



9 November 2021

Motion Picture Association response to Ofcom Net Neutrality Review – call for evidence

The Motion Picture Association (MPA) is a trade association representing six international producers and distributors of film and television entertainment. The MPA-represented companies are:

- Walt Disney Studios
- Netflix Inc.
- Paramount Pictures Corporation
- Sony Pictures Entertainment
- Universal City Studio, LLC
- Warner Bros. Pictures International

Our member companies produce and distribute a wide range of film and television content in the UK and either have, or are making plans to have, or license content to, direct-to-consumer curated video-on-demand (VOD) services. This response addresses, in the main, issues related to Ofcom’s Question 1 on the functioning of the net neutrality framework.

Functioning of the net neutrality framework

The UK Open Internet Access Regulations (2016) provide for a net neutrality framework which has helped foster one of the most innovative and successful online and e-commerce markets in the world. The success of the UK’s digital economy shows that the current framework is not only fit for purpose but working well.

Within this, UK consumers enjoy a vibrant and highly competitive VOD market driven by a combination of Subscription (SVOD) and Broadcaster VOD (BVOD) services. As of June this year there were 16.7 million VOD-enabled households in Great Britain, with 57% subscribing to at least one service.¹

The various parties that underpin the UK’s internet infrastructure have adapted their arrangements to suit the needs of consumers as this digital economy has grown and evolved. This organic development has been made possible through commercial arrangements that have the flexibility to adapt to rapidly changing circumstances that benefit all parties.

For example, to help prevent congestion on the network and reduce transit costs, many content providers (MPA members among them) invest in serving content locally via a third-party or proprietary Content Delivery Network (CDN). This reduces the distance content has to travel to end users and so saves on bandwidth costs and reduces congestion.

¹ See <https://www.kantar.com/inspiration/technology/the-british-are-loyal-to-netflix-and-embrace-amazon>

The use of CDNs and other mitigation measures enables MPA members to provide UK consumers with an optimum service, whilst at the same time utilising bandwidth efficiently. This directly supports the deployment of broadband and allows greater investments in local access networks.

MPA members' services are also able to respond to circumstances where the internet infrastructure is put under intense pressures.

For example, at the beginning of the Covid-19 pandemic in 2020, Netflix and Walt Disney reduced bitrates across their services to reduce the strain on networks and internet service providers.

As a result of measures taken by online service providers and ISPs, Ofcom was able to report that, despite consumer weekday daytime demand rising by as much as 60% at times during the pandemic, average UK broadband speeds largely held up.²

Over the longer term, MPA members have invested in other solutions.

For example, Netflix has invested in codec technology to optimise bandwidth use. Between 2015 and 2020, this has halved the number of bits needed to carry a film or series of the same video quality. Walt Disney has engaged local telecommunications providers with opencache technology and has endorsed this platform through the StreamingVideoAlliance³, allowing regional telecommunications providers to deploy infrastructure and cache content on their network. This infrastructure is controlled by the operators and allows a layer of distribution control to the network to assist in localisation and traffic needs in a particular network to overcome congestion.

Innovations and actions such as these benefit from the flexibility inherent in the UK's current open internet access framework.

In the absence of any current evidence of harm, or consumer detriment, from the provision of MPA members' services, we see no need to apply additional obligations on providers of VOD services in the UK.

² See <https://www.ofcom.org.uk/about-ofcom/latest/media/media-releases/2020/broadband-networks-during-pandemic>

³ See <https://www.streamingvideoalliance.org>