

## Written evidence submitted by Amazon

### Amazon written follow up to House of Commons Culture, Media and Sport Committee inquiry into the draft Media Bill

#### Introduction

Many thanks for inviting Amazon to provide evidence to your inquiry into the draft Media Bill on Tuesday 27 June. This is the first broadcasting legislation for 20 years and it's important we get it right. Good regulation has an important role to play and we welcome the Committee's inquiry.

We recognise the need to ensure the audio-visual regulatory framework is fit for the digital age and the new ways in which consumers access and enjoy content. Changes in audience habits over the past few decades reflect the positive impact of having so much choice of content and services, and it is important that regulation reflects this. The UK is an important home for Amazon and since 2010, we have invested over £4.3 billion in the UK Creative Industries; and we look forward to supporting the continued growth of the Creative Industries over the coming years.

Amazon has over 2,000 permanent employees supporting our creative businesses and our investments in the Creative Industries supported more than 16,000 jobs in 2022. Amazon has doubled its investment in the creative sectors across the UK in the last five years, reflecting the support for more UK-based creatives, a record number of Amazon Originals filmed in the UK, and state-of-the-art studios and facilities for Amazon Music, Audible and Prime Video, including new production facilities to open at Shepperton Studios, which is our first long term lease outside of North America.

One way we are creating opportunities across the UK is by investing in skills and apprenticeships. Our 'Prime Video Pathway' initiative is committing £10million over the next three years to broaden access and provide more opportunities for those from diverse backgrounds; with over 50% of places for those based outside of London. Our Pathway partnerships include the National Film and Television School, the London Screen Academy, and the Royal Conservatoire of Scotland.

We are also committed to creating apprenticeships across all parts of the UK Creative Industries. We have over 60 apprentices supporting our creative businesses. We use a variety of apprenticeship standards including broadcast production assistants supporting our Prime Video commissioning, sports and productions teams, publishing assistants supporting our books teams and digital marketers supporting Amazon Music. Our alumni have gone on to different roles within Amazon after completing their apprenticeship as well as moving across the industry, including to the BBC.

As well as creating our own in-house programme, we have utilised our ability to transfer up to 25% of our apprenticeship levy pot to external organisations and have pledged £2 million to create an apprenticeship levy transfer [fund](#) dedicated to helping support small businesses across the creative industries take on apprentices. This fund is covering the cost of the training of 200 apprentices and includes initiatives such as Prime Video becoming the lead partner on a Screen Skills and Department for Education flexible apprenticeship [pilot](#), where we are funding 20 apprentices to support both our Original productions such as *The Devil's Hour* and *The Lord of the Rings: The Rings of Power*. This has also funded apprentices on non-Amazon productions including on over 20 Public Service Broadcaster shows such as Channel 4's *Derry Girls* and the BBC's *Have I Got News For You*. We are also working with the UK Screen Alliance to support dedicated Post Production and VFX [schemes](#); supported the BRIT Trust [scheme](#); and Amazon Music is [partnering](#) with the Association for Independent Music and Women in CTRL on a new Amplify programme.

Amazon is one of the few stakeholders impacted across three different areas of the Bill – by the new Video on Demand Code; the Must Offer Must Carry between Public Service Broadcasters and connected TVs; and the radio provisions impacting Voice Assistants. Amazon wants to be a constructive voice and our focus is ensuring that the draft Bill is evidence-based, proportionate and continues to protect innovation and our ability to keep

developing the customer experience across Prime Video, Fire TV and Alexa.

### **Evidence base**

The draft Media Bill is based on the [Broadcasting White Paper](#), and the Government undertook several consultations to gather evidence and views on possible proposals including the consultation into *Audience protection standards on Video-on-Demand Services*. We welcome the Government's current "technical engagement" and strongly support evidence-based policymaking. We are concerned, however, that there hasn't been a consistent approach to evidence-gathering on the draft Bill, and would **urge the Committee to ask the Government to undertake a formal consultation on provisions which have yet to do so**, notably Part 6 of the draft Bill.

Notably, the [impact assessment](#) of the Bill, which was published in July, does not include an assessment on Part 6 and also highlights in several places that there is high uncertainty on the impact of the Bill. For example, the Government notes in its assessment that the impact of the Must Offer Must Carry Provisions on device manufacturers is "highly uncertain" and that an illustrative estimate on the cost to Video on Demand services is based on incomplete data. There is also no assessment on any potential impact on UK audiences.

We are concerned that the Government has not fully considered the workability, proportionality or impact of these proposals on industry or on UK audiences. This also makes it harder for both Parliament and industry to genuinely assess the impact or unintended consequences of the Bill, and that without comprehensive data and information, implementation costs and the impact of the Bill are likely to be underestimated. **We would ask the Committee to urge the Government to undertake a comprehensive Impact Assessment of the Bill.**

Without being able to provide a clear impact of the Bill, it is therefore even more important to provide industry sufficient time to comply with the regulations; particularly in cases that have either not been subject to consultation or that will require significant technical changes. **We would ask for the implementation timeline to be 18 months; and 24 months for part 6 of the Bill.**

### **Prime Video**

Our European Prime Video headquarters are 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.

Since launching in the UK in 2014, Prime Video has been regulated by Ofcom. We take our responsibility as a content commissioner and distributor extremely seriously and are committed to ensuring customers receive the highest levels of protection by providing a number of tools, policies and processes to ensure their safety when using our service. We recently [launched](#) an enhanced partnership with the BBFC to help us move towards in-house classification using BBFC-certified age ratings for use on Prime Video in the UK.

A dedicated UK Amazon Studios commissioning team was established in 2018. We take a slightly different approach to other services in that we commission only a handful of UK Originals each year, including popular series like *Clarkson's Farm*, our *All or Nothing* football club documentary series or the Martin Compston and Iain Glen led drama series *The Rig*. Prime Video's 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;
- Commissioned over 25 co-productions with the Public Service Broadcasters to finance and co-produce content for UK and global audiences; these include *Fleabag*, *Catastrophe* and *Small Axe*;
- Bringing content from across the world to UK customers;
- Investing in long term, sustainable training programmes for UK entrants to the creative industries.
- Providing audiences with the ability to rent or buy content via Prime Video's transactional marketplace
- Enabling customers to subscribe to UK based channels such as the BFI Player

Many of our productions have called the UK home. Whether its global hits such as *Citadel* being based in Maidenhead to *The Rig* in Leith and *Good Omens S2* in Bathgate; *How to Date Billy Walsh* in York to *My*

*Policeman* in Brighton, *Catherine Called Birdy* at Stokesay Castle in Shropshire, to *Mammals* in Cornwall.

Ofcom [research](#) found that Video on Demand (VoD) services have such high levels of popularity, particularly among younger audiences, because they offer their customers easy-to-use and intelligent, personalised user interfaces and tailored content recommendations and that subscribers appreciate the vast content libraries and range of choice available. A subscription to one service is not mutually exclusive, with 46% of British people subscribing to two or more paid-for video services. One of the many positives of the development of streaming services, is that audiences have more choice than ever before. The industry includes a variety of different business models as UK customer demand continues to drive room for new services and diversity of content, with launches of Discovery+, Disney+ Paramount+ and Amazon Freevee a testament to this. Yet audience appetite for Public Service Broadcasters remains strong. As the BBC noted in its own [written submission](#), UK audiences spent more time watching BBC TV or iPlayer than Netflix, Disney+, and Prime Video *combined* last year. Meanwhile, Ofcom research this month [found](#) that BBC iPlayer is the most popular streaming service for watching “programmes, films and other video”.

The Government has stated that an objective of introducing a new Video on Demand Code is *“to protect audiences from the potential harm arising from the gaps in the existing regulatory framework, new regulations will ensure UK audiences receive a similar level of protection no matter how they watch television – whether it be live or on-demand”*. Prime Video has been regulated by Ofcom since our launch in 2014 and support regulation of VoD in the UK. This will also help UK audiences have a consistent experience across different services they use. We believe the best way to help meet that objective is for **the new Video on Demand Code to be applied universally across all Video on Demand services that are watched by UK audiences**.

Whilst we welcome the Government’s recognition of the significant difference between linear broadcasters and VoD services; and the need for there to be a distinction in how they are regulated, we would welcome further debate about what principles the VoD Code should include. The draft Bill has automatically transferred the principles of the Broadcasting Code to the new VoD Code, without considering if these principles are appropriate or practical for the digital environment. **We would ask for a dedicated consultation to be undertaken to consider what principles the Code should include.**

The Broadcasting Code regulates 168 hours of content per week and is designed for an environment where UK audiences have little control over their content environment, and rely on broadcasters to make certain viewing choices for them, such as the 9pm watershed. In contrast, some VoD catalogues hold tens of thousands of titles, with audiences completely in control of what they decide to watch and when using tools and features, like age ratings, Kids’ profiles and parental controls to be able to tailor the service and control their own viewing decisions, and the viewing of vulnerable people around them. Given this fundamental distinction, it is right that the new VoD Code reflects the differences and nuances of viewing habits on VoD services; and that it is not merely an extension of the Broadcasting Code.

In addition, VoD services curate their catalogues in a different way to linear broadcasters. VoD services may commission Original content, both in the UK and around the world, they may license exclusive content, they may license existing content from UK and global partners, including the PSBs, or they might commission co-productions with partners with the co-producers having the rights to broadcast the production in different territories. Catalogues, particularly those that have a strong global component, or that license content that is older, have not been curated with a new UK VoD Code in mind and it will take time, resource and planning to ensure that services can comply after Ofcom publish the final Code. **We would therefore recommend that the compliance timeline is extended to 18 months.**

We welcome that the draft Bill, in Clause 368HH, includes additional considerations for Ofcom to take into account when drafting and enforcing the new VoD Code. As per the above, it is important to have distinctions in place. We think Ofcom should also consider aspects such as **the size of a service’s catalogue, how the content is sourced and/or promoted** as well as **the age of content and the original country of production**.

#### **Fire TV**

Amazon introduced the first-generation Fire TV Stick in the UK in 2014. Our focus then, as it is now, is to offer viewers attractive and diverse content in the most convenient and user-friendly way. To make it easier to discover and enjoy a wide variety of entertainment and apps, Fire TV surfaces intelligent, personalised

recommendations for what to watch based on the shows, genres, and apps a customer likes. We continue to innovate and reimagine the TV experience, and our relentless focus on making TVs a better, more intuitive experience for customers is resonating around the world. To date, we have sold over 200 million Fire TV streaming players and connected TVs to customers in more than 85 countries around the world.

The connected TV industry is incredibly competitive with the likes of Roku, Samsung, LG, Panasonic, Sky, Apple, Google and Virgin, to name but a few, all offering connected TVs and/or streaming media players. This is not to mention the other devices through which UK audiences choose to consume content such as on laptops, tablets, gaming consoles and mobile phones. Given the fierce nature of competition in this industry, and to keep up with changing customer expectations, we have to constantly develop our products and services to remain relevant and provide the best possible experience for our customers. This innovation requires constant investment across our engineering and technology teams. In addition, we incur ongoing operating costs, including providing dedicated technical support to our content partners.

### **Must Offer Must Carry (MOMC)**

We appreciate that these proposals have been considered by Ofcom and Government since 2019 and we welcome the Government's engagement on this part of the Bill. We believe freedom of choice, quality and relevance helps provide the best possible customer experience and are keen to support the development of a framework that promotes the best TV experience for customers. For the MOMC we would ask the Committee to consider as part of its report:

- **Any unintended impacts on the customer experience.** Unlike the linear TV experience, many connected TV customers have opportunities to personalise and customise their service and User Interface (UI), adding significant value to their experience. This ability should be protected at all costs under the Bill.
- **The technical feasibility of the proposals.** It is important that prominence remains at an app level, rather than at an individual content level. Not only would prominence requirements over individual content be technically challenging to implement, it would also have a significant negative impact on the ability of Regulated Television Selection Services (RTSS) to provide the personalised experience that customers enjoy.
- **Impact on Data and Privacy.** The draft Bill sets out that RTSS must provide prominence to national PSBs such as S4C and STV. Fire TV does not collect geo-location data and we may not know where in the UK individual customers are based. We would ask that no new customer data collection should be required to comply with this Bill. Instead if an RTSS enable users to customise their experience on the UI to be able to pin a PSB, then this should satisfy the requirements.

### **Additional questions**

The MOMC is underpinned by three Agreement Objectives. We agreed to follow up during our evidence session on our views on innovation (Objective C). We think the Bill could strengthen the recognition of how RTSS continually enhance and innovate, particularly on the UI. Broadening the scope of Objective C would allow more freedom and flexibility for RTSS to innovate on the UI and continue to develop the customer experience. It would also help ensure this legislation is future proofed. **We propose expanding Objective C; not just limiting it to the way a user selects and accesses content but to prevent any inappropriate restrictions on innovation.** In addition, and as mentioned in our oral evidence, **we support the draft Bill's use of "appropriate" prominence under Objective A.**

We also agreed to follow up on our standard terms and conditions. Firstly, we want to emphasise that we have commercial arrangements with all of the PSBs and have entered into bespoke arrangements in each instance where PSBs have requested. It is not in our interests to have negotiations fail, as this impacts customers and the experiences we are able to offer. We cannot overstate how important it is for Amazon to avoid this, and we work incredibly hard to reach mutually beneficial arrangements. In addition, we deliver great value in terms of awareness, new customer acquisition and content engagement for our partners.

Ofcom's Dispute Resolution powers will also create additional safeguards, including protecting PSB's if they think a RTSS is trying to impose inappropriate terms. We support Ofcom having these powers as a last resort mechanism in case commercial deals can't be reached. We believe the threshold for raising a dispute with Ofcom needs to be set more clearly, in order to deter speculative challenges, or for it to be used as a delaying

tactic or intended to disrupt commercial engagements. **The Bill should direct Ofcom to consult on a set of criteria that should be reached before a case can be referred.** This will help focus Ofcom’s resources on the cases that need its attention, instead of being used as a negotiating tactic in standard contract negotiations.

### **Alexa and our Radio Skills Kit**

Amazon has invested significantly since the launch of Alexa in the UK in 2016 to provide the best and most accessible experience for our customers. We have large Alexa teams in the UK, based in our London HQ and our Cambridge Development Centre, including a dedicated team to support our radio partners. We know Alexa can only be successful if it provides customers with convenient access to a broad selection of content. This is also true for radio broadcasts, with over 89% of UK adults listening to radio every week. Alexa customers can access most of the radio broadcast they want by simply saying the name of the service in their request to Alexa (“Alexa, play Classic FM”) and Alexa will play the requested radio stream.

Radio broadcasters are our partners in providing customers with a broad selection of content – and we also consider them to be our customers. That’s why we want to make it as easy as possible for radio broadcasters to make their stream available via Alexa. Since Alexa’s launch in the UK, radio broadcasters have been able to make their stations available via Alexa through an aggregator’s catalogue (such as TuneIn) or by building a ‘custom skill’, an Alexa voice app, which requires development work from the radio broadcaster and may also require support from Amazon. The BBC has opted for the custom skill solution

To make the onboarding easier for radio providers that do not have the knowledge or the resources to build a custom skill, we built our Radio Skills Kit (RSK) in 2019 and launched a fully self-service RSK onboarding process in April 2023. RSK removes many technical and financial barriers that local and independent stations face when trying to reach listeners via voice assistants. It enables radio broadcasters to provide appealing features to their listeners, e.g. multi-room casting (so that customers can listen to several stations on different devices/in different rooms at the same time) and radio alarms. It also gives radio providers access to insights into how customers use their radio stream. For example, we provide the total listening duration for a station and the average listening hours per customer – data that is specifically relevant for advertisers when deciding on which radio station they want to place their ads. We have onboarded over 940 radio stations to date via RSK, for UK audiences to enjoy.

Alexa continues to work hard to invest and scale an experience that all radio stations can benefit from, with the likes of Global and Bauer as well as local and independent radio stations like University Bath Radio and Kent-based station KMFM all using RSK, with the latter setting out why they prefer RSK [here](#).

### **Scope**

We were surprised by the inclusion of radio provisions in the Bill. [The Broadcasting White Paper](#) doesn’t commit to bringing forward any proposals impacting Voice Assistants and only set out that the Government wanted to “gain a deeper understanding of the policies and practices of the smart speaker platforms”.

It’s important to recognise that Voice Assistants are only one way that UK audiences choose to access radio. Voice Assistants are across a number of different devices whether it’s a smart phone, smart speaker, smart watch, automotive or other connected devices around the home. There is also currently confusion about the scope of the radio provisions. The draft Bill states that it will apply to Voice Assistants yet the Government press release announcing the draft Bill explicitly refers to smart speakers-only. In addition, there has been debate during your inquiry as to whether cars are in scope.

According to recent [RAJAR data](#), smart speakers currently account for only 14% of listening; meanwhile websites and apps are at 10% but they wouldn’t be included in this regime. 31% listen to Live Radio via a smartphone or Tablet yet it’s unclear if these will be in scope. We’re not sure of the rationale to target one small part of how audiences access radio. It risks becoming a piecemeal approach with some routes regulated and others not, and shows the need for further discussion of these provisions before their inclusion in the Bill. If the Government believe primary legislation is necessary to protect radio over the long term, then **it should apply universally to every way audiences access radio.**

### **Provisions**

We continue to believe that the suggested provisions are un-necessary; and that there isn't a sufficient evidence-base for their inclusion in primary legislation. We have a good relationship with our radio partners, provide an easy to use and free onboarding process, and have invested significantly to ensure that our customers are able to access and enjoy the content they want on Alexa. The radio industry are important partners for us (it's why we have invested and scaled our free Radio Skills Kit to help simplify the onboarding process for our radio partners) and we want to play a constructive role in this debate. **Instead of these provisions, as a next step we would suggest an open and constructive dialogue to take place between radio partners and technology providers to consider alternative, non-legislative measures, that would support radio whilst protecting innovation** and our ability to continue to invest in the customer experience. We want to support our radio partners and are keen to have constructive dialogue to consider possible alternative solutions.

### **Conclusion**

Amazon wants to play our part in helping develop and support the UK Creative Industries. We were delighted to join the Creative Industries Council earlier this year and want to play a constructive role in supporting the continued growth of the sector. We're conscious that it's been twenty years since the last legislation and we are focused on ensuring the draft Media Bill is evidence-based, proportionate and continues to protect innovation. Good regulation has a role to play and it's important that we take the time to get it right. We believe further consultation and scrutiny will help ensure the Bill is future proofed and can support the continued growth of the Creative Industries over the next twenty years and beyond.