

## **Prime Video—written evidence (BFF0070)**

### **House of Lords Communications and Digital Committee inquiry into BBC future funding**

Prime Video welcomes the opportunity to submit written evidence to the Lords Communications and Digital Committee's inquiry into *the future of BBC funding*. This response sets out background on Prime Video in the UK and how we have partnered with the BBC to date.

Our mission is to be Earth's most customer-centric company and we have been giving customers access to a constantly changing selection of thousands of TV shows and films, as well as certain live sports events, since 2014. In the UK, Prime Video is part of our Amazon Prime membership programme, which provides members with access to benefits such as one-day delivery on millions of physical products (sold by Amazon and third- party sellers), Prime Music and photo storage.

#### **About Prime Video**

Since launching in the UK, Prime Video has been regulated by Ofcom for both our on-demand and linear services. Our European Prime Video headquarters is located in London and includes the second largest global Prime Video tech hub, with hundreds of software engineers supporting the work that goes on behind-the-scenes for maintenance and smooth delivery of the global Prime Video service. A dedicated UK Amazon Studios commissioning team was established in 2018, and we take a thoughtful and curated approach to our Original content, commissioning only a handful of UK Originals each year including popular series like *The Grand Tour*, *Clarkson's Farm* and our *All or Nothing* football club documentary series, as well as upcoming *Jungle*, *KSI* and *Lovestruck High*. Our contribution to the UK creative industries is built around:

- Commissioning UK-produced Amazon Original content for our UK and global service;
- Directing investment when our global Amazon Originals are developed and filmed in the UK;
- Licensing UK third party and Public Service Broadcasting (PSB) content in the UK and internationally;
- Working with the PSBs and other third parties to finance and co-produce content for UK and global audiences;
- Bringing content from across the world to UK customers;
- Investing in long term, sustainable training programmes for UK entrants to the creative industries.
- Retailing UK produced content via Prime Video's transactional marketplace, and allowing customers to subscribe to UK based channels such as BritBox and ITV Hub.

We have recently demonstrated our long-term commitment to the UK through a landmark long-term contract with Shepperton Studios for exclusive use of new production facilities for Amazon Originals productions; part of our strategy of expanding our production footprint in the UK. We are also supporting the development of a sustainable pipeline of talent, including by investing £10m over the next three years to broaden access to the sector and provide more opportunities for those from diverse backgrounds through our 'Prime Video Pathway' initiative.

Our investment in the UK creative industry is growing and we are excited to welcome upcoming productions to the UK later this year, including season 2 of *Lord of the Rings: The Rings of Power*. We will continue to be thoughtful about how we support the growth of the industry through our productions and are committed to ensuring that we are a force for good and create opportunities across the breadth of the UK.

### **UK customer experience**

From the launch of Sky in 1989, BritBox in 2019 and to Freeview in 2002, customer choice in how and what they consume has never been stronger. In 2020 the average 16-24-year-old spent 2 hours and 17 minutes a day on YouTube; TikTok reached 31% of adult internet users<sup>6</sup>; and digital viewing made up a record 12.5% of Channel 4 viewing<sup>8</sup>. UK customer demand continues to drive room for new services and diversity of content, with the launch in the last two years of Discovery+, Disney+, and our own Amazon Freevee; not to mention the upcoming launches of Paramount + and ITVX.

As the Government recently noted<sup>1</sup> broadcasters are no longer just competing with each other for viewership and revenues, but also with other types of content: 50% of the UK are gamers,<sup>2</sup> 89% listen to radio every week;<sup>3</sup> 41% increased the time they spent reading books in 2020,<sup>4</sup> 10m adults listen to podcasts every week<sup>5</sup> and the average UK adults spends an average of 10 hours a week listening to music.<sup>6</sup>

### **The BBC**

Yet despite all of this competition the BBC has more than doubled its audience in the last ten years and confirmed that it is on target to reach 500m people this year<sup>7</sup> whilst 2020 saw BBC iPlayer break records as it received over 5 billion requests,<sup>8</sup> underscoring that, as it celebrates its 100th birthday this year, the BBC remains at the heart of UK cultural life.

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1 <https://www.gov.uk/government/consultations/audience-protection-standards-on-video-on-demand-services/outcome/government-response-to-the-consultation-on-audience-protection-standards-on-video-on-demand-services>

2 <https://www.statista.com/topics/1763/gaming-in-the-united-kingdom/>

3 <https://radiotoday.co.uk/2022/02/uk-radio-listening-remains-static-at-89-of-the-population/>

4 <https://www.theguardian.com/books/2020/may/15/research-reading-books-surged-lockdown-thrillers-crime>

5 <https://www.gov.uk/government/consultations/audience-protection-standards-on-video-on-demand-services/outcome/government-response-to-the-consultation-on-audience-protection-standards-on-video-on-demand-services>

6 <https://www.walesonline.co.uk/news/uk-news/hours-spent-listening-music-rise-21922829>

7 <https://www.bbc.co.uk/mediacentre/2021/bbc-reaches-record-global-audience>

8 <https://www.bbc.co.uk/mediacentre/2020/iplayer-breaks-5-billion-annual-requests>

From the *EastEnders* Christmas special breaking records with over 30m viewers in 1986 to *Normal People* being viewed over 60m times on iPlayer in 2020, the BBC has been able to attract mass audiences over multiple decades. In spite of a rapid increase in competition and choice, the BBC remains a trusted media brand<sup>9</sup> and at the heart of UK cultural life.

The BBC has played an historic role in establishing such a strong UK creative sector. Although we do not have a view on how they should be funded, we recognise the unique contribution the BBC makes to the UK and maintaining a good working relationship with the BBC is important to us.

### **Our partnership with the BBC**

We have partnered with the BBC for a number of years in terms of developing, producing, licensing and distributing content and provide additional revenue streams by licensing its work for distribution via Subscription Video-on-Demand (SVOD) and helping it reach global audiences (for example, the Prime Video catalogue currently includes shows originally broadcast on the BBC such as *Sherlock*, *The Hour*, *The Night Manager*, and *The Woman in White*), as well as licensing BBC content for distribution via Transactional Video-on-Demand (TVOD), whereby customers can choose to rent or buy individual BBC titles such as *Peaky Blinders* and *Line of Duty*, and offering the *Britbox* SVOD service to Prime Video customers via our channels offering.

Co-productions are another important area of our collaboration with the BBC. To date we have helped bring 18 co-productions to life with the BBC by sharing the financial burden of their production. Ofcom has highlighted that some of the most successful PSB dramas in recent years<sup>10</sup> have been produced with the help of third-party financing and we are incredibly proud to have supported *Small Axe*, *Fleabag*, *A Very British Scandal* and, most recently, *Chloe*. We work with the BBC's own studio, BBC Studios, to commission new series for customers such as *Good Omens*, whose second series recently completed filming in Scotland.

Ofcom found<sup>11</sup> that third-party contributions funded over half of PSB original drama in 2018. Co-productions are a great example of not only how the industry works well together but how the pooling of different skill sets and strengths from across different industry players can create the best end result for customers, whilst also being mutually beneficial for the parties involved.

Pooling our resources can also lead to wider benefits for the sector beyond creating quality content. For example, we have partnered with the BBC on skills and training initiatives to support the development of UK creative talent. This includes jointly funding a stepping up scheme on *Small Axe* to target two areas of ongoing concern i) the persistent lack of non-white heads of department working in the industry and ii) the lack of entry-level employees from lower socio-economic backgrounds, whilst season 2 of *Good Omens* supported the development of 20 trainees.

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<sup>9</sup> <https://www.bbc.co.uk/mediacentre/speeches/2020/tim-davie-intro-speech>

<sup>10</sup> [https://www.ofcom.org.uk/data/assets/pdf\\_file/0013/192100/psb-five-year-review.pdf](https://www.ofcom.org.uk/data/assets/pdf_file/0013/192100/psb-five-year-review.pdf)

<sup>11</sup> [https://www.ofcom.org.uk/data/assets/pdf\\_file/0013/192100/psb-five-year-review.pdf](https://www.ofcom.org.uk/data/assets/pdf_file/0013/192100/psb-five-year-review.pdf)

The BBC recently committed to continue to collaborate with the commercial sector to maximise audience value<sup>12</sup> and we would stress that while we have enjoyed a fruitful collaboration with the BBC so far, there is still a great deal more we can achieve together and we are looking forward to exploring the different ways in which we can collaborate and continue our relationship.

*May 2022*

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<sup>12</sup> [https://www.ofcom.org.uk/data/assets/pdf\\_file/0016/218104/bbc-ssbd.pdf](https://www.ofcom.org.uk/data/assets/pdf_file/0016/218104/bbc-ssbd.pdf)