



ABC SUBMISSION TO THE ACCC DIGITAL PLATFORM SERVICES INQUIRY REPORT ON APP MARKETPLACES

October 2020

Introduction

The Australian Broadcasting Corporation (ABC) welcomes the opportunity to comment on the matters raised by the Australian Competition and Consumer Commission (ACCC) in its issues paper on app marketplaces.

While it is clear that the ACCC's current inquiry is primarily focused on the app marketplaces operated by Apple and Google to support their mobile-phone platforms, the issues paper asks respondents to identify other significant suppliers of app marketplaces in Australia. The ABC believes that the Commission should also examine the marketplaces for apps on smart TVs and other devices through which video-on-demand (VOD) services are displayed on television screens. The availability and visibility of apps on such devices can have a profound effect on the accessibility of Australian media services and Australian content in an increasingly crowded environment that includes large, well-funded global entities. The app ecosystems and marketplaces on smart TVs and related devices exhibit a number of dynamics similar to those for mobile platforms.

As a national broadcaster, the ABC contributes to a range of social and cultural outcomes, including providing Australians with independent public-interest journalism and telling Australian stories. The Corporation is a major investor in Australian audiovisual content, including for children,¹ and contributes directly to the range of regulatory mechanisms that successive governments have put in place to support the production of Australian programming. Given these policy settings in support of Australian content, it is vital that audiences can easily find that content; its "discoverability" is a key challenge as audiences increasingly use VOD services.

The ABC uses a range of technologies and platforms to achieve its public broadcasting remit and ensure its content and services are available to all Australians. As audience behaviours have changed over recent decades, the Corporation has continued to adapt its delivery, embracing online and mobile platforms to fulfil its statutory functions.

This includes mobile platforms like iOS and Android, but also major smart-TV platforms and other connected devices, which are increasingly becoming the dominant way in which Australians access video-on-demand (VOD) services. The ABC's research shows that, in

¹ Over the past five years, this has included an investment of over \$200 million in Australian drama, comedy and Indigenous content, producing more than 70 hours of content per annum; more than \$70 million in factual and documentaries, producing an average of 140 hours per annum; and nearly \$90 million in children's content, producing an average of 310 hours of content per annum.

2020, 74% of VOD viewing in Australia is on a television screen, either through built-in “smart” capabilities, connected set-top boxes or digital media devices, such as the Apple TV, Google Chromecast and Amazon Fire Stick.² Between 2019 and 2020, use of smart TVs to view VOD services rose from 48% to 57%, while the use of digital devices rose from 19% to 32%. Further, the Corporation has observed that a growing number of Australians are solely accessing its services via online streaming, rather than broadcast. This makes smart TVs and connected devices a key touchpoint, including for emergencies.

Unlike traditional televisions, access to streamed content on smart TVs and related devices is via dedicated apps. The presence of such apps and the prominence of on-screen “tiles” representing them has a significant effect on the likelihood of viewers choosing to use a media service and its content offering. Providers generally have their own platform and app marketplace (Sony’s recent adoption of Google’s Android TV in one of few exceptions) and there is little scope for users to “sideload” software or otherwise bypass them. As a result, media organisations must develop separate apps for each major platform and to engage with the platform owners.

Given the popularity of smart TVs and related devices, the ABC cannot avoid engaging with them. In order to provide the ABC iview VOD service to Australians on smart TVs, the Corporation has invested considerable effort and expense in producing specific technology to support streaming apps on multiple devices.

There are two key aspects to discoverability and usage of streaming apps on smart TVs. The first is whether they come “pre-loaded” onto the device and are thus instantly accessible to a user after purchase without having to manually seek, download and install the app. The second is whether the streaming app is obvious and easy to find—typically via a launch icon or tile on the “home” screen of the smart TV, or a dedicated button on the remote control which launches the app.

Throughout the early 2010s, TV manufacturers were open to pre-loading ABC iview onto smart TVs and providing easy access via an ABC iview home-screen icon. However, in recent years, the trend has been increasingly towards manufacturers charging for one or both. Today, ABC iview is no longer being pre-loaded on some devices and no longer featured as a home-screen launch icon on others. Instead, those positions are increasingly being restricted to paid commercial partners, such as Netflix, Disney and Amazon Prime. In the case of global media companies, it is plausible to assume that commercial prominence arrangements may have been agreed with consumer electronics manufacturers on a global basis.

Some manufacturers now offer commercial deals to link streaming apps to branded remote-control shortcut buttons. In one case, several years ago, the Corporation was quoted a price of \$1 per device to have ABC iview as a remote-control button, with a minimum investment of \$200,000. This would have provided such a shortcut only on a single manufacturer’s devices.

Increasingly, some manufacturers are allocating screen space on their device home screens to paid digital advertisements for streaming services or specific programs.

² ABC Audience Data and Insights. “ABC VOD Study”, August 2020.

In the case of the Apple TV and Android TV (Google) managed smart-TV ecosystems, the same approval and distribution restrictions apply as with mobile apps. The ABC provides data about the programs on ABC iview to these platforms to aid discovery via their aggregated search facilities and expects that, if a search turns up content on ABC iview and the user selects it, the platform will launch the ABC iview app to play it. However, in these cases, both Apple and Google are also promoting purchase of their own content through subscriptions or transactional video-on-demand (TVOD) purchases. Search and discovery of free ABC content can be effectively used to promote paid versions of the same programs. Moreover, the Corporation has no way of ensuring that its versions of programs will be most prominently displayed in search results.

The ABC acknowledges that these trends reflect an economically rational response by manufacturers to an increasingly crowded market for streamed media. However, they come at a risk in public-policy terms. Moreover, they may have an adverse effect on consumers, who would benefit from being able to easily discover a range of programs, including ABC content for which they have already paid.

Consumers are now able to choose between content offered on broadcaster (BVOD), subscription (SVOD) and transactional video-on-demand (TVOD) services. The online environment has brought an increasing number of large, international SVOD and TVOD services into the Australian market, among them Netflix, Disney+, Amazon Prime and Apple TV+. These services willing and able to pay for prominence on smart-TV platforms. However, despite their rapidly growing revenues and subscriber numbers, they are not subject to Australian-content obligations; most carry very little Australian content.

As users increasingly use VOD services to access audiovisual content, there is thus a distinct risk of Australian programming becoming “crowded out”, as audiences are less often presented with the option of viewing quality Australian content. Such an outcome would be contrary to Australia’s long-standing policy commitment to ensuring that audiences have access to Australian voices, culture and stories—both through the national broadcasters and the local-content requirements imposed on commercial broadcasters.

In light of this risk, consideration should be given to mechanisms that would ensure the prominence of the apps for national and commercial broadcasters’ BVOD services by guaranteeing that they are pre-loaded on all connected devices and that their tile or icon appears on all home screens at no cost.

In addition, links to programs that are publicly funded and/or freely available to Australians should be guaranteed prominent placement in system-wide search results.

The Corporation notes that these challenges are not unique to the Australian media market. In the UK, the media regulator, Ofcom, examined the question of the prominence of the services of public service broadcasters (PSBs) on smart-TV and other dedicated VOD platforms in 2019. Its final report recommended that the UK Government introduce legislation to ensure the prominence of PSB content and support the sustainability of PSBs, including on the home screens of smart TVs and other connected devices and in

recommendations and search results.³ The ABC believes that this provides a useful template that the ACCC may wish to consider in the context of this app marketplaces.

The Corporation would be happy to discuss this submission and provide further examples, if that would assist the Commission in its inquiry.

³ Ofcom. “Review of prominence for public service broadcasting: Recommendations to Government for a new framework to keep PSB TV prominent in an online world”, 4 July 2019, https://www.ofcom.org.uk/data/assets/pdf_file/0021/154461/recommendations-for-new-legislative-framework-for-psb-prominence.pdf.