

# MEDIA: INDUSTRY OVERVIEW

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This note provides an overview of the sub-sectors within the UK media industry.

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## SCOPE OF THIS NOTE

This note provides an overview of the sub-sectors within the UK media industry. Although the note is broken down by sub-sector, in practice, many of these areas overlap in the converged media landscape.

For more detailed notes on media industry sub-sectors, see:

- [Sector note, Recorded music industry overview.](#)
- [Sector note, TV and film industry overview.](#)
- [Practice note, Video games industry overview.](#)

## FILM

### Production

Total UK spend on feature films in 2017 was £2 billion (up 17% on 2016) (see [British Film Institute \(BFI\): Statistical Yearbook 2018](#)). Film production activity in the UK is driven by various factors, including infrastructure, facilities, availability of skills and creative talent and the incentive of film tax relief (for further information, see [Practice note, Film tax relief](#)).

UK-produced films can broadly be sub-divided into independent films, UK studio-backed films and non-UK films made in the UK. In 2017, 31% of overall production spend in the UK was attributable to independent films. In 2017, the 29 films with budgets of at least £30 million (of which 27 were inward investment films, that is, substantially financed and controlled from outside the UK) accounted for 81% of UK production spend, demonstrating the importance of big-budget productions (see [BFI: Statistical Yearbook 2018](#)).

## RESOURCE INFORMATION

### RESOURCE ID

w-022-5168

### RESOURCE TYPE

Sector note

### CREATED ON

13 November 2019

### JURISDICTION

United Kingdom



For information on copyright issues in the context of film, see [Practice notes, Film copyright: a quick guide](#) and [Legal issues arising from use of music in film](#).

### Financing and distribution

#### UK

UK independent films tend to be single projects developed and produced by a production company. The production company will ordinarily appoint a sales agent to attend film markets and sell the international rights to the film to national distributors. Those national distributors then generally handle theatrical release and secondary sales in their markets. Independent films may be financed through a variety of means, including:

- Equity from high-net-worth individuals.
- Specialist investors.
- Private and government-backed film funds.
- Bank and alternative lender debt.
- Pre-sales to distributors and studios.
- Incentives such as tax credits.

For further information on film finance, see [Practice note, Film finance: overview](#).

#### Hollywood

The Hollywood studio system comprises the major studio members of the Motion Picture Association (MPA) and other studios including what are sometimes referred to as the “mini-majors”, such as MGM and Lionsgate. MPA membership has changed in recent years; its members are currently Disney, Universal, Warner Bros., Sony, Paramount and (as a sign of the changing landscape) Netflix (see [MPA: Who we are](#)) (Disney acquired 20th Century Fox in 2019). The majors have fully integrated development, production and (largely) worldwide distribution for their multiple pictures, whereas the mini-majors have US and some territorial distribution, but often tend to partner with international distributors. The majors also tend to have a number of branded divisions responsible for producing and distributing content distinctive to that division, such as Focus Features (Universal), Sony Classics (Sony) and Fox Searchlight (Disney). The majors and mini-majors tend to have first-look or other contractual arrangements with production companies to bolster their access to talent and content.

Other key players in the industry include independent production companies and distributors, talent agents and managers, and the unions (UK) and guilds (US) for actors, writers and directors. The BFI and UK broadcasters are also key to British film.

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## TELEVISION

### Production

Production value associated with high-end television programmes qualifying for UK tax relief was £985 million in 2017, up 9% on 2016 (see [BFI: Statistical Yearbook 2018](#)). In terms of categorisation of long-form television content, programming can generally be sub-divided by genre (comedy, children, soaps, drama, sports, news, documentaries, etc.) and by scripted vs. non-scripted shows.

Broadly, for scripted content in the UK, the original commissioner will pay for the cost of production. However, in the case of a production budget deficit (which increasingly occurs, as budgets for drama get bigger), the original commissioner may seek to pre-sell the distribution rights for the finished programme to exhibitors (for example, broadcasters or digital platforms) in other jurisdictions. Later, the programme will be monetised in the secondary TV market.

Non-scripted programming (sometimes subject to protection as a “format”) will tend to be paid for by the original commissioner, which will then recoup its investment by selling the relevant programme format to exhibitors in

different territories or licensed languages, in order for those exhibitors to produce a local version of the show (such as *Who Wants to Be a Millionaire?*). For further reading on format rights, see [Practice note, TV format rights](#).

### Linear and catch-up television

Traditional linear television (that is, scheduled one-to-many broadcasting) in the UK can broadly be divided into free-to-air (FTA) television and paid-for television. FTA television offerings include the digital terrestrial television (DTT) service, Freeview, and satellite services (such as Freesat). Subscription linear television offerings include Sky TV (satellite), Virgin TV (cable) and BT TV (Internet Protocol TV (IPTV)). Each of these pay-television platforms offers basic and premium channel packages. Freeview and Freesat offer certain catch-up services, while the YouView platform combines access to the DTT channels, a broader list of catch-up services and other on-demand offerings, depending on a consumer's package.

Public service broadcasting (PSB) remains key to the television market in the UK. Over 50% of all broadcast viewing involves the five main PSB channels: BBC One, BBC Two, ITV, Channel 4 and Channel 5 (see [Ofcom, Media Nations: UK \(18 July 2018\)](#) (Ofcom Media Nations Report 2018)). The BBC is funded by the licence fee charged to all UK households (and in some cases, individuals) who watch or record live TV programmes on any channel, or download or watch any BBC programmes on iPlayer, the BBC's video on-demand (VOD) service.

Each of the PSBs has a number of portfolio channels. The BBC's channels comprise BBC One, BBC Two, BBC 4, BBC News and a number of channels in the nations and regions of the UK. The commercial PSB channels comprise ITV, ITV Breakfast, STV, UTV, Channel 4 and Channel 5 (and the +1 variants, such as ITV +1). Commercial PSB portfolio channels include ITV2, ITV3, ITV4, ITVBe, ITV Encore, E4, Film4, 5USA and 5STAR.

Catch-up television generally refers to the means of accessing programming on a VOD basis within a specified period of time from the original transmission of the relevant programme (for instance, seven days, 30 days, or a year, depending on the service). Catch-up television is now considered a key offering, alongside linear television. In the UK, each of the PSBs has a main free catch-up offering: BBC iPlayer, ITV Hub (and STV Player), All 4 and My5. Other commercial channel groups also offer catch-up services.

Across all devices, people's average TV and audiovisual daily viewing in 2017 was 5 hours 1 minute, with broadcast television comprising 71% of this total. However, daily viewing of broadcast television has declined by 38 minutes (15.7%) since 2012. (See [Ofcom Media Nations Report 2018](#).)

### Video on-demand and video-sharing services

VOD generally refers to the means by which a viewer accesses programming on an on-demand basis via the internet or mobile technology, at a time chosen by them and without reference to a programme schedule.

Monetisation models under the broad umbrella of VOD include:

- Subscription VOD (SVOD), for which the viewer pays a periodic subscription fee to access the service (for example, Netflix, Amazon Prime Video and NOW TV).
- Transactional VOD (TVOD), for which the viewer pays a one-off fee to watch a programme within a specified period of time (for example, Apple's TV app or Google Play).
- Advertiser-funded VOD (AVOD), for which an on-demand service is free to access but carries advertising in and around programming (for example, the catch-up services of the commercial PSBs and YouTube).
- "Download-to-own" and "electronic sell-through" refer to the model whereby a consumer pays a one-off fee to permanently download, retain and/or have access to a programme.

In practice, certain services utilise multiple business models (for example, Amazon Prime Video).

Subscriptions to Netflix, Amazon and NOW TV in the UK reached 15.4 million in Q1 2018, overtaking subscriptions to "traditional" pay-television services (at 15.1 million) for the first time (although these figures count individual subscriptions to SVOD platforms, rather than households) (see Broadcasters' Audience Research Board (BARB) data in the [Ofcom Media Nations Report 2018](#)).

Clearly, the high level of content investment from the major SVOD platforms, the increased levels and quality of connectivity, the convenience of access via multiple devices (including Smart TVs, also known as connected TVs

(CTVs) and concurrent streams), and the ability to binge-watch programmes, are among the key factors in the growth of the SVOD market. Nevertheless, in Q1 2018, 71% of those with an SVOD subscription also had access to a pay-television service (see *Ofcom Media Nations Report 2018*).

Sixteen- to 34-year-olds spend an average of almost one hour a day watching YouTube via devices other than television sets. YouTube is the largest measurable category for non-broadcast viewing on devices other than television sets (see *Ofcom Media Nations Report 2018*), although YouTube provides access to a broad range of material, including short-form videos.

For further reading on CTV, see *Practice note, Connected TV*.

For regulatory issues in the context of television and on-demand services, see *Practice notes*:

- *Broadcasting regulation: a quick guide*.
- *Overview of broadcast content regulation*.
- *Audiovisual Media Services Directive*.
- *Video-on-demand*.
- *Product placement*.

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## PUBLISHING AND THE PRESS

The print publishing industry encompasses newspapers, periodicals (including magazines), books, directories and databases, journals, business media and academic publishing. It has traditionally been considered as printed material for public view, but in the digital age, is generally regarded as including online and digital publications.

### Publishing

The UK has one of the largest book publishing markets among EU and EEA member states (see *Federation of European Publishers: European Book Publishing Statistics 2017*). UK publishing industry income was £6 billion in 2018, and the industry experienced a 5% drop in physical sales revenue, which slightly outweighed a 3% increase for digital sales. Digital formats (including e-books, audiobook downloads, online subscriptions and e-journals) accounted for 43% of the total invoiced value of UK publisher book, journal and rights sales in 2018 (see *Publishers Association (PA) Publishing Yearbook 2018*). (Audiobooks are discussed in *Podcasts and digital audiobooks*. For information on collecting societies, which provide licences to copy pages from the print or digital version of a book or newspaper and collect royalties for the use of the copyright in that material, see *Practice note, Collecting societies in the publishing sector*.)

### Press

With regard to the press, the traditional revenue model of UK newspaper publishers has been shifting as demand for print has declined with the rise of digital. Newspapers traditionally benefitted from two main revenue channels, advertising and newspaper sales. However, circulation of UK national newspapers decreased from approximately 30 million in 2003 to 12.4 million in 2017 (see *Jigsaw Research for Ofcom: News Consumption in the UK: 2018*) (Ofcom News Consumption Report 2018). The decline of newspapers has been compounded by decreasing advertising spend in physical print media and the dramatic rise of online advertising. Newspapers are therefore exploring other business models, including digital editions, subscription paywalls and reader contributions.

Within the broader news ecosystem, TV is the most-used platform for news (79%), followed by the internet (64%), although the internet is the most-used platform for those aged 16 to 24. Radio (44%) and newspapers (40%) are the next most used. Social media is the most popular type of online news. One in ten adults claims to consume news via magazines. (Ofcom News Consumption Report 2018.)

The UK print news industry is divided by national, regional and local press. 73.5 million newspapers circulated on average every week in July 2017, of which about 42.1 million copies (57%) were national titles, while 31.4 million

copies (43%) were local or regional titles (see *Mediatique for Department for Digital, Culture, Media & Sport (DCMS): Overview of recent dynamics in the UK press market (April 2018)*). The Daily Mail (national) was the most-read title on the basis of print and online combined, The Guardian (national) was the most-read digital newspaper and the Metro (free daily local) was the most-read print newspaper (Ofcom News Consumption Report 2018).

For a detailed overview of press regulation in the UK, see *Practice note, Press regulation: overview*.

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### PODCASTS AND DIGITAL AUDIOBOOKS

Although digital audiobooks and podcasts are similar media (to the extent that they are both audio files that can be downloaded or streamed directly from the hosting site or application), their differences outweigh their similarities. Podcasts typically feature original episodic content, released periodically. Audiobooks, on the other hand, are recordings of pre-existing text, released in one go. The pricing structures also differ. Podcasts are generally available free of charge to consumers, and the popular shows are funded through advertising. UK listeners access podcasts via platforms including BBC Sounds, YouTube and Apple Podcasts. Digital audiobooks tend to be made available for a fee on a download-to-own basis via subscription services such as Audible.

#### Audiobooks

The audiobook market has continued to develop in the UK in the past few years. Audiobooks are the fastest-growing area in digital publishing, with publishers reporting an increase in sales of over 100% since 2013 (*PA: Audiobooks remain fastest growing sector in digital publishing (11 June 2018)*). In 2008, Audible, the market leader for audiobooks, was acquired by Amazon for US\$300 million.

#### Podcasts

iTunes began carrying podcasts in June 2005, the year YouTube was created. The international podcast market has continued to grow, with increased investment in podcast production. The number of weekly podcast listeners in the UK almost doubled from 3.2 million in 2013 to 5.9 million in 2018, with the biggest growth among teenagers and young adults aged 15 to 24 (see *Ofcom: Podcast listening booms in the UK (30 September 2018)*). Nevertheless, podcasting is still a relatively small media sub-sector when measured by advertising sales revenues.

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### ADVERTISING

Advertising is carried via print media, outdoor advertising (for example, billboards and advertising at bus stops and in train stations), direct mail, television, film, radio and digital media (including blogs, social media and websites). The rapid growth of digital advertising has transformed the fabric of the industry, leaving a degree of regulatory uncertainty as new business models evolve faster than the rules which underpin them. Moreover, a huge number of companies are operating behind the scenes in the digital marketing space, beyond the more obvious players such as major brands or marketers, major agencies, social media platforms, blogs, search engines, advertising-supported content websites and online retailers.

Digital advertising accounted for over half of all spending on advertising in the UK for the first time in 2017 (see *House of Lords: Select Committee on Communications, 1st Report of Session 2017-17, UK advertising in a digital age (11 April 2018)*). Digital advertising takes many forms, including:

- Paid-for search (for example, sponsored search results).
- Display, which can be online video (such as pre-roll advertisements), banner adverts, overlay adverts, or interstitial adverts (for example, full-screen adverts that pop up between expected content).
- Native advertising, which is essentially advertising that resembles editorial content (such as recommendations widgets and influencer marketing).
- Classified advertising (that is, advertising in an online directory or marketplace).

For more information about digital advertising, including information on the UK's digital advertising market, the legal compliance issues to consider when creating and publishing digital advertising and key legislation and

official guidance in this area, see [Practice note, Digital marketing: an overview](#). For information on programmatic advertising (the automated buying and selling of online advertising space), see [Practice note, Programmatic advertising \(ad-tech\)](#).

Advertising is independently regulated in the UK by the Advertising Standards Authority (ASA), which enforces the advertising codes (broadcast and non-broadcast) written by the Committee of Advertising Practice. For an introduction to advertising regulation, see [Practice note, Advertising law: a quick guide](#).

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### RECORDED MUSIC

The consumer experience has evolved from buying music in physical formats such as cassettes, CDs and vinyl to buying and renting music in digital form. Artists are now also able to reach consumers more easily on a direct-to-consumer (D2C) basis via the internet, which has impacted the business model.

Key industry participants include:

- Artists.
- Labels (including the majors: Universal Music Group, Sony Music Entertainment and Warner Music Group; and independents).
- Publishers (including Universal Music Publishing Group, Sony/ATV Music Publishing and Warner/Chappell).
- Collecting societies (in particular in the UK, the Performing Rights Society (PRS) and the Mechanical-Copyright Protection Society (MCPS); and the Phonographic Performance Ltd (PPL); for more information, see [Practice note, Collecting societies in the music and film sector](#)).
- Retailers.
- Distributors.
- Digital service providers.
- Industry bodies.

The music industry has drastically changed in the past few years with the advent of streaming technology. Initially, the profitability of the industry was jeopardised by internet-based peer-to-peer file-sharing services, which enabled users to download MP3 files rapidly at no cost. The industry experienced a period of decline until players such as the iTunes store and, later, streaming services such as Spotify, YouTube, Amazon Music and Google Play Music offered convenient, viable and affordable alternatives. In 2018, 47% of the record industry's global revenues came from streaming (see [International Federation of the Phonographic Industry \(IFPI\): Facts and stats](#)), and 28% of adults use online streaming services such as Spotify or Apple Music each week (rising to 51% for 15- to 34-year-olds) (see [Institute of Practitioners in Advertising \(IPA\): TouchPoints](#)).

For further information about the recorded music industry, including detailed information on industry participants and typical contracts involved, see [Sector note, Recorded music industry overview](#).

For information on copyright issues in the context of music, see [Practice note, Music copyright: a quick guide](#).

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### VIDEO GAMES

The video games industry, encompassing computer games and interactive media, has grown to become one of the biggest entertainment industries in the world. The UK was the sixth largest video game market in 2018 after countries including China and the United States (see [Newzoo: UK Games Market 2018](#)). The industry can broadly be broken into sub-sectors including game development, publishing, digital retail and physical retail.

The 2018 market value of the UK games industry was £5.7 billion, of which £4.01 billion derived from game software and £1.57 billion from game hardware (see [UK Interactive Entertainment Association \(UKIE\): The games industry in numbers](#)).

The industry continues to develop rapidly, moving away from a reliance on physical distribution of video games as a single product to digital distribution of video games. Monetisation models have evolved as well. Traditionally, physical video games were relatively expensive to buy, reflecting their high development costs, but many are now distributed via online platforms and generate revenue through in-game (including in-app) purchase of additional downloadable content such as characters, weapons or other items and access to different levels of gameplay.

Video games can be played on a variety of platforms including home and handheld consoles, PCs and mobile devices such as smartphones and tablets. Hardcore gamers tend to prefer playing on PCs with large processing power, whereas more casual gamers are attracted to playing mobile games on their smart devices; such games are often simple to play and appeal to a wide demographic.

The video game industry is evolving in terms of the environment within which games are played. The virtual reality space has seen increased investment, and virtual reality headsets may soon become a mainstay component of game consoles. The way people interact with video games is also evolving, as millions of people are gathering in person and online to watch live competitive gaming, known as esports.

For an overview of the video game industry, including its structure and organisation, and an outline of the key legal issues relating to the industry, see [Practice note, Video games industry overview](#). Video game tax relief is available in the UK; see [Practice note, Video games tax relief](#).

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## RADIO

Nine in ten adults in the UK listen to radio every week, for an average of nearly 21 hours, and 75% of all audio listening involves live audio (see [Ofcom, Communications Market Report \(2 August 2018\)](#)).

Radio is split between the BBC, commercial and community radio. The BBC accounts for just over half of all radio listening, with commercial radio accounting for just under half (see [Ofcom Media Nations Report 2018](#)).

BBC Radio offers a range of programme types across its channels, including:

- Contemporary music on Radio 1, Radio 1Xtra, Radio 2, 6 Music and Asian Network.
- Classical music and jazz on Radio 3.
- Speech, drama, analysis and the arts on Radio 4.
- Comedy, drama and children's programming on Radio 4 Extra.
- News and sports on Radio 5 Live and Radio 5 Live Sports Extra.
- Local programming from 40 stations in England.
- Six dedicated radio services in the nations (Radio Scotland, Radio nan Gàidheal, Radio Ulster, Radio Foyle, Radio Wales and Radio Cymru).

The BBC's radio services are broadcast in the UK on analogue (AM, FM and LW), DAB digital radio, digital television (DTV) and online.

Commercial radio is funded by advertising, with commercial licences awarded by Ofcom. Commercial radio can be national, regional or local depending on the station's reach. The majority of commercial radio's share of listening is attributed to stations owned by two media groups, Global and Bauer.

The number of community radio stations has grown to approximately 255 (see [Ofcom Media Nations Report 2018](#)). Community radio stations are a particular type of UK analogue station which are required by the terms of their licence to be run on a non-profit-distributing basis and to generate social gain from their activities. They typically cover a small geographical area.

Listening habits are changing. In 2018, more than half of all radio listening involved a digital platform (DAB, online, or through a TV set) (see [Ofcom Media Nations Report 2018](#)). Larger media groups are now offering online services in the form of customised apps in addition to their live broadcast content. BBC Sounds, for example, is an app which



provides access to radio content including live shows and catch-up programmes as well as podcasts and playlists, based on user preferences. Similarly, Global Player offers access to live shows and catch-up programmes from commercial radio stations, as well as the option to subscribe to programme downloads.

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### SOCIAL MEDIA

Social media encapsulates websites and applications that enable users to create and share content and to network. 67% of the UK population used social media as of January 2019 (see [We Are Social: Digital in the UK: Data and learnings for 2019 \(19 March 2019\)](#)). Social media platforms include websites, applications and services, which fall into one or more fundamental categories including:

- Blogs.
- Social or business networking sites or applications.
- Digital media sharing sites (for uploading and sharing content such as videos or photographs and accompanying text).
- Crowdfunding sites.

For a quick guide to the categories of social media and popular social media sites and services, see [Practice note, Social media: a quick guide](#).

Social media has led to the creation of new forms of communication including emojis, memes and GIFs. An emoji is an image or icon used in lieu of words. A GIF (which stands for Graphics Interchange Format) is an image format that is typically animated. A meme is an idea or item which gains popularity online, typically via an image, a GIF or a text (for example, a meme may take the form of a pop culture image plus a caption).

Social media has led to the establishment of “influencers”, people who have amassed a following on social media for their reputation, knowledge or expertise on a particular topic. Influencers are social relationship assets with which brands can collaborate to achieve their marketing objectives, which has led to the marketing and advertising industries having to adapt their campaigns for brands. For information on advertising and promotion in social media, see [Practice note, Advertising and Promotions in Social Media](#).

For details of Practical Law resources relating to use of social media, based on law applicable in the UK, see [Social media toolkit \(UK\)](#).

For details on compliance issues for social media, see [Practice note, Social media compliance](#). For details of offences related to social media (including channels for complaints about online content), see [Practice note, Social media offences](#).

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### MEDIA SECTOR LITIGATION

General commercial litigation, copyright claims, data breach and privacy cases are relevant to the media sector; see [Practice notes](#):

- [Copyright: infringement and remedies](#).
- [Overview of image rights](#).
- [Overview of privacy law](#).

For information on defamation, see [Practice note, Overview of defamation](#).