

12 April 2017

Media briefing

DigitalUK

Comments from Jonathan Thompson made to the Broadcasting Press Guild on 12 April 2017

'Don't believe the hype'

'Nobody can deny that TV is changing and that much of this change is driven by services such as YouTube, Netflix and Amazon. I would certainly agree with those who say we're at a moment of profound change in the UK broadcast sector. But new technology alone cannot dictate the future of television. If it did, we'd all be watching 3D TV.'

'As an industry, we are in danger of getting carried away in forecasting how these changes will play out and that risks skewing important decisions about the future of one of our most successful sectors.'

'Twenty years ago, it was predicted that the arrival of digital television would lead to fragmentation of audiences to the big main channels. It didn't turn out that way with that same handful of major channels still attracting more than half of all viewing. We should learn from that and be a bit more sceptical about some of the big claims we hear about OTT leading to the death of broadcast television.'

'We should be less willing as an industry to adopt the Silicon Valley view of the world based on flimsy evidence and half-truths. We should be wary of big claims when coupled with a lack of transparency over audience figures and instead focus on real world evidence of what viewers are actually doing. Even the much talked about millennials who have fully embraced the on-demand world are still watching more live TV than anything else. All the evidence points to a blend of viewing behaviours and technologies for the foreseeable future and we should be planning content strategies and networks which will meet that need.'

'The future of free TV'

'Talk to anyone who works in the TV industry and I will guarantee within about five minutes they will drop in the "well I never watch live TV any more". The problem is we're not representative. The latest TV technologies are transforming choice and flexibility for most people but not everyone.'

'For example, our research suggests that around 18 million people in the UK have little or no grasp of what on-demand TV is or how to get it. This is a missed opportunity and needs to change if we want our sector to deliver for everyone and to realise its full potential.'

'I passionately believe free TV has an increasingly important role to play in maintaining consumer choice and providing the foundation for new services from the likes of BT and Sky. And just as the launch of Freeview was a catalyst for broadening access to digital TV, we have embarked on a new and ambitious strategy to extend the reach of on-demand to everyone. Freeview Play has the potential to become the core component of most if not all TVs and set-top boxes sold in the UK and in doing so to transform the viewing experience for millions of people.'

End/Notes follow:

Background

About Jonathan Thompson: Jonathan Thompson is Chief Executive of Digital UK. He took up the role on 22 July 2013. Prior to joining Digital UK Jonathan worked in the Office of the Chairman at DMGT plc, advising on group strategy. He is also a former Director of Strategy of both media regulator Ofcom and Channel 4, and represented the broadcaster on the board of Freeview. Jonathan is also a member of the *Which?* Council.

About Digital UK: Digital UK runs day-to-day operations on the Freeview platform - the UK’s most widely used TV service, watched in 19m homes. The company is currently focused on developing Freeview Play which brings together live and on-demand television in TVs and set-top boxes from a broad range of leading manufacturers. Digital UK was formed in 2005 to lead the UK’s digital TV switchover and is funded by the BBC, ITV, Channel 4 and Arqiva.

Audience trends: According to Ofcom, around 80 per cent of overall TV viewing in the UK is to live or recorded TV – see chart below. Free and paid VoD account for six per cent each. Live and recorded TV accounts for around half of viewing by 16-24s.

Market Context

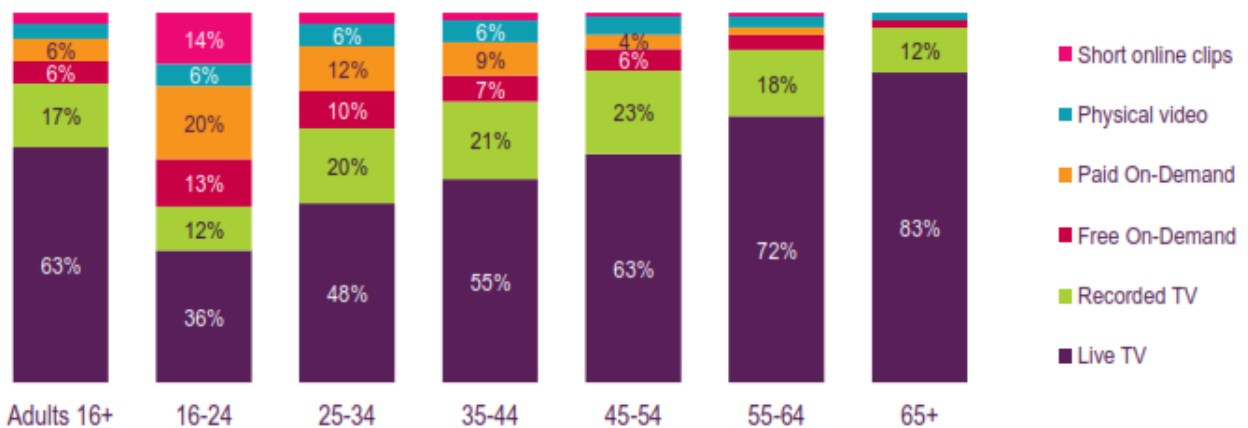


Key points

Since 2014, the time spent watching free or paid-for VoD among 16-24s increased to 33% of their total watching time, a broadly similar proportion to their time spent watching live TV in 2016 (down 14pp to 36%).

Out of all age groups, the 16-24s are the heaviest users of paid-for VoD (such as Netflix). Time spent watching these services grew 14pp to 20% of their total viewing time in 2016.

Figure 3: Proportion of time spent watching, by age group: 2016



Source: Ofcom Digital Day 2016
 Base: Adults aged 16+ (1512), 16-24 (129), 25-34 (189), 35-44 (282), 45-54 (299), 55-64 (259), 65+ (354)

The unconnected audience: Research on reach of on-demand: Kantar Media recently carried out a survey for Digital UK exploring attitudes to on-demand TV, focusing on narrow or non-internet users. Around half of the 1,000 respondents did not understand what catch-up TV is and only one in ten were able to name examples such as BBC iPlayer and ITV Hub. When shown catch-up TV, 41 per cent said the service was appealing. Ten per cent of those without broadband said getting catch-up TV could be an incentive to getting a broadband connection.

Freeview Play – the UK's public service broadcasters are funding development of Freeview Play, a new breed of connected TV for the UK market. Freeview Play is unique in guaranteeing viewers access to all the main catch-up players (BBC iPlayer, ITV Hub, All 4 and My5) across a range of TVs and set-top boxes. Digital UK led the technical development of Freeview Play and has built partnerships with manufacturers including Panasonic, LG and Humax to make products. In March 2017, sales of Freeview Play products passed the one million mark.

End

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