

[GB] Sky Movies Does Not Restrict Competition in the Pay-TV Retail Market

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In August 2010 the UK communications regulator Ofcom referred to the general competition authority, the Competition Commission, the supply and acquisition of subscription pay-TV movie rights and packages. It has the power to do this if it has reasonable grounds for suspecting that competition is not working effectively in a market. The Commission has to decide whether any feature or combination of features of a relevant market restricts or distorts competition in the UK.

The Commission has decided that Sky's position in the acquisition and distribution of movies in the first pay window does not adversely affect competition in the pay-TV retail market. Sky Movies, which offers the first pay movies from all the big Hollywood studios, is not a sufficient driver of subscribers' choice of pay-TV provider to give Sky an advantage over its rivals when competing for pay-TV subscribers which harms competition.

This was based on a number of findings. First, that more consumers attach importance to other service attributes such as access to a broad range of content and price, rather than seeing recent movie content. Secondly, competition and consumer choice have been increased by the launch of new and improved competing services by Netflix and LOVEFILM. Thirdly, the launch of Sky Movies on Now TV (a stand-alone service) gives consumers for the first time a choice of subscribing to Sky Movies separately from their subscription to other pay-TV content.

The Commission noted that the way people are watching movies is changing and this has been reflected in new services becoming available. Although Sky holds the rights to the movies of all six major Hollywood studios for the first subscription pay-TV window, LOVEFILM and Netflix have already acquired such rights from several other studios, including those responsible for the Twilight series and the Hunger Games, and the rights of many of the major studios for subsequent pay-TV windows. As they increase their subscriber numbers, barriers to their acquisition of further rights will continue to fall.

The Commission did, however, note that competition in the pay-TV retail market overall remains ineffective.

Competition Commission, 'Movies on pay-TV market investigation', 2 August 2012

http://www.competition-commission.org.uk/assets/competitioncommission/docs/2010/movies-on-pay-tv/main_report.pdf

