



## **DCMS Party Political Broadcasting Public Consultation: Response from the Satellite and Cable Broadcasters Group**

The Satellite and Cable Broadcasters' Group (SCBG) is the trade association for satellite and cable programme providers. Its members are responsible for more than 70 channels in the UK and in addition broadcast many more services from the UK to continental Europe and beyond. SCBG channels remain highly targeted with audience shares ranging from less than 0.01% to 2% of digital viewers.

Satellite and cable broadcasters operate in an extremely competitive and volatile environment without privileged access to scarce Government-controlled spectrum or must-carry status that is afforded to terrestrial networks. They are therefore unable to attract mass advertising revenues, and do not benefit from universally levied public funding - as the BBC does - with its substantial licence fee.

Instead, satellite and cable broadcasters depend entirely on their own programming investments and marketing initiatives to attract and keep audiences across a range of different broadcasting platforms. Their viability depends on an ability to adapt technological developments, respond directly to audience preferences and quickly absorb commercial pressures.

The SCBG is responding to Section 9 of the Consultation, concerning the Electoral Commission recommendation that "any TV or radio channel which achieves prescribed audience reach and share thresholds should be required to include PPBs in their schedules".

The SCBG recognizes that television is one way in which citizens can be encouraged to participate in the democratic process. Where appropriate, cable and satellite channels may contribute to political engagement in ways that reflect the nature of their business and the preferences of their specialist audiences.

However, the recommendation to mandate the broadcast of PPBs on any TV channel that achieves a certain reach or share ignores the fundamental differences between public service broadcasters and the cable and satellite sector. Public service broadcasters are required to fulfil statutory public service obligations in return for the significant economic privileges in the form of direct public funding, access to scarce spectrum and must-carry status on digital platforms. This is the basis on which they have been mandated to include PPBs in their schedules, in order to communicate political messages to a mass audience at election time. In contrast, cable and satellite channels operate on a commercial basis only and compete vigorously for small but highly targeted audiences in a fragmented multi-channel environment.

The success of multi-channel television in the UK has been in offering increased choice to viewers and bringing commercial investment into the industry (often in the form of inward investment from global companies). Cable and satellite channels are characterised by a thematic not a mainstream approach and a high level of innovation and new entrants. These strengths would be undermined by any move towards prescription in terms of programming content, including political or other public service announcements. Furthermore, the limited opportunity to deliver or engage audiences with party political messages would be absolutely disproportionate to the negative impact in terms of brand misfit, disruption to schedules, loss of audience and overall business impact as described in detail below.

1. PPBs are at odds with most cable & satellite channel brands and types of thematic programming. Viewer preferences and expectations for cable and satellite channels are very different from traditional channels and are in general more non-conformist. The style and presentation of the majority of channels, especially those aimed at younger age groups, are not conducive to interruption by direct messages to viewers. PPBs would therefore be likely to alienate viewers and create a backlash against the political parties that would be entirely counter-productive.
2. The viewing figures of cable & satellite channels are tiny in comparison with those of the terrestrial channels and therefore the audiences captured by running PPBs on cable and satellite channels would be negligible. A PPB will reach more viewers in a peak terrestrial spot than it would be likely to reach from 10 or more spots on most cable and satellite channels.

3. While terrestrial viewers will channel-hop away from PPBs to a certain extent, they are far more 'passive' than multi-channel viewers who switch channels regularly and will not tolerate content they have not actively 'chosen'. PPBs on cable and satellite channels would only encourage viewers to switch channels.
4. PPBs would disturb the flow of cable and satellite schedules. As viewing figures demonstrate, small channels need to work hard to capture viewers and then keep them, with careful strategies for scheduling, promotion and presentation. Cable and satellite channels also tend to run stripped schedules on the hour. These patterns would be disrupted by the insertion of PPBs and reduce relatively small viewing figures even further.
5. Cable and satellite channels accrue revenue by keeping viewers across ad breaks. The inclusion of PPBs would run directly against this critical business imperative and could be extremely damaging to smaller channels in particular.
6. Cable and satellite channels promote programmes differently to terrestrial channels. Campaigns might typically last a week on a terrestrial channel, while cable and satellite will employ promotions that run for 5 or 6 weeks. The distortion of schedules with PPBs would mean funding several different versions of promotions with both logistical and cost implications.
7. It would also be particularly inappropriate to extend PPBs to:
  - channels serving audiences both in the UK and other territories;
  - channels broadcasting in languages other than English, whether to audiences inside or outside the UK;
  - children's channels and channels aimed at audiences who are too young to vote.
8. Revenue losses would be extensive. In addition to the loss of revenue incurred for the duration of the PPB there would be an estimated 50% sales revenue loss for the balance of the hour due to audience tune-out. Advertising-funded public service broadcasters are compensated for any loss by their public service privileges. Imposition of PPBs on cable and satellite channels

without compensation would be an unwarranted interference with private businesses.

Cable and satellite channels already contribute to the provision of information for UK citizens in many different ways. The SCBG is establishing a working party to examine and report to its members how they might increase efforts to enhance participation in the democratic process. But these efforts must be voluntary and appropriate to the style, aims and audience of each channel in the sector.

Imposition of content of any kind, other than those categories already mandatory under Ofcom licences, is unacceptable to all cable and satellite companies.

This statement represents the position of SCBG but does not necessarily represent the view of every individual member in every respect.