



Response to Digital UK's consultation:

Reorganisation of the DTT LCN listing and changes to LCN policy

January 2017

1. Introduction

Freeview is managed by DTV Services Ltd. Its remit is primarily focused on the marketing and communications that support the Freeview television service and its millions of viewers. We work closely with Digital UK and support their work developing the long term strategy for the digital terrestrial platform (DTT) and managing day-to-day operations for the platform.

Freeview is the UK's most widely used TV service, watched in almost three quarters of all TV homes. It is the main TV service in almost 10 million homes (37% of the total)¹. Freeview delivers universal access to high quality content from both public service and commercial broadcasters, free at the point of use. Following the launch of over 20 new services in the last 12 months, it now offers viewers over 60 free-to-air TV channels and 20 radio stations. In an increasingly competitive market, the service remains highly valued by consumers with high levels of satisfaction (83%)² and commitment to the Freeview brand (73%).³

With 86% of TV viewing still live (rising to 93% in Freeview homes)⁴, the Freeview TV guide is clearly an important tool for viewers to navigate their way around the content offering. Digital UK's research highlighted the extent to which viewers rely on the channel guide with almost 60% claiming to regularly scroll through the EPG to locate content. It is imperative that the channel guide continues to be developed in line with viewers' expectations and needs.

Freeview is focused on offering those using its TV service the best viewing experience possible. We therefore support Digital UK's aims to develop the LCN listing and apply its LCN policy for the long-term benefit of the DTT platform and in the interest of viewers. As such, we welcome this consultation and the opportunity to respond. It is important the DTT LCN listing can meet potential future demand for new channels in order for the service to grow and evolve. Clearly the platform must also ensure consumer protection measures meet viewers' expectations. We are also interested in potential revisions to the LCN policy that will result in an improved viewing and listening experience for Freeview homes.

With our primary interest lying in championing the interests of consumers, we have limited our responses to questions with potential for an impact on viewers rather than those of a more operational nature and impacting content providers. The response has been prepared by Freeview's management team and does not necessarily represent the individual views of our shareholders.

2. Responses to questions

Question 1: Do you believe that Option A would be a suitable new LCN listing structure for the DTT platform?

Yes. Option A increases the capacity in each LCN genre so as to meet future demand and addresses the consumer protection issues set out in the consultation, namely the proximity of Children's content to Adult content.

Question 2: Do you believe that Option B would be a suitable new LCN listing structure for the DTT platform?

Option B increases LCN capacity for all genres and therefore meets Digital UK's objective of being able to meet foreseeable channel demand for the next three to four years. In this respect, Option B is satisfactory but it does not address the consumer protection concerns over the Children's and Adult genres.

¹ BARB Establishment Survey, Q3 2016

² Hall & Partners, Freeview Brand Tracker, Jan-Oct 2016

³ As above

⁴ BARB viewing data, Nov 2016

Question 3: Do you have a preference for one option over the other?

Freeview's preference would be for Option A as it addresses consumer protection concerns and therefore delivers against viewers' expectations. Digital UK's research clearly demonstrated that the preference for the majority of consumers, including those without children, would be for Adult channels to be kept away from Children's and ranked lowest in the EPG. Of those surveyed 89% expressed a desire for clear separation between Children's and Adult content and 83% thought Adult channels should appear last or second from last in the ranking.

Both options would require the same five genres to move in the LCN listing so would affect content providers equally. As this is the case, we believe Option A would deliver the best outcome for viewers as it has the incremental benefit of resolving consumer protection concerns.

Question 4: Do you have any other comments on Digital UK's proposed changes to the LCN listing?

No further comments.

Question 5: Do you agree with Digital UK's proposed approach to the timing of any changes?

Yes, we agree with the proposed approach regarding timings for any changes.

As set out in the consultation, Freeview will work together with Digital UK to communicate the changes to consumers through a national retune campaign. We will provide information on our website and undertake social media and PR activity to ensure consumers are aware of the revised LCNs.

Question 6: Do you agree with Digital UK's proposals regarding minimum broadcast hours?

Yes. We agree that Digital UK's LCN policy should avoid setting minimum broadcast hours at too high a level so new or niche channels are not discouraged from launching on the platform. Such an approach has the potential to further enhance the viewer experience, which we support. Based on the industry benchmark cited in the consultation document, a minimum of two hours a day or 14 hours a week seems a fair and reasonable minimum level.

Question 11: Do you agree with Digital UK's proposal regarding the 'associated channels rule'?

Yes. We think creating the opportunity to bring associated channels closer together has the potential to create a better experience for viewers by delivering a more coherent and consistent order to the listing. As Digital UK states in its consultation, placing associated channels together results in a more intuitive order and channels that cross promote each other's programmes are nearer each other – both of which make for easier navigation. A significant proportion of viewers surveyed in Digital UK's research expressed a preference for having channels in the same family next to each other and less than a third thought it is not important.

Question 14: Do you agree with Digital UK's proposals to amend the rules around channel providers reordering channels within their channel portfolio?

Yes.

We agree that affording channel providers greater flexibility around reordering channels within their portfolio could result in changes to the LCN listing that would be of benefit to viewers and listeners. We support any initiative to improve the listing to the benefit of users but agree with Digital UK that resulting disruption should be minimised. Co-timing the reordering with other changes to the platform is a way to achieve this.

Digital UK is right to only consider requests to reorder from channels under common control and in the same genre. We support its proposal to generally permit reordering requests unless it would not be in the viewers and listeners' interests to do so.

As for the frequency with which channel providers can submit reordering requests, we agree the level should be reviewed after a set period of time to ensure changes undertaken have indeed been positive for Freeview homes.

Question 16: Do you agree with Digital UK's proposals around channels changing their name and/or content?

Our views on the proposals to allow channels to change their name and/or content reflect our position on reordering channels. We acknowledge such changes could make the channel offering more compelling for consumers but as before, ensuing disruption should be kept to a minimum. Previous Freeview consumer research highlighted a strong desire for the service to continually evolve by way of new services and functionality. Allowing channels to change name and/or content, is one way to keep the service and its listing dynamic.

Question 18: Do you agree with Digital UK's proposals around the treatment of streamed services?

Yes, we support the position that Children's and Adult streamed services should sit within their respective content genres. We also agree that content delivered via IP must be licensed by the appropriate regulatory authority and suitable for the genre of the DTT channel. Both these measures should help to protect consumers as well as enable them to make informed decisions about what content they are consuming.

END.