non-commercial references*)
- Based on what they have learned/thought about after doing the online tasks, have there been any changes in their perceptions of/feelings towards advertising/different channels/likelihood to watch and why?

Reflect on homework task

- What did they notice in terms of TV advertising activity? (*explore perceptions of prevalence/examples based on channel, platform etc. Listen for any changes based on recoupment/World Cup*)?
- Check understanding of differences between PSB and non-PSB channels?

- What are their thoughts/understanding of the 'challenges' faced by PSBs? How much does this reflect their views of PSB TV? (*listen for then probe on funding challenges caused by losing audiences to VoD and streaming services*)
 - How do they feel about these challenges? *Listen for awareness; credibility any change in overall attitudes to advertising restrictions on PSBs.*

Deep dive into potential COSTA rule changes (70 mins)

Section objective: Deliberative discussion to establish how participants feel about potential COSTA rule changes and to gather a 'citizen' perspective of these rule changes too.

Moderator to confirm all rule changes are merely possible changes at this point and nothing set in stone. Equally any actions by channels in response to changes are hypothetical.

Stimulus to be used:

1. Current COSTA rules
2. Potential COSTA rule changes
3. COSTA rule change implications: scenarios; Ofcom choices:
 - a. *Keeping rules as they are*
 - b. *Allowing more advertising breaks within programmes*
 - c. *Allowing longer advertising breaks*
 - d. *More advertising during certain parts of the day*

- Responses to current COSTA rules on advertising (*where necessary, moderator to share screen and display rules*)
 - Spontaneous thoughts? Support, indifferent etc? *Explore why they feel the way they do*
 - How well do they understand the rules? Anything need clarification/explanation? How would they explain them to someone?
 - What do they imagine the rationale behind these rules are?
 - How do they feel about the relevance of these rules in the context of today's wider media environment? i.e. rise of on-demand/streaming platform services
- (*Unpick respondents thoughts on this*) What are their thoughts/understanding of different advertising rules for different types of channels (PSB vs non-PSB)?
 - Rationale behind difference in rules?
 - How do they feel about these different rules?
 - Explore impact of current rules on their feelings towards PSB channels vs non-PSB channels

- How does this impact the quality of their viewing experience?
- How do they feel that there is a difference between PSB and non-PSB (probe even if they aren't able to distinguish a difference, yet are being informed that there is)
 - Why do they feel like this?
- Responses to the potential COSTA rule changes
 - Spontaneous thoughts?
 - Understanding of the rule changes? Anything unclear/needs explaining?
 - What do they imagine the rationale behind the possible changes are (*listen for thoughts around 'parity'/PSBs not operating under stricter rules/to enable PSBs to meet challenges*)
 - How do they think this might impact on their experiences/the experiences of others? In what way? How do they feel about that?
 - How different might their experiences be?

Acceptability

Moderator to explain that we will now focus on specific aspects of the potential COSTA rule changes.

Moderator to **note key themes (in particular factors that affect acceptability; impact on viewers' experiences)** and explore responses to **each scenario/Ofcom 'choice'**. Moderator to co-create these key themes with participants and refer back to/add to/amend throughout session (Zoom whiteboard/ PPT Slide etc.)

Moderator to re- introduce scenarios to prompt discussion ...

1. ***Keeping rules as they are***
2. ***Allowing more advertising breaks within programmes***
3. ***Allowing longer advertising breaks***
4. ***More advertising during certain parts of the day***

For each scenario explore

- What are their thoughts on this scenario? What do they like/dislike and why?
- What are their immediate thoughts on how this might impact on them? How do they feel about that?
- Explore acceptability/tolerance/prominence of each scenario and rationale (Moderator to note key themes)
 - What drives whether this is acceptable or not?
 - What criteria are they using to define acceptability?
 - Explore impact of rule changes on their feelings towards PSB channels vs non-PSB channels

- Explore impact of scenarios on their experiences and likely viewing behaviours but also on how they feel about advertising (particularly probe on how this might differ on current attitudes/feelings)
- Reflecting on their pre-task ranking of the scenarios, why did they rank in this order? Why did one scenario feel more tolerable vs another?
- How, if at all, do feelings towards scenarios (and possible rule changes) change/differ depending on...
 - Type of programming
 - Time of day
- *Explore rationale behind how/if these factors change how they feel.*

Impact of possible changes

Ensure participants are aware that COSTA is not the only option available for revenue to be made, and that there could be other possible methods to increase revenue.

- How would they feel if this scenario became a reality (*encourage respondents to reflect on Task 3 and imagining impact of scenario rule changes*)?
 - How might this scenario impact on their experiences? How different do they feel this would be to their current experiences?
- How would the scenario(s) impact their behaviour/the behaviour of others (*consider the 'citizen perspective' here*)?
 - Explore impact of the rule changes on likely behaviour towards the PSB channels? (*Listen for and then probe on likelihood to watch channel*).

Thank and close (5 mins)

- Before session draws to a close, we will check in with participants to understand how views/perspectives have changed over the course of the project.
- Sum up what they feel is acceptable vs non-acceptable and why?
- What advice would you give to Ofcom who set the rules around this type of content? *Remind participants to keep in mind their tolerance towards the different scenarios and possible changes that have been covered. Rationale*
- Any outstanding/unanswered questions/concerns/issues based on conversations today and Phase 1 work?

Discussion guide for telephone depths with low/no access audience

Introduction (5 minutes)

Introducing research

Moderator to introduce themselves and the purpose of the research:

- Moderator to introduce self, welcome and thank respondent for their time & commitment so far
- Explain moderator role: impartial, independent, run tasks and keep to time; make sure participant is comfortable and understands what we're doing
- No right or wrong answers
- Moderator to explain that research is needed to build on the work they've done so far.
- Session lasts up to 60 mins
- Answer any questions they have on the research at this point.

Respondents to introduce themselves:

- Where they live & how long for; if working, what do they do for a living; living arrangements/household composition; hobbies and interests.

Reflection – recap on what they have learned? (10 mins)

Section objective: To get participants to reflect on what they have learned on the wider topic of TV advertising views

Stimulus to be used (*moderators to have to hand and use only if necessary*):

3. Explanations of how TV is funded
4. Funding challenges faced by PSB broadcasters

Moderator to explain that we will look at COSTA rule changes in more depth but want to start with getting top of mind thoughts on some of the issues.

Moderator to explain that advertising is a big topic that can lead to many segues, and although content of advertising will be mentioned and covered, we are looking to explore the impact of changes to timing and rules upon the quality of their viewing experience. Moderator to prompt/be conscious of throughout.

Remind them that the rationale for the project is to explore the impact that any potential changes implemented may have on the quality of their viewing experiences, and that it is not certain how extra revenue may be used as a result of any changes that are made.

Understanding the landscape

- How conscious were they of TV advertising before they got involved in this project?
 - To what extent does this change depending on channels (PSB vs non-PSB vs VoD etc.)

- What are their overall thoughts on the role of TV advertising?
 - What did they already they know? What was 'new' news/ what had they learned? What was most surprising?
 - Anything unclear/need clarifying?
- Explore thoughts on advertising to raise revenue? Do they have any thoughts on ways broadcasters might have to raise revenue? (*Listen for then prompt on e.g. digital advertising and non-commercial references*)
- Based on what they have learned/thought about after doing the online tasks, have there been any changes in their perceptions of/feelings towards advertising/different channels/likelihood to watch and why?

Reflect on homework task

- What did they notice in terms of TV advertising activity? (*explore perceptions of prevalence/examples based on channel, platform etc. Listen for any changes based on recoupmnt/World Cup*)?
- (*Briefly*) Check understanding of differences between PSB and non-PSB channels?
- What are their thoughts/understanding of the 'challenges' faced by PSBs? How much does this reflect their views of PSB TV?
 - How do they feel about these challenges? *Listen for awareness; credibility any change in overall attitudes to advertising restrictions on PSBs.*

Deep dive into potential COSTA rule changes (40 mins)

Section objective: Deliberative discussion to establish how participants feel about potential COSTA rule changes and to gather a 'citizen' perspective of these rule changes too.

Moderator to confirm all rule changes are merely possible changes at this point and nothing set in stone. Equally any actions by channels in response to changes are hypothetical.

Stimulus to be used:

4. Current COSTA rules
5. Potential COSTA rule changes
6. COSTA rule change implications: scenarios; Ofcom choices:
 - a. *Keeping rules as they are*
 - b. *Allowing more advertising breaks within programmes*
 - c. *Allowing longer advertising breaks*
 - d. *More advertising during certain parts of the day*

- Responses to current COSTA rules on advertising (*where necessary, moderator to share screen and display rules*)
 - Spontaneous thoughts? Support, indifferent etc? *Explore why they feel the way they do*
 - How well do they understand the rules? Anything need clarification/explanation? How would they explain them to someone?
 - What do they imagine the rationale behind these rules are?
 - How do they feel about the relevance of these rules in the context of today's wider media environment? i.e. rise of on-demand/streaming platform services.
- (*Unpick respondents thoughts on this*) What are their thoughts/understanding of different advertising rules for different types of channels (PSB vs non-PSB)?
 - Rationale behind difference in rules?
 - How do they feel about these different rules?
 - Explore impact of current rules on their feelings towards PSB channels vs non-PSB channels
 - How does this impact the quality of their viewing experience?
 - How do they feel about there being a difference in rules between PSB and non-PSB channels? (probe even if they aren't able to distinguish a difference, yet are being informed that there is)?
 - Why do they feel like this?
- Responses to the potential COSTA rule changes
 - Spontaneous thoughts?
 - Understanding of the rule changes? Anything unclear/needs explaining?
 - What do they imagine the rationale behind the possible changes are (*listen for thoughts around 'parity'/PSBs not operating under stricter rules/to enable PSBs to meet challenges*)
 - How do they think this might impact on the quality of their viewing experiences/the experiences of others? In what way? How do they feel about that?
 - How different might their experiences be?

Acceptability

Moderator to explain that we will now focus on specific aspects of the potential COSTA rule changes.

*Moderator to **note key themes (in particular factors that affect acceptability; impact on viewers' experiences)** and explore responses to each scenario/Ofcom 'choice'. Moderator to co-create these key themes with participants and refer back to/ add to/ amend throughout session.*

Moderator to re- introduce scenarios to prompt discussion ...

5. Keeping rules as they are

6. *Allowing more advertising breaks within programmes*

7. *Allowing longer advertising breaks*

8. *More advertising during certain parts of the day*

For each scenario explore

- What are their thoughts on this scenario? What do they like/dislike and why?
- What are their immediate thoughts on how this might impact on them? How do they feel about that?
- Explore acceptability/tolerance/prominence of each scenario and rationale (Moderator to note key themes)
 - What drives whether this is acceptable or not?
 - What criteria are they using to define acceptability?
 - Explore impact of rule changes on their feelings towards PSB channels vs non-PSB channels
 - Explore impact of scenarios on the quality of their viewing experiences and likely viewing behaviours but also on how they feel about advertising (particularly probe on how this might differ on current attitudes/feelings)
- Reflecting on their pre-task ranking of the scenarios, why did they rank in this order? Why did one scenario feel more tolerable vs another?
- How, if at all, do feelings towards scenarios (and possible rule changes) change/differ depending on...
 - Type of programming
 - Time of day
- *Explore rationale behind how/ if these factors change how they feel.*

Impact of possible changes

Ensure participants are aware that COSTA is not the only option available for revenue to be made, and that there could be other possible methods to increase revenue.

- How would they feel if this scenario became a reality (*encourage respondents to reflect on Task 3 and imagining impact of scenario rule changes*)?
 - How might this scenario impact on their experiences? How different do they feel this would be to their current experiences?
- How would the scenario(s) impact their behaviour/ the behaviour of others (*consider the 'citizen perspective' here*)?
 - Explore impact of the rule changes on likely behaviour towards the PSB channels? (*listen for and then probe on likelihood to watch channel*)

Thank and close (5 mins)

- Before session draws to a close, we will check in with participant to understand how views/perspectives have changed over the course of the project.
- Sum up what they feel is acceptable vs non-acceptable and why?
- What advice would you give to Ofcom who set the rules around this type of content?
Remind participant to keep in mind their tolerance towards the different scenarios and possible changes that have been covered. Rationale
- Any outstanding/unanswered questions/concerns/issues based on conversations today and Phase 1 work?

Why is TV advertising important and what are the current rules in relation to the amount and scheduling of advertisements?

Why advertising is important for TV broadcasters and viewers

- Main source of income for many channels (worth £3.85bn in 2021)
- 25% of all display advertising revenue comes from linear TV
- It pays for programmes (invested into content creation)
- Main reason why audiences have access to a wide variety of channels to watch

TV allows advertisers to reach both mass and niche audiences

- Advertisers can target a particular group by advertising around programmes they are more likely to watch
- Advertisers pay for the number of people who will see their ads

What time of the day ads are shown is important

- The biggest TV audiences are from 6pm to 11pm (peak time)
- A TV advert shown in peak time can reach far more people than an ad shown at any other time of the day
- TV channels can charge more money for advertising time in the evening and less for daytime ads

Which channels the ads are shown on is important

- ITV has the biggest audience, so it can help advertisers reach large numbers of people quickly
- TV channels with small audiences (i.e. targeted channels like Court TV, Asian Network or religious channels) may sell hardly any advertising
- Targeted TV channels (for example specialist interest channels) may appeal to particular advertisers

Advertising is the 'price' viewers pay for free commercial TV

Why have rules around length and how often ads are on?

- To protect audiences by avoiding having ad breaks which are too long or too frequent, while allowing enough to pay to maintain variety of channels, to give viewers choices AND to enable quality programming to be made.

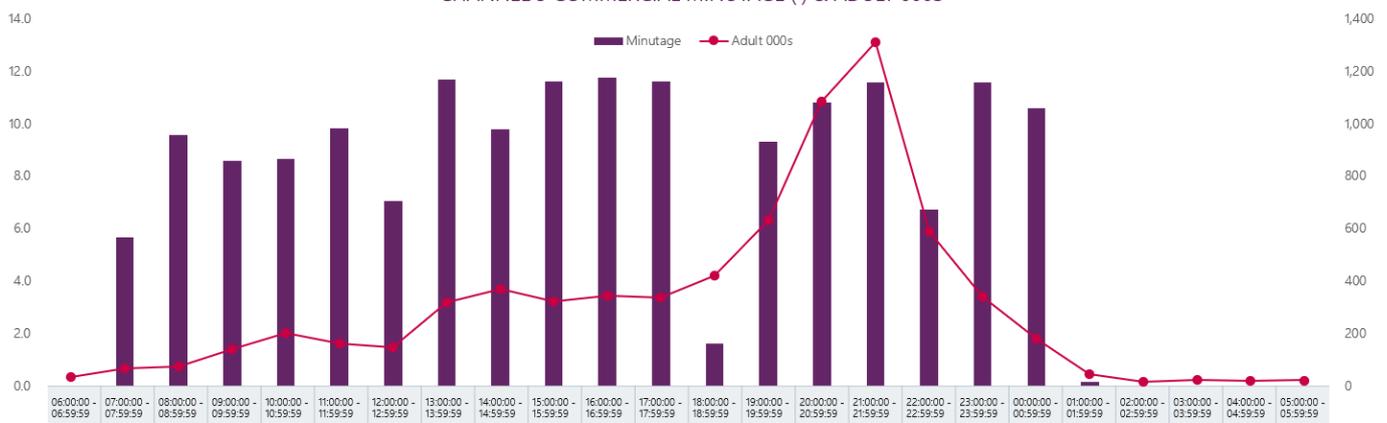
Ad rules for the main commercial public service broadcasting (PSB) channels (ITV, Channel 4 and Channel 5)

- Currently for commercial PSB channels ad rules regarding how many mins of advertising can be shown per hour are stricter than for other non-PSB channels.
- PSB channels have a daily allowance of 7 mins of advertising for every hour that they broadcast (e.g. 24 hours x 7 minutes = 168 minutes per day). These PSB channels include ITV, Channel 4 and Channel 5. **RULE 4**
- Also, they can only broadcast an average of 8 mins per hour between the peak time of 6pm - 11pm, so a maximum of 40 mins between 6pm-11pm. **RULE 4**
- However, no channel may exceed a maximum of 12 mins in any one of these hours. **RULE 2**

See C5 chart for illustration (next slide)

How Channel 5 uses its advertising minutes (*this is just an illustrative example*)

CHANNEL 5 COMMERCIAL MINUTAGE (') & ADULT 000S



- These **purple bars** represent the number of mins of advertising shown in each hour.
- The **red line** shows the average number of adults watching across each hour.
- Even though C5 can show **an average of 7 mins** of advertising in each hour, and **an average of 8 mins** per hour between 6-11pm – sometimes they show much less advertising in an hour.
- For example, looking at the **6-7pm** slot, they only show **1 min of advertising**.
- This is because they trade off some slots for others, so **that they can maximise (up to 12 mins)** the number of ads they can show in the slots where most people are watching e.g. 9-10pm.

How Channel 5 uses its peak time advertising minutage *(this is just an illustrative example)*

CHANNEL 5 COMMERCIAL MINUTAGE (') & ADULT 000S



- Looking at the period where the purple bars are highlighted (not greyed out), adding up the minutes comes to 40 minutes and averaging across these hours comes to 8 mins. **RULE 4**
- You can also see that no slot has more than 12 minutes of advertising. **RULE 2**

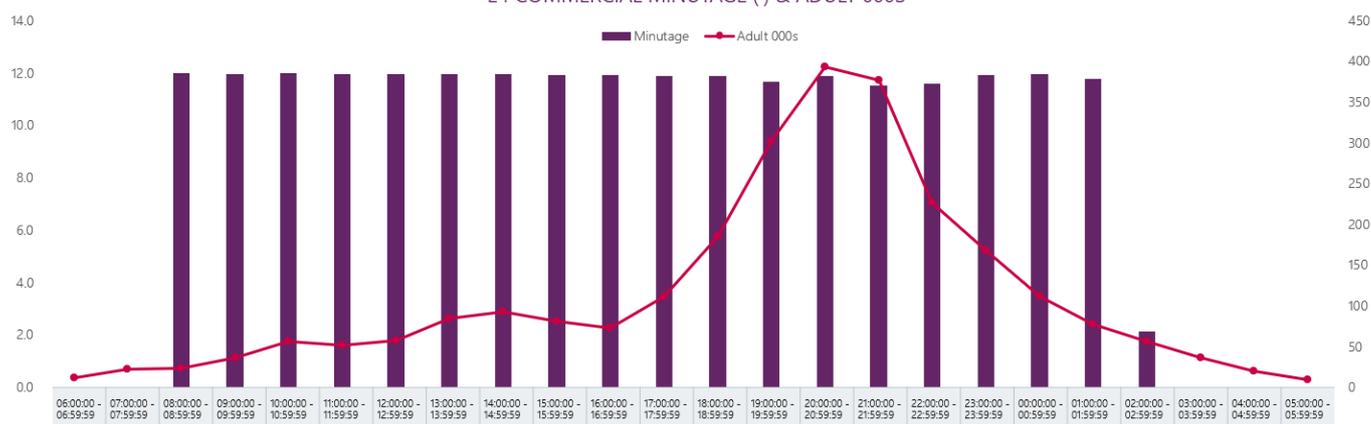
Ad rules for the commercial non-PSB channels (e.g. E4, ITV2, Sky Atlantic etc.)

- Non-PSB channels have a daily allowance of 9 mins of advertising for every hour that they broadcast (e.g. 24 hours x 9 minutes = 216 minutes per day). **RULE 3**
- There are no additional peak time rules, but in accordance with **RULE 2** they can only show a maximum of 12 mins of advertising in any one hour so a maximum of 60 mins between 6pm -11pm.

See E4 chart for illustration (next slide)

How E4 uses its advertising minutes (this is just an illustrative example)

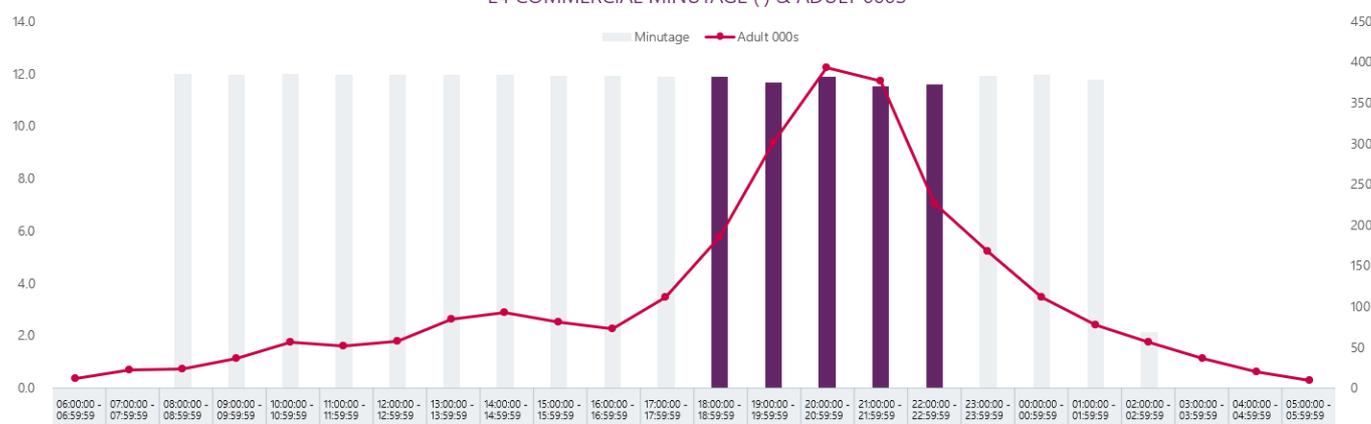
E4 COMMERCIAL MINUTAGE (') & ADULT 000S



- These **purple bars** represent the number of mins of advertising shown in each hour.
- The **red line** shows the average number of adults watching across each hour.
- You can see that E4's ad mins per hour across the day **almost reaches the maximum of 12 mins** throughout the bulk of the day.
- They are able to do because **they reduce advertising to almost zero in the very early morning hours.**
- This mean that across the 24 hour day, they stay within the average 9 min per hour threshold.

How E4 uses its advertising minutes (this is just an illustration)

E4 COMMERCIAL MINUTAGE (') & ADULT 000S



- Looking at the period where the **purple bars are highlighted** (not greyed out), adding up the minutes comes to 60 mins. You will remember that for PSB channels, they could only show a maximum of 40 mins during this peak time period.
- You can see that no slot has more than 12 minutes of advertising – **(RULE 2)**

Current rules relating to how often and how long ad breaks are: PSB vs non-PSB channels

- The rules on ad breaks, relating to both frequency (**RULE 16**) and length (**RULE 5**) are also stricter for PSBs channels compared to non-PSB channels

Rule 16- Frequency of ads

- PSB channels **are not permitted to insert breaks** in programmes that are shorter than 21 minutes, whereas non-PSBs can insert one break in programmes of this length
- PSB channels are permitted only **ONE** internal break in a programme 21-44 mins in length, whereas a 21-44 min programme shown on a non-PSB channel is permitted **TWO** internal breaks
- For example, currently a 30 min programme (e.g. Coronation Street) on ITV can have **only ONE break**, but if Coronation Street was shown on ITV2, it could have **TWO internal breaks**

Rule 5 - Length of ad breaks during programmes

- Using Coronation Street again as an example, this **30 min programme** shown on ITV, can currently **only have ONE internal break** as already mentioned.
- In terms of duration (length) that **ONE break CANNOT exceed 3 and half mins of advertising**, with an additional 20 secs (3.50 in total) of trailers/other promotional material.
- If Coronation Street were to be shown on ITV2 for example, **not only could it have TWO internal breaks, but those breaks would no longer be restricted to only 3 and half minutes duration** (length). This is the current situation for all non-PSB channels.
- In setting the duration of these 2 ad breaks, ITV would need to be compliant with the maximum and average p/h minutage rules that apply to non-PSB channels.

Why is Ofcom considering changes to the current TV advertising rules?

Reasons for Ofcom review

1. There have been significant changes in how television is distributed and watched since these rules were first introduced, including the expansion of non-PSB channels and the introduction of on-demand television and online streaming services.
2. Many more channels and platforms are competing for the same advertising revenue, and advertising revenues on television has declined year on year.

What does this mean for PSB channels?

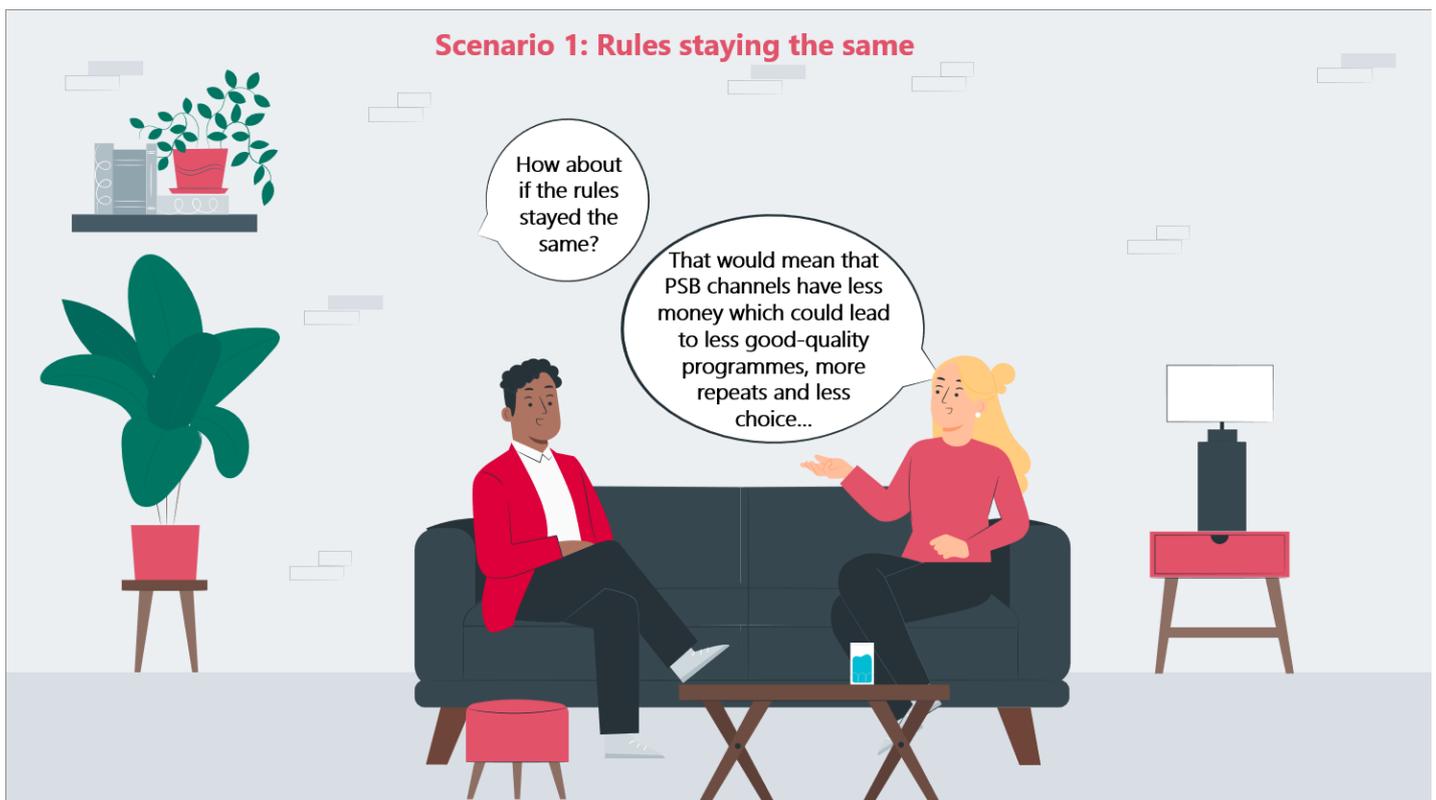
- Fewer viewers for channels as audiences watch content on other platforms e.g. Netflix
- As audiences move away from watching PSB channels, this means less money from advertising on linear TV and revenue is therefore declining for PSBs

Against this backdrop, Ofcom believes it is time to review these particular rules to ensure that it is not putting PSB channels under stricter rules vs. non-PSB channels.

Remember that PSB channels includes ITV, Channel 4 and Channel 5. Non-PSB channels includes E4, ITV2 and Sky Atlantic.

Things for viewers to think about

1. A quarter of all viewing in 2020, was to commercial PSB channels.
2. They make approx. 30% of UK programmes, other commercial channels rely mostly on imports and repeats.
3. If these PSB channels had less money, this **could** mean less new UK made programming, lower quality programming and more repeats.
4. If these channels had more money, they **might** invest more in new UK made programming.
5. However, we can't say with certainty how much more revenue the PSBs would have, if any, if the rules were changed, and how any additional revenue would feed back into UK programming.
6. It's important to note that advertising on television isn't the only way which broadcasters have to make money. There are other funding options available to them, such as selling advertising on their On Demand platforms, where these rules do not apply.



Scenario 2: More advertising during certain parts of the day



Scenario 3: Allowing more ad breaks



Scenario 4: Allowing longer ad breaks

How about longer ad breaks?

That could mean no restrictions on how long ad breaks are. This is how ad breaks work across non-PSB channels, like E4, ITV2 and Sky Atlantic.

