

MOVIES ON PAY TV MARKET INVESTIGATION

Note to accompany publication of working papers

Introduction

1. On 4 August 2010, the Office of Communications (Ofcom) referred the supply and acquisition of subscription pay TV movie rights and the wholesale supply and acquisition of packages including core premium movies channels to the Competition Commission (CC) for investigation (the Movies on Pay TV market investigation).

2. Today, we have published a number of working papers in connection with this investigation. The purpose of this note is to summarize:
 - (a) the progress we have made so far in the investigation, and the purpose of publishing working papers;
 - (b) the titles of the working papers we have published today, and the titles of further working papers we intend to publish in due course;
 - (c) the further analysis we plan to do; and
 - (d) how interested parties may respond to our working papers.

Progress we have made so far in the investigation

3. Since the reference from Ofcom, we have gathered a wide range of information from relevant parties. We have:
 - (a) published an issues statement and invited submissions on this document;
 - (b) held hearings with a number of parties;
 - (c) attended 'site visits' with some parties;
 - (d) consulted on and commissioned a consumer survey; and
 - (e) issued a number of information requests to parties.

4. Non-confidential versions of submissions we received in response to our issues statement and summaries of the hearings have been published on our website.¹
5. We recognize that responding to information requests and other information gathering requires parties to allocate resources to our process and we are grateful for the assistance we have received to date.
6. We would like to emphasize that, at this stage of our investigation, we have not reached any conclusions on the statutory questions we have to address. We have outlined below in paragraphs 9 and 10 some of the further analysis and evidence gathering we plan to do, which includes holding hearings with some parties which have not previously given evidence to us at a hearing.

Publication of working papers

7. As anticipated in our administrative timetable of 3 September 2010,² we have today published a number of working papers. The first of these working papers sets out our theories of harm (WP 2), which provides the framework for our analysis and explains how the various working papers link to our analysis. The theory set out in the Theories of Harm working paper represents an update to the high-level analytical framework which we published previously in our issues statement.
8. The purpose of publishing this set of working papers is to indicate to interested parties the current focus of our investigation. We are publishing one set of working papers today and we intend to publish further working papers by the end of January. The full list of working papers we are publishing and intend to publish is in the [annex](#) to this note.

¹See: www.competition-commission.org.uk/inquiries/ref2010/movies_on_pay_tv/index.htm.

²See: www.competition-commission.org.uk/inquiries/ref2010/movies_on_pay_tv/pdf/administrative_timetable_housestyled.pdf.

Further analysis we plan to do

9. Readers of the working papers will note that, in a number of places, we have indicated in the text further analysis we plan to do and specific information which we would like to receive. This assessment of further work to be done is based on our present understanding of the issues and we will continue to keep our work programme under review in light of our developing understanding of the issues.

10. In addition to the analysis contemplated in the working papers, we will:
 - (a) consider written submissions in response to the working papers (see paragraphs 11 and 12 below);
 - (b) consider the results of the consumer survey we have commissioned;
 - (c) complete our review of a large volume of primary documentation we have received;
 - (d) issue further information requests, if required;
 - (e) complete our round of hearings with parties prior to the publication of our provisional findings; and
 - (f) undertake any further analysis as we think necessary.

Responding to working papers

11. Interested parties may respond to our working papers by making a written submission to us, *to arrive no later than midday on Wednesday 9 February 2011*. In making a submission to us, parties must, where relevant, indicate any material which they consider to be confidential, either to themselves or to a third party, as we propose to publish non-confidential versions of submissions in response to our working papers. We encourage parties to focus on providing us with new relevant evidence and, rather than to repeat points made previously, to cross refer to previous relevant evidence or submissions where appropriate. Please note that the deadline for submissions applies to both responses to the working papers published at the same

time as this note, and responses to those working papers which will be published over the next couple of weeks.

12. Please email all submissions to: daniel.goodwin@cc.gsi.gov.uk with a copy to: john.doyle@cc.gsi.gov.uk and james.waugh@cc.gsi.gov.uk. Please note that the CC's IT systems normally restrict any email larger than 8MB in total size. Alternatively, parties may wish to submit a CD. If doing so, please telephone 020 7271 0333 or 020 7271 0325 in advance so that we may ensure safe receipt.
13. Should you have any questions in relation to our working papers, please use any of the CC contacts listed above.

Published: 14 January 2011

Titles of working papers

Published today

WP 1: Note to accompany publication of working papers

WP 2: Theories of harm

WP 3: Concentration in the upstream market

WP 4: Background: pay TV and movies on pay TV

WP 5: Consumer offerings of the principal pay TV providers

WP 6: Market developments

To be published

WP 7: International comparisons: market structure in the USA

WP 8: Market definition

WP 9: Review of the Seabright report

WP 10: Results of CC survey

WP 11: Retail competition between pay TV providers

WP 12: Profitability of Sky

WP 13: Effectiveness of retail competition

WP 14: Significance of movies to the pay TV market

WP 15: Comparison of Sky's retail and wholesale prices

WP 16: The supply, acquisition and aggregation of movie content in the FSPTW on pay TV and the supply of products with this content

WP 17: The availability to other pay TV retailers of movie content in the FSPTW and of Sky's movie products

WP 18: Barriers to creating new linear movie channels or SVOD services on pay TV with content in the FSPTW

WP 19: Implications of any monopsony power Sky may hold

WP 20: International comparison of value to the studios from the FSPTW