

# Expansion of BBC iPlayer: Balancing competition with public policy objectives



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# Agenda

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1. Background
  - BBC's Charter and M&PP
  - Brief overview of regulatory process
2. Public Value: proposed changes to BBC iPlayer
3. Market impact assessment
  - Static assessment
  - Dynamic assessment
4. Balancing public value against market impact

# 1. Background

# The BBC's Mission and Public Purposes

- Mission: "to act in the public interest, serving all audiences through the provision of impartial, high-quality and distinctive output and services which inform, educate and entertain".
- Public purposes:
  1. To provide impartial news and information to help people understand and engage with the world around them
  2. To support learning for people of all ages
  3. To show the most creative, highest quality and distinctive output and services
  4. To reflect, represent and serve the diverse communities of all of the United Kingdom's nations and regions and, in doing so, support the creative economy across the United Kingdom
  5. To reflect the United Kingdom, its culture and values to the world

# Public Interest Test

## BBC and Ofcom assess market impact and public value

①

**BBC**

### Public Interest Test - led by the BBC Board

- Contributes to the fulfilment of the Mission and promotion of one or more of the Public Purposes;
- Has no adverse impact on fair and effective competition which is not necessary for effectively fulfilling the Mission and Public Purposes; and
- The public value justifies any adverse impact on fair and effective competition.

②

**Ofcom**

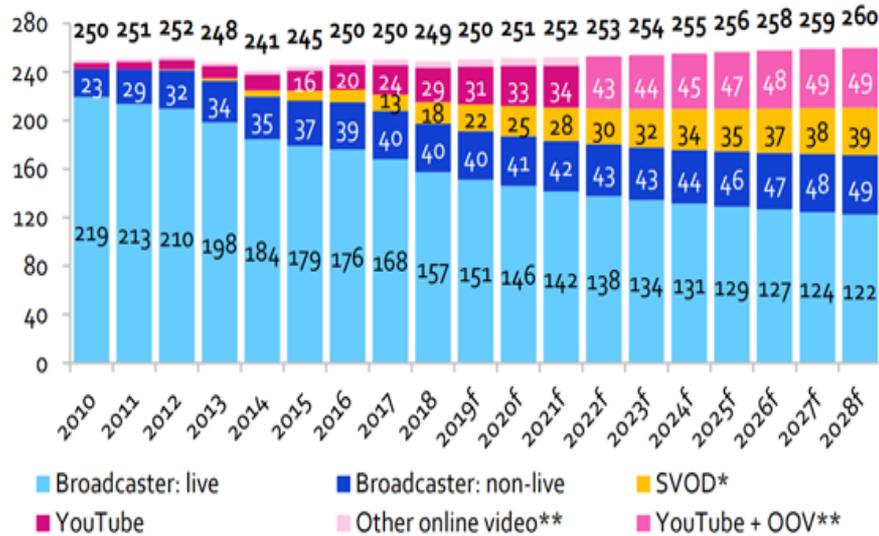
### Competition Assessment - led by Ofcom

- Six months to assess the proposal and decide that the BBC:
  - May carry out the change (potentially with conditions imposed by Ofcom);
  - Must reconsider the proposal; or
  - May not carry out the proposed change.

## 2. Public value changes

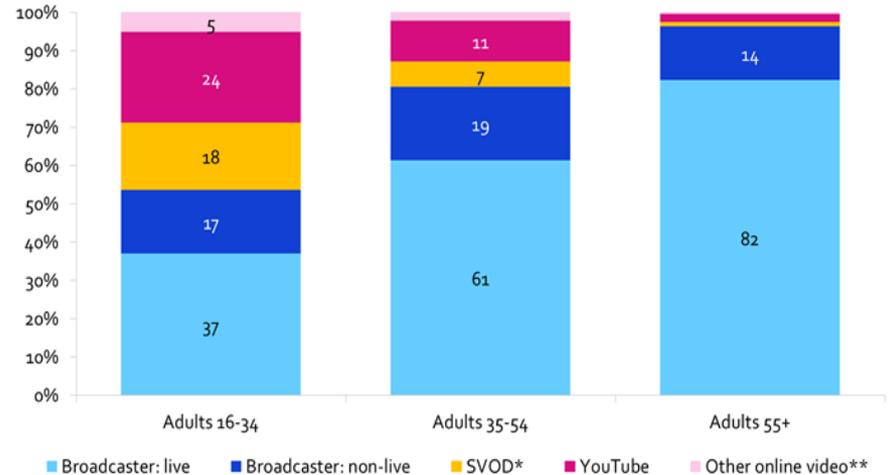
# Increasing move to on-demand, especially younger audiences

## Shift from linear to VoD



Source: Enders Analysis

## 16-34 year olds



\*Broadcaster SVOD services (e.g. NOW TV) fall under 'Broadcaster'.  
 \*\*Excludes adult content.  
 [Source: Enders Analysis, BARB/AdvantEdge, ONS, comScore, and industry research]

Source: Enders Analysis

# Audiences were frustrated by inconsistent offer



Episode 1



Episodes 3-6



Series 4,  
Episodes 2-5



Series 2,  
Episode 1-3



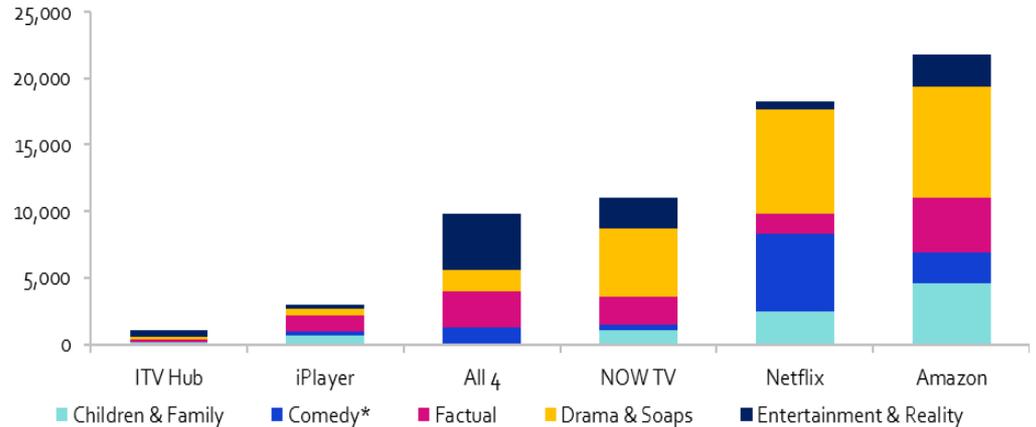
Series 25,  
Episode 1



Episodes 2-5

*Illustrative example of programmes available under 30 day catch-up*

## Limited content on BBC iPlayer



Source: Enders Analysis

\*Includes stand-up and chat shows for Netflix

# iPlayer Proposals: fulfilling our public service mission



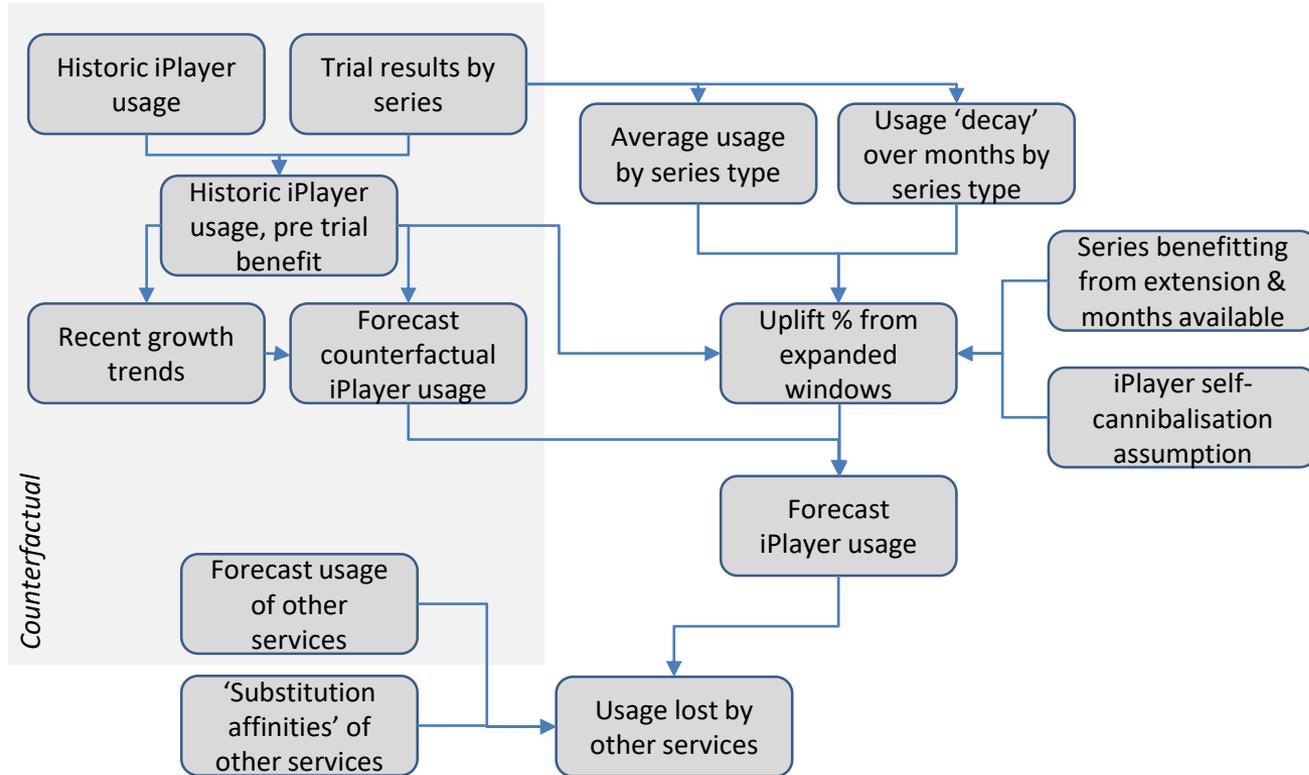
- A new standard availability of at least 12 months for all commissions;
- Full box sets of selected returning titles; and
- A selection of non-returning programmes extended for longer or brought back from the archive

# Delivering public value

- BBC iPlayer reforms about reaching underserved 16-34 year olds: long term benefit
- Better value to licence fee payers
  - Increase reach and time spent
  - 71% felt they would watch more BBC iPlayer
  - People more likely to browse the BBC iPlayer for something to watch
  - 63% felt changes represent better value for money
- Secure relevance of BBC and deliver against Mission and Public Purposes
  - 66% of adults felt changes would make BBC iPlayer more appealing to people generally
  - 63% felt changes would make it appeal to a wider variety of people

# 3. Market impact

# Static assessment: model structure



Source: Communication Chambers

# Static market impact: results

## Static impacts on viewing in 2024

	Counterfactual viewing (mins/indiv/day)	Impact of BBC iPlayer changes (mins/indiv/day)	% change
BBC iPlayer	6.3	1.9	29.5%
Other BVOD	6.7	-0.2	-3.4%
SVOD	40.1	-0.4	-1.0%
Linear (inc. PVR)	175.0	-0.7	-0.4%
Other on TV set	27.4	-0.1	-0.4%
Other on other device	188.3	-0.4	-0.2%

## Annual percentage change in revenues

	2019	2020	2021	2022	2023	2024
Netflix	-0.8%	-1.4%	-1.6%	-1.6%	-1.6%	-1.6%
Amazon Prime	-1.1%	-2.1%	-2.3%	-2.3%	-2.3%	-2.3%
Sky	-0.6%	-1.1%	-1.2%	-1.3%	-1.4%	-1.4%
ITV	-0.3%	-0.5%	-0.6%	-0.7%	-0.7%	-0.8%
Channel 4	-0.3%	-0.6%	-0.7%	-0.7%	-0.8%	-0.9%
Channel 5	-0.3%	-0.7%	-0.8%	-0.9%	-1.0%	-1.0%

Source: Frontier Economics

# Dynamic assessment

- Small impact on competitors' profitability:
  - Will not lead competitors to exit; and
  - Will not prevent competitors from responding
- ⇒ No negative dynamic impact; **no adverse impact on fair and effective competition**
- ⇒ iPlayer audiences will benefit from public value and not suffer from a negative impact on competition

## Wider issues:

- Is investment by the BBC a strategic complement to investment by other broadcasters?
  - Netflix CEO Reed Hastings, credits iPlayer for having “*blazed the trail*” for other online-only providers such as Netflix
  - Following the launch of BBC Scotland, STV’s annual report “*We have committed to investing £15m in original content, news and digital to put the business on a path to long term, sustainable growth*”
- Wider context and the speed of regulatory process

# 4. Balancing act

# Measuring public value

## Blue Planet II



- + personal enjoyment from being informed, educated and entertained
- + reducing the use of plastics in the UK and elsewhere
- + long term future of BBC: resonated with younger audiences
- + other: developing deep water cameras