

Written evidence submitted by Samsung Electronics UK

House of Commons Digital, Culture, Media and Sport Committee Inquiry into the Future of Public Service Broadcasting

Introduction

This document sets out Samsung Electronics UK's response to the House of Commons Digital, Culture, Media and Sport Select Committee inquiry into the future of public service broadcasting.

Given Samsung's expertise in this field is centred around the development and manufacture of internet enabled Smart TVs and relevant TV platforms rather than the production of creative content, this submission will respond to only the following points included within the inquiry's term of reference:

- **Regulation:** Are the current regulations and obligations placed on PSBs, in return for benefits such as prominence and public funding, proportionate? What (if any regulation) should be introduced for SVoDs and other streaming services?
- **Looking ahead:** What should a PSB look like in a digital age? What services should they provide, and to whom? In what way, and to whom, should they be accountable? Is the term 'public service broadcasting' still relevant and, if not, what is a suitable alternative?

About Samsung

Samsung Electronics is a global leader in technology, employing over 300,000 people around the world. We are the top R&D investor among 2,500 global companies, and a pioneer in the development of transformative technologies such as Artificial Intelligence, the Internet of Things and 5G.

Samsung has been based in the UK for over thirty years. We regard the UK as one of the most important and dynamic tech economies in the world, owing in large part to the fact that UK consumers are keen early adopters of new and innovative technology; two thirds of British households own a Samsung product and a third have multiple Samsung products.

The UK is an important hub for Samsung. As well as our British business, our design centre, R&D functions, product testing and European Headquarters are all based here. In the last two years, we have made additional significant investments in the UK. In 2018, we announced that Cambridge would be the venue for one of key AI research centres, the only one of its type in Europe. Late in 2019, we opened a multi-million-pound tech venue in London, Samsung KX, one of only three such tech venues around the world. We are also a leader in 5G network equipment in other parts of the world.

Samsung is a market leader in television sales in the United Kingdom and for the past 14 years, has sold the most televisions internationally. In 2008 we launched one of the world's first Smart TV

systems in 2008 and were the first to launch the BBC iPlayer and ITV Hub apps on our system. We remain at the forefront of TV technology, having also launched the world's first 8K TV in 2018 and subsequently delivering the first live 8K broadcast in 2019 in conjunction with BT Sport.

Executive Summary

In this submission, Samsung will make the following points:

- Samsung respects and appreciates the Public Service Broadcasters' ('PSBs') contribution to the UK TV market and consumers. We agree PSB content plays an important role in providing social glue for the UK society and our technology helps viewers access their content.
- Enhanced prominence for Public Service Broadcasting (PSB) players is not the answer to the challenges being posed to PSBs by alternative content providers. The majority of cases from around the world suggests there is no correlation between prominence and increased viewership. Therefore, PSBs should instead focus on creating content and adapting their user experience to appeal to as wide a viewership as possible. Page 6 of this document contains further details on specific foreign examples.
- Mandatory prominence requirements for PSB players on Smart TVs would generate costs for the sector in the UK, raising prices for consumers and also prevent them from benefiting from the latest technological advancements.
- We would encourage the PSBs to look for examples from abroad and ways in which they can play their role in creating a sustainable environment for themselves, manufacturers, content producers and viewers alike. This includes considering changes to the onerous certification model currently deployed by some PSBs.

Instead of fixed, obligatory prominence of PSBs over others, the focus should be on prioritising easy access to content for the consumer. Samsung is keen to work constructively with all interested parties to help achieve this.

Regulation

Are the current regulations and obligations placed on PSBs, in return for benefits such as prominence and public funding, proportionate? What (if any regulation) should be introduced for SVoDs and other streaming services?

Prominence

- Samsung takes the view that introducing a new regime which stipulates PSB apps being given prominence on Smart TV interfaces is unnecessary and could stifle the ability of TV manufacturers to develop new models and introduce different types of technology to improve the viewer experience. Furthermore, it will put Smart TV manufacturers at a disadvantage when trying to compete with other platforms such as pay-tv, set top boxes, streaming boxes, and streaming devices that connects to your TV and lets you stream content over the internet such as fire sticks.
- Samsung is aware of the challenging environment PSBs face as a result of changing viewer behaviour, which is shifting from conventional linear TV to video on demand (VOD)

streaming services, particularly with younger audiences moving away from the content of the 'traditional' broadcasters, this poses a difficulty to which PSBs will need to adapt.

- One of the historic pre-streaming rights given to PSBs was around prominence, so that the key PSB channels were easy to access on any TV; this mandates that on all televisions BBC One will automatically be Channel 1, BBC 2 will be Channel 2 and ITV and its regional variations will be Channel 3 and so on. Samsung already follows established guidance on ensuring prominence for PSBs on its televisions by ensuring that channels in our electronic programme guide (EPG) are placed in accordance with Digital Terrestrial Television (DTT) order, ensuring prominence for PSBs. This demonstrates that it is already relatively easy for PSB broadcasters to be accessed by viewers without the need for further statutory provisions.
- We also give significant prominence to PSB player apps in the Samsung Launcher bar (The interface on our products where users can access on demand services) with all PSB apps currently featuring. Currently, all four PSB player apps feature on our launcher bar for free.
- Samsung respects and appreciates the economic, creative, and societal role that PSBs play in the UK and, as we have detailed, is already giving due and fair prominence across our Smart TV platform.
- However, our data suggests that viewership is not dependent on prominence of player apps significantly, but on the popularity and availability of the content itself, as well as different consumer demographics that the content targets. The purpose of Public Service Broadcasting, and the content it provides, were defined in the 2003 Communications Act as programmes that deal with a wide range of subject matter, television services that meet the needs and satisfy the interests of as many audiences as practicable and television services which are properly balanced. The Act further outlines the objectives which govern PSB broadcasting, the primary of which is that PSB broadcasting should "inform, educate and entertain". As set out in its general obligations the BBC "must do all that is reasonably practicable to ensure that viewers, listeners and other users (as the case may be) are able to access the UK Public Services that are intended for them". As such, anything that stands in the way of this duty is problematic and additional prominence may have an impact on competition with popular, non-PSB content providers.
- Therefore, if PSBs are producing large amounts of content in the news segment, then they should not be comparing their overall performance in the on-demand segment with the likes of global streaming companies that are focused purely on entertainment content. Furthermore, when PSBs are investing in entertainment content, they should focus on distributing this content as widely as possible to licence fee payers, through partnerships with on-demand platform partners rather than seeking stringent commercial arrangements based on technical requirements and prominence. This would reflect the spirit of the purpose and objective of PSB broadcasting and content defined above.

Opportunities for Change

- An opportunity exists for PSBs to partner with on-demand platforms such as Smart TV platforms, who do not produce any content and therefore do not have biases towards promoting their own content as these platforms are primarily interested in developing the

best user experience for their end consumers. As a business which believes that power and choice should be placed firmly in the hands of consumers, we believe technology should be developed in such a way that protects and enhances customer choice and the ability to personalise the viewing experience.

- We note that in response to the Ofcom consultation *Review of rules for prominence of public service broadcasters and local TV* conducted in late 2018, each of the PSBs called for significant prominence for all PSB TV services, including linear channels and on-demand players on all significant means of accessing TV content.
- This also included a request for updated legislation to reflect this change, with a request that Ofcom recommend that the Government guarantees significant prominence for all PSB linear services and associated on-demand services provided by a PSB across all major platforms, devices and services used to consume TV and TV-like content.
- We would warn against any attempt at regulation or a future prominence regime which prioritises PSBs in such a way that it hinders viewer choice and prohibits technological developments which allow consumers to personalise their viewing experience. There are examples of regulatory arrangements from abroad which could guide the Government's approach to prominence which are outlined in further detail in the second part of this submission. Further details are available on page six.
- In this context, we would recommend that PSBs adapt and focus on high quality content as way of remaining relevant for audiences rather than focusing on a system that requires the viewer to navigate away from their content. This is going to be what determines success for media providers in the next ten years, not the way it is consumed, nor on what device, nor the route that the viewer used to find that content. Calling for more regulation or making it more difficult to offer on-demand or subscription services will harm consumer choice and reduce the diversity and quality of content overall.

Looking ahead

What should a PSB look like in a digital age? What services should they provide, and to whom? In what way, and to whom, should they be accountable? Is the term 'public service broadcasting' still relevant and, if not, what is a suitable alternative?

We believe that the following points and recommendations should be considered by Government and Ofcom when shaping the future of PSBs in the digital age. Fixed obligatory prominence on smart TV interfaces will present profound challenges to Samsung's operations and we are keen that other avenues, which will be more practical, are explored.

Prominence

- Any future regime that enforces a level of prominence for PSB players should protect consumer choice and functionalities which consumers value in the on-demand environment.

- To protect the ability of viewers to optimise their viewing experience on Smart TVs, any future regime should protect the ability to personalise their user interface as much as possible. Innovation and the wishes of the viewer should be at the heart of this approach.
- Any obligation for a future prominence regime should be carefully reviewed and any regulation proposed should be applied universally across other TV platforms such as fire sticks, rather than to Smart TV platforms only, as that would stifle competition, disadvantage Smart TV platform operators and limit consumer choice.
- Search functions on Smart TVs should be focused towards allowing the viewer to access content which is relevant to them and should not fall under the auspices of PSB prominence. Granting PSBs heightened prominence would defeat the inherent principle of on-demand television and restrict the choice of viewers, in turn, making it harder for viewers to access the content they want. Any platform search algorithms should be independent, unbiased and not driven by regulatory motivations but should be focused on providing the viewer with what they want.
- Samsung offers a Smart TV platform on a global level; any regional customisation, such as additional prominence for PSB players, will result in extra cost which will have to be passed on to UK customers.
- Extending the prominence regime to give statutory prominence to PSB players would not be the correct choice as we believe that popularity and quality of content should drive viewer choice.
- If any future regime does grant enhanced PSB prominence, the content which viewers are directed to should be content which reflects the spirit of public service broadcasting, such as news as opposed to entertainment programmes.
- Our data has shown that when comparing prominence against the usage of the PSB VOD content, the PSB player apps do not get a proportional share of usage compared to the other apps on our interface relative to their prominence.
- Therefore, we disagree with the assumption that prominence in the EPG, which results in higher channel usage, would be replicated by giving prominence to PSB apps. There is no evidence to support this and based on our data; we believe viewership is not dependent on prominence of player apps significantly but on the popularity of the content itself. PSBs should focus their investment on producing content which is competitive in the domestic as well as an international marketplace and use revenue to support the production of content which will help sustain the domestic production sector and PSBs in the long term.

Certification

By certification, we mean:

Content providers insist they approve and certificate their apps (e.g. BBC iPlayer) before they can be put on our new smart TVs. They approve control over the approval and subsequent availability of their applications/content on mass production products independent on the production cycle of manufacturers. Without their certification, a customer could buy a new TV and the TV content apps they want will not be accessible.

In our opinion, this is very onerous in comparison to other countries and other content providers.

- PSBs should pursue a more collaborative approach to their certification process– the mechanism by which televisions are allowed to carry PSB players - to ensure that their apps are available on the latest and most technologically advanced products. It is currently difficult for Samsung to pass lengthy and costly compliance processes to carry certain PSB player services when compared to on-demand players, despite Samsung having some of the highest quality assurance processes in the global media market.
- These certification delays add cost to products which ultimately result in consumers paying more. The 2003 Communications Act, which sets out the purpose of public service broadcasting, stipulates that PSBs must deliver programmes and services in an accessible manner, which cover a wide range of subjects and which meet the needs and interests of different audiences. Similar provisions for the BBC are reiterated in its Royal Charter. Certification delays, therefore, can prohibit license fee payers from accessing the content which they have already paid for if apps are not certified quickly and in line with TV manufacturers' plans for launching new models.
- This issue has been raised directly with the BBC, which currently operates a particularly complicated certification process, and we hope that the current process will change. We would recommend that attention should be given to Netflix's certification process, which is regarded as being among the most straightforward in the sector as an alternative to existing provisions. This will allow easier distribution of content to consumers and PSBs to fulfil their obligations to licence-fee payers.
- There are a variety of examples from abroad the UK can learn from. ARD, the joint organisation which represents the various regional PSBs in Germany operates no certification process and instead operates self-certification with no obligations regarding prominence. This has allowed consumers in Germany, a greater ability to customise their viewing experience on Smart TVs but has not had any detrimental impact on PSB viewership. France, Spain and The Netherlands also do not operate a certification process.
- Contrastingly, the approach pursued in the UK at present can hinder the public accessing PSB content. If PSBs do wish to successfully compete in a changing marketplace, we would recommend that they move away from the current approach and consider best practice from other markets to allow consumers to access their content on as wide a range of devices as possible.
- A big opportunity for PSBs would be to make the metadata of their on-demand content libraries widely available to be syndicated by various on-demand platforms, including Smart TVs. This will ensure that PSB content is more easily given to platform viewers at multiple instances, whether responding to viewer search queries or personalised recommendations. Samsung will be happy to work constructively with PSBs on any of these points and reviewing further proposals as they emerge following the consultation.

Innovation

- On innovation and quality, Smart-TV features and functions are determined by real measured global and local consumer needs, commercial agreements as well as being a point

of differentiation where innovation is taking place. Earlier this year, BT Sport teamed with Samsung to show the UK's first public live 8K sports broadcast, with a screening of the UEFA Europa League football match. Samsung has pioneered developments in the TV category, and we were the first company to bring 8K TVs to the UK in 2018. We continue to lead the way on advance manufacturing and delivering quality to our customers. Unfortunately, these developments in TVs are not always reflected in similar development in broadcast TV content picture quality. PSBs should be leaders in offering content in the best quality (currently 4K/UHD, but 8K is being developed now), so audiences can see PSB content in the best quality. Moreover, 4K/UHD TV receivers are the norm now but the UK PSBs catch up services are still effectively only trialling their 4K/UHD content offerings, whilst Netflix, Amazon, Apple TV Disney+ and many others offer this. Additionally, two out of four of the PSBs have only made the catch-up content within their apps on Samsung's platform available in Standard Definition Quality. SDTV is a television system which uses a resolution that is not considered to be an either high or enhanced definition. ITV have told us if they implement High Definition within the TV app that it will only be available behind a paywall.

Conclusions

Samsung would like to reiterate its support for the television sector in the UK, including the PSBs, but believes that its future success can only be guaranteed by working in a collaborative spirit with technology companies to ensure that regulation does not inadvertently lead to restrictions on either industry and fail the consumer, the British licence fee payer. Universality, as outlined by Ofcom in 2004 in its first review of PSBs, is one of the fundamental principles so that most people are able to watch PSB content and that it is widely available.

We are of the view that producing dynamic, relevant and popular content will serve the interests of public service broadcasting better in the long-term when compared with any regulatory steps which imposes prominence on manufacturers.

We welcome the Committee's interest in this important issue and stand ready to assist this inquiry going forward.

JUNE 2020