Sky – Written evidence (GAM0053)

Sky welcomes the opportunity to respond to the Select Committee's call for evidence, specifically surrounding advertising. Our evidence is based on our position as the second largest television advertising sales house in the UK.

Sky broadcasts a number of commercial television channels in the UK. Our advertising sales house, Sky Media, represents all of Sky's television channels and sells on behalf of a range of broadcasters and channels including Channel 5, Discovery, National Geographic, HISTORY, MTV, FOX, Universal, and Comedy Central. Sky Media represents over 130 channels reaching 80% of the UK population each week.

Advertising revenue is one of the most important revenue streams for the creative industries. It enables investment in content, particularly original programming and has helped contribute to Sky's recent commitment to a new Europe-wide development and production capability, known as Sky Studios. This will see Sky's investment on original content more than double over the next five years.[1]

Latest estimates show that gambling companies spent £234m on TV advertising. This represents just 15% of total marketing spend by gambling companies with 80% of spent online. Gambling companies spend on social media has more than tripled in the last three years, with sponsorship doubling since 2014 to £60m[2].

TV advertising has historically been subject to much greater regulations than other forms of advertising leading to higher levels of responsibility and safety. The Communications Act 2003 sets out a regulatory framework for television advertising where it is the broadcaster's responsibility to make sure all advertising is compliant. This aligns with the strict regulation of television content set out in Ofcom's Broadcasting Code.

We are proud of this higher standard, which gives brands that advertise on TV a stamp of quality and credibility. We recognise the power of television advertising and our responsibility to exercise that power with care.

In 2018, Sky announced that it would limit the number of sports betting adverts to one per break. This was supplemented by an agreement that has seen a total restriction of gambling adverts from 5 minutes before until 5 minutes after all live televised sporting events. Both these measures have had a very significant impact on the number of TV adverts served, particularly to younger audiences. August 2019, the first month of the new football season, saw a drop of 84% in the number of TV adverts placed before the 9pm watershed.

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[1] https://www.skygroup.sky/corporate/media-centre/articles/sky-studios-launches-with-plans-to-more-than-double-investment-in-original-production

[2] https://about.gambleaware.org/media/1857/2018-11-24-gambling-marketing-online-five-times-tv-ad-spend.pdf

This contrasts with online media where the platforms have no responsibility and it is the advertiser's responsibility to ensure they are compliant with the self-regulatory UK Code of Non-broadcast Advertising and content and context is largely unregulated.[3]

Recent Ofcom research found that parents are more likely to be concerned about the time their child spends online or using their mobile than watching TV.[4] Parents are also more likely to say they are concerned about online content than they are about TV content. Given the regulatory difference in protection this is not surprising.

We would urge policy-makers to recognise that TV advertising is already subject to high standards of regulation, and that younger people are increasingly viewing content online where the regulation standards are far lower and gambling advertising is more prevalent.

Any further regulation of TV advertising would simply accelerate shifts in advertising spend to the online environment. Not only would this not achieve the desired policy goals, but it would undermine the UK Creative Industries, and the tax that they pay in the UK.

6 September 2019

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[3] https://www.asa.org.uk/codes-and-rulings/advertising-codes/non-broadcast-code.html
[4] https://www.ofcom.org.uk/__data/assets/pdf_file/0014/32162/costa-april-2016.pdf.