



Select Committee on Communications

Corrected oral evidence: Public service broadcasting in the age of video on demand

Tuesday 25 June 2019

4.30 pm

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Members present: Lord Gilbert of Panteg (The Chairman); Lord Allen of Kensington; Lord Bethell; Baroness Chisholm of Owlpen; Viscount Colville of Culross; Lord Goodlad; Lord Gordon of Strathblane; Baroness McIntosh of Hudnall; Baroness Quin.

Evidence Session No. 19

Heard in Public

Questions 173 - 185

Witnesses

I: Ms Jay Hunt, Creative Director, Europe and Worldwide Video, Apple; Ms Georgia Brown, Director of European Originals, Amazon.

USE OF THE TRANSCRIPT

This is a corrected transcript of evidence taken in public and webcast on www.parliamentlive.tv.

Examination of witnesses

Jay Hunt and Georgia Brown.

Q173 **The Chairman:** Welcome to our second set of witnesses for today's inquiry. We have already heard from YouTube, and we will now hear from Amazon and Apple. I will ask our witnesses to introduce themselves. Today's session will be broadcast online and a transcript will be taken. I am sorry that the room is rather warm, but there is plenty of water if you need it, and I hope that you are reasonably comfortable.

Our witnesses are Georgia Brown, director of European originals at Amazon, and Jay Hunt, creative director for Europe and worldwide video at Apple. Thank you very much for coming along and giving us evidence. I am sure that you have been following our inquiry. You have experience in both PSB and commercial production and commissioning. The Committee is very grateful to you for being here.

Can you briefly say a few words in introduction about your background in the industry and your current roles? Before we move on to questions from the Committee, give us in your introductory remarks an overview of the changes that have taken place in the television sector and in the roles that you see in Amazon Prime Video and Apple TV respectively.

Jay Hunt: Thank you for asking me to give evidence. My background is that I have spent, slightly horrifyingly, 30 years in the public service sector in the UK. I started working in news and moved across to run all daytime programming for BBC1 and BBC2. I then became the director of programmes at Channel 5 and controller at BBC1. For the past seven years, I was the chief creative officer at Channel 4. I have been involved in public service broadcasting for a long time. As you said, I am now the creative director for Europe as part of the Apple TV+ original commissioning team.

My overall sense is that we can be extraordinarily proud of the public service tradition in this country. I continue to look with huge admiration at the extraordinary quality of what we manage to export, the originality that we show in programming for local consumption and the traction that it has with global audiences. However, after many years working on the terrestrial side, I can also see—I know that you have heard evidence to this end—a marked shift in behaviour away from people watching in traditional ways and, certainly for younger audiences, the opportunity to go to mobile-first platforms where people can watch what they want, when they want, having huge appeal.

Against that backdrop, Apple's intervention in this sector is important. There are two planks to what we are doing; I am sure that the Committee is already aware of them, but I will recap. We have the Apple TV app, which is an environment in which people can watch all the content they want. It provides a one-stop gateway to content, and in that respect it can play a significant role in prominently showcasing what the PSBs are doing.

I do not know whether members have had a chance to look at the app, but if you go on it now, you will see that, after the top two rows, four rows are dedicated to the public service broadcasters in this country. Those rows are scheduled as a result of weekly collaborative conversations between us and those public service broadcasters, so it is an extraordinarily effective way of drawing a different type of audience, which may choose to sample that content outside the traditional way of watching, into public service content. There is a genuine contribution there.

Secondly, I commission a considerable amount of content from the UK creative community. It is exciting to have an organisation of Apple's size coming into the UK and giving the sector here that level of scrutiny and support. Long before we have even launched our original commissioning strategy, millions of pounds have been spent on commissioning with British production houses.

The Chairman: That is very interesting. We will come back to many of those issues, including the contribution that your business makes to skills and training in the sector, and where you draw on the wider sector.

Georgia Brown: I am the director of European originals at Amazon Studios. I was hired by the company two years ago to set up our European originals studios in London, with the remit of commissioning and developing content for our local audiences in the UK, France, Spain, Italy and Germany.

Prior to that, I spent more than a decade working in distribution. Seven fantastic years of that were spent with BBC Worldwide, where I worked on an array of in-house and third-party content, including "Antiques Roadshow", "Countryfile" and "Africa", all the way through to the juggernauts of "Sherlock" and "Broadchurch"—so I think I know first-hand the value of that content both to a UK audience and to an incredibly passionate global audience that is hungry to connect with our local UK storytellers every day around the world.

At Amazon, we absolutely recognise the changing nature of consumption and the shifts in behaviour in television over the past decade. We are really pleased to have been invited here today to talk about that. One thing that we are incredibly proud of is our investment back into the UK, across both technology and content. Again, I know that we will talk about that a bit later on.

Q174 **Lord Bethell:** I want to ask about younger people. Can you tell us why you think SVODs are so popular among the under-35s, and what you are doing to capitalise on that and make great programming?

Georgia Brown: We absolutely recognise the increased diversification in consumption among the young adult community. There are a couple of parts to this. The first is technology; we all know that young adults are early adopters of technology when it comes on to the market, so naturally they are incredibly intrigued by new technology and tend to seek it out. Young adult behaviour is slightly different. Again, they are hungry for diverse content; they look at a much broader range of

channels as opposed to the older audience. They constantly seek new content.

On the question of how we at Amazon play into that, first, we are all about our customers, so we like to do a lot of research and really understand the people we are programming for. We have a diverse selection of commissioners, all of whom are relatively new to the game and quite young. That absolutely helps with the content we develop and commission.

Ultimately, there are two things here. This is about looking at what people want. We find that young audiences really want, and connect incredibly well with, authentic programming—programming that is commissioned and developed for them. That means shows that are not necessarily written by a 50 year-old, white male, but shows that are written by a younger audience—a new, fresh voice coming through. They are a very intellectual generation that recognise when shows are authentically made for them by people who understand the issues they come up against. That is something that we definitely look to do.

Jay Hunt: Our approach is slightly different, because the beating heart of the organisation is slightly different. On coming to Apple, one of the striking things for me was the huge overlap between the ethos that sits at the heart of Apple and that of the public service broadcasters.

My task is therefore slightly different: I have been asked to come up with shows that will inspire and unite audiences globally and that have the authenticity that Georgia refers to, but we are not specifically targeting an individual demographic.

The Chairman: Lord Bethell, do you have any further questions?

Lord Bethell: No, that is it.

Q175 **Baroness McIntosh of Hudnall:** Georgie, you made mention of the commissioners and the fact that they are younger. Where do you find them? How do you train them? What do you ask of them? Who are they?

Georgia Brown: Setting up my commissioning team, in London and across the locations we discussed, has been a two-year process. The truth is that it is incredibly difficult. We are looking at people from a broad range of backgrounds, including people who have produced content themselves. Lydia Hampson, our UK scripted commissioner, was the producer of “Fleabag” and we met her through working across that show. Other people, like me, come from a commercial background. Some have come from broadcasters. It is an array of people, and we are looking at whether we think they can commission on behalf of the customer base we are looking to attract.

Baroness McIntosh of Hudnall: But are you looking for people who are already well established in the field in which they are working? Are you, as it were, picking them off when they are already fully formed, or is any part of your mission to bring people on and create a new breed of commissioner?

Georgia Brown: That is a huge part of our mission. Only two people in my entire team have come from a broadcast or commissioning role. The rest of us have come from commercial, production or development roles, so very different backgrounds. That weaves into conversations that we are having with our production community, on the creative side, and conversations about our company ethos, and which shows we should be commissioning and for whom.

Baroness McIntosh of Hudnall: Okay. I want to press this a little more, if I may. One of the things that preoccupies people at the moment, particularly public service broadcasters, is diversity: how content is created and who creates it. When you are thinking about your audience, are you consciously looking not just at the age demographic but at the other issues? Are you finding people here in the UK who can do what you want, and are they themselves diverse? Or are you finding that a difficult thing to achieve? That is a question that could go to either of you.

Jay Hunt: We are still a tiny team in the UK, but one of the things I am proudest of is that we have worked with an organisation called Creative Access, which I am sure the Committee is familiar with. It has done extraordinary work in identifying a new pipeline of young candidates from diverse backgrounds, who bring a very different flavour into the broadcasting sector. Even though the team remains very small, we have already established an internship. We have a young woman with no commissioning experience from a diverse background working as part of the team now.

This is something that the entire sector is engaging with. Certainly as a relatively new entrant on behalf of Apple, I am bringing across from a public service background the values of making sure that we think carefully about representation and portrayal, on screen and off, and I am also ensuring that this is critically foregrounded as we build our workforce.

Georgia Brown: Absolutely. Similarly, at Amazon, diversity is something that we champion both on camera and off as part of the broader organisation. As Jay said, when we are looking to bring people into the team, we are absolutely looking at how we can pull in a different segment of society—people who may not have the backgrounds that we are used to in television. That is something that we are very proud of.

The Chairman: Briefly on this before we move on, what does diversity mean to you as a business? Most businesses in the field have made reasonable progress on on-screen diversity in the representation of women and those from BAME backgrounds, although that is less so behind the camera. But it is also true that it has traditionally been a very middle-class industry. Is that part of what you are trying to address? Are you trying to bring in people from different social backgrounds, and different parts of the United Kingdom, as well as addressing those measures for BAME groups and women?

Jay Hunt: You are absolutely right. For a long time, we focused on one aspect of diversity. The debate on social mobility has changed things

exponentially and people are beginning to identify people from different sorts of backgrounds. Obviously, I spent a long time at Channel 4 as well, where disability issues were foregrounded. We have to be holistic in the way we approach this.

One encouraging thing from a commercial point of view is that there is a commercial imperative for getting this right, because we will make the most potent programming if we reflect our audiences back to themselves. That notion of inclusion and diversity sitting at the heart of a business case is critical, too.

The Chairman: We will come back to that a bit later. In fact, Baroness Quin wants to come in.

Q176 **Baroness Quin:** Yes, because the subject I was going to raise has already been aired quite a bit. Points made to us in previous sessions have included the issue of how much public policy could support diversity and regionality in the sector. Ideas put forward have included things such as tax breaks, a contestable fund and a reformed apprenticeship levy. Do either of you, or both of you, have any views on that?

Georgia Brown: We have all listened avidly to this debate as it has gone on and heard the varying views about how we could further support regional programming and diversity. Amazon, like Apple, is relatively new, but we have already instigated a number of schemes for investing back, which we think go a long way towards helping BAME heads of departments to rise up through the ranks and giving opportunities to people from working-class backgrounds, who may not ordinarily have had the opportunity to come into the television sector.

One of the schemes we are involved in is run in collaboration with the BBC. It is part of one of the co-productions that we are doing with them, called "Small Axe", which is directed by Steve McQueen and is coming up imminently. As part of this scheme, we have co-invested to support 12 new, diverse members. Six of them are BAME heads stepping up into heads of department roles, which we think is terribly difficult off camera. Five of them are entry-level, working-class positions, for people working in accounts or maybe the make-up or finance department. Again, this is for people who would not otherwise have that opportunity. That is something we are very proud to do and we want to continue to do it. Everyone can do better in this space.

Baroness Quin: PSBs have a remit to represent the whole of the UK and to try to deal with issues of diversity and regionality. Do you feel under the same pressure, or is it just something that you want to do anyway?

Georgia Brown: From Amazon's perspective, it is a self-imposed pressure. That is because our customer base is incredibly broad. We are representing everybody in society, and our content has to reflect that. To achieve that, we have to make sure that we have people in Amazon, off and on camera, who reflect the world our customers see outside their window. That is really the only way to ensure they will engage with our content.

Jay Hunt: I would reiterate that. It is exactly right that there is a commercial case. It is certainly also something I brought from a public service background. One of the things I think we can be proud of today, even though we have commissioned relatively little because the service has not launched yet, is that two of the larger commissions I have made in my time in this job are to regional companies, and small regional companies.

The preconception that money from the States will go into large, established companies with a track record of content that travels is not necessarily true. I have certainly brought across the relationships that I have grown over many years at traditional broadcasters. I continue to have meetings with production companies from across the UK. In that sense, it feels like a very democratic process, where everyone is in a position to pitch for Apple commissions and people are winning that business.

Baroness Quin: When you started your work at Apple, did you have to evangelise about this, or were you knocking on an open door?

Jay Hunt: Honestly, one of the most striking things about arriving in this organisation—given that, as I say, I have spent 30 years in public service television—is the huge overlap in values. It is an organisation that is very mindful of what it puts out into the world, and of its responsibilities. It has been a very natural fit.

The Chairman: How easy has it been to address the geographical issue that Baroness Quin has been getting at, when almost the entire industry is based in London? That is true with the PSBs, although the BBC and Channel 4 have made some efforts to move out of London. Virtually all the SVODs are basing themselves in swanky parts of London and are attracting global workforces because London is a global city. I am asking you to answer not just from the perspectives of your businesses but as big players in this industry. How easy will it be to address that as long as everything is so London-centric?

Jay Hunt: It is a commitment to time. I was in Leeds a couple of weeks ago and I am in Bristol almost every week. There is an appetite to find great content across the UK, for exactly the reason Georgia gave: there is an irrefutable business case to reflect audiences back to themselves.

Another thing to add is that it is local as well as global, so it is not as big a priority as it was when I was working on a purely domestic service, but it is still an important part of what we are here to do. To be blunt, there are never enough great ideas, so there is a huge onus on us to go far and wide to find those ideas and, from my point of view, to make sure we find the very best UK storytellers to deliver content that will excite audiences around the world.

The Chairman: And you are confident that you are finding great people with great ideas in Newcastle?

Jay Hunt: I certainly think that some of the interventions historically in this area have strengthened some of these sectors—and, yes, I am

having meaningful conversations with people in a range of different genres across the UK.

Q177 Lord Allen of Kensington: I turn to money; I have to, being Scottish. I know that you have just started, but how much of the £4.5 billion original content budget do you think will be commissioned in Europe? I am interested in the quantum, either now or three years out.

Secondly, help me with the definition of "original"; I know that a number of your competitors brand things as original when really they have acquired material that we know about. Help with those questions: money and the definition of original content.

Jay Hunt: From an Apple point of view, we have not discussed the level of investment openly, so I cannot speak to that particular figure.

The only thing I would say is that we do not have a particular commitment to a level of investment in the UK, but it is significant that before the service even started I was put in post as one of the first appointments to the Apple TV+ service. Again, before the service has launched, we have already made meaningful commitments to British producers; we have shows shooting in the UK and elsewhere as a result of those commissions. I simply have to read something into that intent. There was no requirement for Apple to operate in the UK, so it is significant that we are here.

Georgia Brown: At Amazon, we obviously chose to make the UK our country of origin. As such, we have invested heavily here, both in our tech side, which many of you saw this morning, and now in content. To give you an idea of scale, last year, we co-produced 15 shows with public service broadcasters, and we have commissioned nine UK originals to date. For us, UK originals are shows that are exclusive to Amazon: we have developed and commissioned them and we are not partnering with any other broadcasters on them.

Lord Allen of Kensington: So there is no acquired material.

Georgia Brown: No, they are our shows.

Q178 Lord Gordon of Strathblane: The British television industry is going through a bit of a boom time in production, and there is genuine excitement at two global players such as Apple and Amazon coming here to boost television production in this country further. Disney is coming in quite heavily as well.

However, there are some problems. There is a scarcity of talent. We need to do something about training. What are you two prepared to commit to training?

Jay Hunt: Certainly at Apple, it is a bit early for us to have that conversation, but we are very happy to continue to engage in public policy conversations about training more generally.

As I said, we have not launched yet, and yet we are here. We have a tiny team, but this is an American organisation that has chosen to operate in

and put sizeable commissions into the UK. I am sure that we will come back to this conversation, but it is probably a little premature.

Lord Gordon of Strathblane: To press you slightly, a lot of high-end television drama producers contribute to their own funding fund. Would you be sympathetic to doing so?

Jay Hunt: We are certainly prepared to have that conversation.

Lord Gordon of Strathblane: Turning to Amazon, it was natural in a way for Apple, which has been in the music business for a long while, to diversify into television as well. Amazon was a customer base backing into television production. Why did you decide to go for television production?

Georgia Brown: I cannot comment on why it decided to go into production, although I am very grateful that it did, as I am having a wonderful time doing my job. Amazon Prime is our membership programme, and as such it incorporates a number of benefits. Amazon is always looking at what it can add to make that the most valuable membership to its customers. Video is clearly an area that is very important there.

Lord Gordon of Strathblane: Bearing in mind that you will use quite a lot of British crews, are you prepared to do something to help to train crews in future?

Georgia Brown: We are already doing so. like Apple, although we are slightly ahead, I we have been in the role for only two years and, as you know, it takes quite a while to set these things up and get shows into development. We currently operate a writers' workshop. We absolutely recognise that we are starting to invest in younger talent in the UK. They may not have had the opportunity to write either their own shows or for shows run on a scale that some more experienced writers have. We bring them into the UK and partner them with people from all over the world—it could be an Indian or a middle-eastern writer—with the experience of working across shows on a much greater scale. Over a week, we help to train those writers to help them to show-run confidently on the bigger shows that we ask them to produce for us.

That is only one element of what we are doing. As you heard this morning, we also pay into the apprenticeship levy. We have created 1,000 new apprenticeships this year, a number of which are across Prime Video. We are also very proud that only 90 of those apprenticeships are at degree level. We really are looking for workers from diverse backgrounds, particularly diverse economic backgrounds.

Lord Gordon of Strathblane: Most people give the Government full marks for introducing the apprenticeship levy because it was a good idea to have something, but frankly it does not appear to work in the creative sector. It seems far too inflexible. Are you joining the industry discussions on how it might be improved?

Georgia Brown: We are always interested in debates on how any entry-level positions, apprenticeships or levies can be improved. Ultimately, they all benefit the production community and our customers.

Lord Gordon of Strathblane: People have suggested that you could impose a levy on SVODs, which would go towards a contestable fund for high-end drama. What is your reaction to that?

Jay Hunt: Again, it is difficult to talk about these things in detail when we have not launched yet. I keep drawing the Committee's attention back to the fact that Apple has chosen to operate in this market and is investing in it in a meaningful way. I have been on the other side and observed the inevitable brain-drain of British talent going to the States, and it is exciting that we have a presence here and are investing back into the UK. The UK will be a beneficiary of a meaningful global player going into content. I am sure that these conversations will continue.

Q179 **Lord Gordon of Strathblane:** Another issue crops up with a lot of SVODs. Both the BBC and Netflix would like 100% of a programme so that they own 100% of the rights. What is your attitude to worldwide rights? Are you prepared to do deals with producers and retain those rights for a window, or do you want 100%? Have you formed a view yet? If the question is premature, ignore it.

Jay Hunt: We are having an array of different conversations about different models. Our priority is finding great, high-quality, innovative content. Over the past 18 months, I have had conversations with broadcasters and producers about the co-production model as well as looking at paying a global premium for rights. A very sophisticated sector that is able to work with different models according to the content is emerging.

The Chairman: What about Amazon, specifically on the levy?

Georgia Brown: We have listened avidly to the debate. At the moment, it is unclear to us exactly what that levy's objective would be. Of course, in any territory where a levy has been applied, we have complied and paid. We would be keen to engage and learn more about that.

Q180 **Viscount Colville of Culross:** I declare an interest as a series producer at Raw TV making content for CNN.

One issue that we are looking at is what can define public service broadcasting in the era of SVODs. You, Jay, are obviously in a pretty good position to help us with that, after your 30 years in public service broadcasting. One definition that we have been given is that the PSBs are mainly British-made content for British markets, when you inevitably have to go for a global market.

Is that a useful definition for us? You have told us a lot about how you are commissioning from UK production companies. I work in a UK production company making vast amounts of stuff for the Americans. Is there something to be thought about, in that you are going for a global market and the public service broadcasters are going for local content?

Jay Hunt: To be completely blunt, having spent a large amount of my career in public service television, as you said, and having people constantly making useful contributions on how we might do those jobs, I, as Apple, am very reluctant to start defining how the public service regime should respond.

I would simply make one observation, which I suspect is fairly obvious: unfortunately, content is not consumed in that way any more. We are in a boundary-free environment where local content travels. Shows such as "Gogglebox" and "Sherlock", which could not have felt more British, were commissioned as local content but have gone on to become massive global hits and have huge traction with global audiences. My only input is to wonder how reasonable it is any more to confine content in quite that way.

Georgia Brown: I echo what Jay said. I think that the walls have come down now for television. When I first started out, it was much more difficult to take Spanish shows to the US or Israeli shows to France, but that happens now. At Amazon, we have a very sophisticated audience that is hungry for local content; they want to see content with subtitles and explore different cultures and storytelling. We are very proud to give them that. UK content is hugely exportable, obviously. We are commissioning on a local basis, but naturally these shows will travel across the world very well.

Viscount Colville of Culross: Do you see that there is anything to be done in your companies to look specifically at the UK market? Sure, the content is now available internationally, but if you look at the BBC, there are programmes that go specifically to a BBC audience. Charlotte Moore has commissioned a number of big documentaries for BBC1 that are specifically about things that happened in Britain and are for a British audience. Do you see any role for those programmes in your commissioning processes?

Georgia Brown: At Amazon, we are definitely commissioning for a local audience. Looking at success, when I am commissioning in the UK, I need that show to have impact in the UK; if I am commissioning for Spain, it has to have impact for Spain. Again, the nature of our service is that those shows are put up globally, so they do travel, but that is not necessarily what we are looking at.

On the differences between public service broadcasters' content and ours, we really just start with our customer and work backwards. If there is a demand for a particular sort of content that we do not think is being served, we look to commission for that audience pocket, or on that topic. Broadly, we really see ourselves as complementary to the PSBs and additive to what they already offer UK audiences.

Viscount Colville of Culross: I would like to pick up on what Lord Gordon asked about IP. We hear increasingly that Netflix and most American broadcasters are taking all the secondary rights. We all know perfectly well that independent production companies build their businesses on IP and being able to use those secondary rights. This made-for-hire model is great for the boom times, but are you worried

that it will damage the independent television production sector in the long term?

Georgia Brown: It is worth doing a bit of course correction on behalf of Amazon on that comment. One of the reasons why I was very drawn to Amazon as an employer, having come from a world where I was working day in, day out with producers and helping them to monetise their rights, is that I know first-hand the value of those rights and how much producers rely on that income.

I was drawn to Amazon because its model is incredibly flexible. Lots of people in this room have talked about that. We do not have a one-size-fits-all model where we must have global rights. Of all the co-productions we worked on last year, I think only three were worldwide offerings; the rest might have been for just France or the US. Again, our model is that we do not want content in our service that is not relevant to our customer base.

A number of the shows I have commissioned in Europe to date are single-territory, simply because I know my viewers around the world and who I am programming for very well. I know that in some instances they just will not want to watch that show. So I am more than happy for producers to keep those rights and monetise them through Fremantle, BBC Studios, et cetera. Again, that is simply not the model we are working to, because I recognise and strongly advocate for the fact that producers need that line of income.

Jay Hunt: My experience is that people in this space are just much more entrepreneurial and forward-facing as businesses. I have been quite surprised by independent producers' openness to discussing an array of different models. They are keen to be involved with big global players with sizeable budgets who are making ambitious shows which they hope will resonate globally. I have been struck by how interesting and interested they are on the subject of different ways of working.

It is not quite as straightforward as that. On occasions, we can overstate the value of some of those rights, and there will be companies that would be much happier to work for a global premium in those circumstances, so it is an interesting and nuanced time at the moment.

Viscount Colville of Culross: There have been reports that Apple is not going to do co-productions. Is that true?

Jay Hunt: Yes. We are not averse to co-production at all. As I said, I have spent the past 18 months talking to producers and broadcasters about co-production. The one thing I would say is that it can sometimes be very successful, and sometimes less so.

Critically, it is not the only way we can make a contribution to the UK creative economy. A very striking example is that two of my very first commissions out of the UK have been to BBC Studios. I know that Lord Hall has talked to the Committee about the value of BBC Studios as the commercial arm of the BBC. That is a literal injection of cash into the BBC to fuel that public service economy. There are lots of ways of cutting this and we can make an array of contributions.

Baroness Chisholm of Owlpen: I wanted to ask about regulation. Do you feel there is a level playing field between the PSBs and the SVODs?

Georgia Brown: Being based in the UK, Amazon's on-demand services are currently regulated by Ofcom, as are all the PSBs' on-demand services. In that sense, there is a level playing field. We recognise that the PSBs have further regulation on top of that due to their remits and the fact they spend public money. We are all eagerly awaiting the Ofcom report to understand the further regulation that might come into play. Of course, as always, we would comply.

Jay Hunt: My observation would simply be that they are very different entities. Self-evidently, the BBC receives a huge amount of public money and is funded in that way. With the commercial broadcasters, there is a transaction in which regulation is exchanged for prominence. Organisations like Apple are commercial organisations that have come into this market and are operating in a slightly different way.

One of the important things that we can do, and one of the reasons I was attracted to this role, is that via the TV app we can help to support that public service economy and provide an environment in which people who might no longer choose to watch public service content via a traditional route will find that content. We can display that in a prominent way on the TV app, as we do at the moment. They are just fundamentally different beasts.

Baroness Chisholm of Owlpen: We heard from somebody that they felt that the gap between the PSBs and the SVODs definitely exists and manifests itself in the compliance and regulatory burden, which must then have an effect on the PSBs. But you do not think that is the case?

Jay Hunt: I am sorry, but I do not entirely understand the question.

Baroness Chisholm of Owlpen: The feeling was that the PSBs are regulated more than the SVODs, which affects the kind of programmes they—

Jay Hunt: They are regulated but, as I said, they are regulated in exchange for public money, in the BBC's case, and for prominence and a relationship with local audiences going back many decades. They are just slightly different animals. To me, the striking thing about the tone of what we are trying to achieve is the overlap in values between Apple and the public service broadcasters.

Baroness Chisholm of Owlpen: Okay.

The Chairman: So maybe it is better to deregulate? With such a wide range of players and concerns about an uneven regulatory playing field, is the answer to deregulate across the board?

Jay Hunt: That would be a very bold subject for me to engage with, I am afraid to say.

Georgia Brown: As I said, I do not think that is something we should start debating today. There are a number of different ways you could

look at this, with the AVMSD coming. We are all eagerly waiting to see what the new regulatory lines will be.

Q181 Baroness McIntosh of Hudnall: This segues straight on from your last remarks, because it is about prominence. You have been following the sequence of evidence we have received, so you will know that this is a very hot topic, particularly for the PSBs. Exactly as you described, they feel that those prominence rights are a privilege they acquire in return for meeting their public service obligations, but that the value of them is starting to erode.

Can you talk to us about what, if any, the protected status of the PSBs should be when it comes to prominence, and where you see yourselves fitting into the arguments about it? I was particularly interested in what you said, Jay, about the Apple app and the way you have produced a sort of mini prominence regime within that which, as you said, privileges the public service broadcasters. Is that likely to be a long-term trend?

Jay Hunt: It would be inappropriate for me to be drawn into policy issues about prominence for the public service broadcasters, but I can speak specifically about what we are doing. Apologies if this is oversimplified, but for those of you who have not seen the app, the first row you will see is the opportunity to continue watching whatever you have been watching. The second row is a human-curated app, which surfaces—not in an algorithmic way, because we are not a data-driven organisation in that sense—the very best shows that we think audiences might appreciate. The next four lines—

The Chairman: So it is research-driven?

Jay Hunt: No, it is not. The fundamental difference between Apple and other organisations is that what sits at the heart of the business is this notion of surprise and delight. We are not following data to drive down audience tastes; we are coming up with content that we hope will unite and inspire, that feels authentic and that will resonate with people globally. But that is not a data-driven approach.

The Chairman: So you are not an echo chamber. You are trying to entice me in the way an old-fashioned scheduler might have done.

Jay Hunt: We are not an echo chamber. I am sure the public service broadcasters would object to the term “old-fashioned schedule”, but I completely agree with you. That first row¹ continues a tradition inside Apple of human-curation surfacing the very best content that audiences might want to come to. The next four rows are the BBC, ITV, Channel 4 and Channel 5. All the content there is surfaced as a consequence of weekly conversations between the Apple TV app team and the public service broadcasters in which they choose what they would like to have surfaced in this environment.

Going back to where we started, obviously where we are seeing ageing demographics for traditional viewing via traditional platforms, for Apple

¹ Note by witness: This should read “second row” instead of “first row”.

to play a role in offering a different environment in which an audience that may simply choose not to watch that content via a traditional schedule can sample public service content seems an incredibly important part of the contribution that we can make to the wider sector.

I encourage you to look at the very prominent way they are scheduled there. As I say, these are consensual conversations with partners, saying, "This week, what do you want to draw a different type of audience's attention to in this environment?" Diversifying that audience base is an important contribution to the long-term health of the public service regime.

Baroness McIntosh of Hudnall: It certainly is. Before Georgia comes in on behalf on Amazon, that sounds saintly—certainly altruistic. Forgive me for putting it so bluntly, but there must be a sound commercial reason why it suits your purposes to privilege public service broadcasting in that way. Can you explain a little more why that is commercially useful for you?

Jay Hunt: I can only reiterate what I have said before. Apple has turned out to be a very natural home for someone who has spent 30 years in public service broadcasting, because the ethos at the heart of the organisation is very similar. The honest truth is that we try to surface the very best content for UK consumers. We think that there is an opportunity to aggregate; I am sure that people in this room are familiar with a sense of content overload.

This is one gateway that will allow you to see the best content, whether you have bought it, you want to subscribe to it or it is free to air. Genuinely, that is our motive. It is yet another product in a steady stream of consumer-facing products in an area in which Apple is innovating for a very good cause.

Baroness McIntosh of Hudnall: Fair enough.

Georgia Brown: First, for those of you who joined us this morning and talked to our tech team, it is worth saying that we recognise that prominence in a non-linear world is fraught with complexity when it comes to the technology underpinning the different user interfaces that various apps have to interact with.

Of course, Apple has highlighted one way of doing it: a selection of shows in its apps. That is fantastic. If you go on to Fire TV at the moment, you will see that the BBC iPlayer app is pinned at number one, in the most prominent position. Netflix is number two. Interestingly, Prime Video is number three. Again, that is one way we support the public service and its prominence.

Another way to look at this is through the carousels that we offer. When you go to the Prime Video homepage, you can see various carousels. One that we love is BAFTA award-winning content, where you will see things like "A Very English Scandal", a show that we co-produced with the BBC. You will also see carousels such as the best of British comedy—another genre that we really like to highlight for our audience.

Again, prominence includes a number of complexities, and the debate is difficult, but by virtue of the quality of the content which the public services produce, they already receive prominence via Apple and ourselves. Probably much like Apple, we have consulted Ofcom and we await the outcome of that report to take this debate further.

The Chairman: Thank you. You both emphasised why your respective businesses are investing heavily in the UK and talked about looking at the sector as a whole, including the interdependence of the PSBs, the SVODs and independent producers. Brexit is looming. We talk about Brexit in this place all the time, but it must be an issue.

Q182 **Baroness Quin:** Given that both of you are in organisations that have recently invested in the UK at a time when Brexit dominates events, do you see Brexit as an issue when it comes to your continuing presence here? Our impression is that the UK creative sector has been very active in the EU and in many ways has set the agenda in recent years. Do you see that as being in jeopardy, and do you have any comments on the relative difficulties of dealing with no deal versus some kind of deal?

Georgia Brown: As you say, the UK has been a complete trailblazer when it comes to our content and broadcasting. The UK is one of the biggest European production hubs, which is why we at Amazon decided to have the UK as our country of origin. Brexit and the uncertainty around it will have an impact on our business, of course. If I were to make one recommendation today, it would be look at how we navigate that uncertainty. We have invested very heavily to date and we would like to be able to continue to do so.

Jay Hunt: Our position is probably slightly more straightforward, because we are relatively new. We will simply continue to operate as normal. I engage in daily conversations about UK productions going forward for many years, as well as with European producers.

Baroness Quin: Is there any concern about how European policy may develop if we are outside the European Union? I am thinking of the audio-visual directive and other possible European initiatives. Have you analysed them at all?

Jay Hunt: I have not had these conversations.

Georgia Brown: I have not, I am afraid. I am probably not best placed to speak about that. I know that our fantastic public policy people are actively tracking this issue, because it is a concern for us. As I said, this uncertainty is undoubtedly having an impact.

Baroness Quin: Do you feel that you have access to government to raise your concerns?

Georgia Brown: To be honest, I am not too sure, but the people who are with me today can come back to you on that if there are any specifics that you want to know about.

Q183 **Lord Bethell:** My question is about unity and is stimulated by a comment that you, Jay, made in passing about Apple's mission being

about unity. I am very confused about whether this phenomenon that we are seeing will be divisive or will bring people together. It is divisive if our public service broadcasters fail to collect the kind of audiences they have traditionally collected to bring a sense of national identity, and it is divisive if people get channelled down very narrow content channels and do not share stuff in the way they used to.

On the other hand, it is exciting that those massive-content sums of money mean that people can have really great local programming and stuff that is attractive to them. If the mission is unity, which means bringing more people together, how do you both see this playing out? Will we end up with a broadcast industry that fragments society or one that brings society together?

Jay Hunt: That is a massive philosophical question.

The Chairman: Draw on your backgrounds.

Jay Hunt: My honest feeling, and you referred to this earlier, is that this is a golden age for production in this market. It is hugely exciting. We are seeing global players come to the UK to make great content, with the ambition not just to serve local audiences but to travel. It is an opportunity to get great British voices out to the rest of the world, with all the soft power that comes with that. So I feel genuinely very excited about it as a possibility.

Georgia Brown: I would echo that. As someone who travels the world as part of their job, I can say that the UK is absolutely envied and admired by every territory in the world for the work that we are creating. The fact that the PSBs can still put out shows like "Bodyguard" and pull in tens of millions of people in one night is extraordinary and something that I hope will continue.

Q184 **The Chairman:** I would like to ask a couple of questions. The first is on audience figures. Going forward, Jay, and currently, Georgia, what data will you produce on audience figures?

Jay Hunt: I genuinely cannot say. As I said, these questions are a little premature, because we are not even launching yet.

Georgia Brown: At Amazon, as some of you know, our model is incredibly different from that of the linear broadcasters, so the concept of an overnight figure is not something that we look at; it is simply not part of our model.

Some of that is driven by the fact that we do not carry advertising, so again we do not have to be fixated on the short-term value of an overnight figure. Some of it is the fact that, again, we are relatively new into the market; we have not been up and running long. So we are currently obsessed with not the number but how many people are engaging with our content and what that engagement looks like.

When I commission a show and people ask, "What is success for you? What do you look for as success in a programme?", there are a number

of things that we look at. One, as I said, is the audience engagement: are they coming to the show, and are they connecting with it?

To that effect, I think we have one of the most transparent rating systems in the world. Any one of you can log on now, which fills me with dread sometimes, and look at the comments and star ratings that customers are giving those shows. That is hugely useful to us and our programme makers.

One of the joyful things about this job in the last couple of years has been when people have had a series go out on the service and they can log on and see exactly what those customers are saying. It can have a real impact on the development of further series if they are saying, "Actually, this character didn't really resonate with me", or, "I didn't really like how you handled that particular storyline". We are having a very direct conversation with our customers around the world, and it is really forming a part of our programming strategy.

Q185 The Chairman: A final question from me. I do not know whether other Committee members want to come in on any other issues.

New players are coming into the market; it is one of those moments when the market is expanding and new players are coming in. As industry big players, not just from your respective seats in your companies, can you say whether there will inevitably be some consolidation in the relatively near future, and what form might that take?

Jay Hunt: Do you mean in the production sector?

The Chairman: Yes.

Georgia Brown: Again, it is difficult for us to engage on that—genuinely.

Jay Hunt: I would echo that. To date, we have seen a large amount of independent production consolidation, and I just cannot predict where that is going.

Viscount Colville of Culross: I have got you there. I know that you do not want to be asked about public service broadcasting and its future, but we are hearing again and again that it is having its breakfast, lunch and dinner eaten, except for "Bodyguard" and a few other things that are doing very well. It is really struggling, particularly with the younger audiences.

You, Jay, said that you have these lines of public service broadcasters on your app, so you are going to bring new audiences to their content. But we are hearing again and again that it is a real problem trying to get younger viewers to consume that content. Are you prepared at all to help us understand that?

Jay Hunt: Absolutely. I will tell you from historical experience. Georgia alluded earlier to the potency of SVODs with young audiences. Part of that is the means of delivery—it is easy, accessible and mobile. I also

think, and this is after many years of commissioning on terrestrial broadcasters, that the dynamic is very different.

It is extremely difficult for a terrestrial broadcaster to super-serve a particular demographic in this market when absolute volume of audience matters. If you are the BBC and you are dealing with the issue of the universality of the licence fee, being very popular with a tiny demographic is extremely difficult.

As Lord Allen will know, it is similar for a commercial broadcaster. Volume audiences still matter. That is how you monetise via an advertising model, and it is extremely difficult. It is a challenge, and we can help in bringing different sorts of audiences to that content. But it is also true that it is easier for a global platform to target a young demographic, because, self-evidently, if it is a global platform, a small audience domestically x 100 countries is no longer a small audience.

There is a fundamental conundrum at the heart of this, but again—I do not want to go on about it—it is why things like the app are important, because we frequently see audiences that are averse to watching in traditional ways but who may not be averse to the content itself. If we can play a part in getting people to consider content that they would not sit down and watch on Sunday at 7 o'clock on BBC 1, it is a genuinely valuable contribution.

Viscount Colville of Culross: Is there something the PSBs can learn from that in order to bring new people to their content?

Jay Hunt: Sorry, that was a slightly long-winded answer, but it was partly just to explain that there is a fundamental conundrum there: that if you are a scale player, either publicly funded or funded by our advertising, how you get a sufficiently large audience, whether of very old people or very young people, is a conundrum, but with an ageing demographic it is a genuine tension. That is why the means of delivery will become part of the solution.

The Chairman: Do you produce any data on the usage of the app?

Jay Hunt: We do not produce any data on the usage of the app, I am afraid. No.

The Chairman: I thank our witnesses for their evidence and for taking time to be with us. It has been a very interesting and useful session. Thank you very much.