



A FUTURE FOR PUBLIC SERVICE MEDIA

Digital media and market fragmentation have increased the challenge of audience engagement. **ROBIN FOSTER** identifies the key choices that need to be addressed in the ongoing quest for relevance

Most industry observers agree that we are in the midst of a major shift in digital media markets, which poses an existential challenge to the future of public service media (PSM). In determining their future, PSMs need to address head-on some critical questions about their relevance, focus and funding. If the right choices are made, public service media can continue to play an important role. Get it wrong, and there is a real prospect they will decline into irrelevance.

A CHANGING MARKET

Any examination of the future of PSM needs to be grounded in current and likely future market developments. The risks are clear – a spiral of decline as audiences drift away, public support falls, and funding declines.

The UK, long thought of as a PSM stronghold,

The BBC/ITV joint venture BritBox launched in the USA in 2017, expanding to the UK in November 2019
Source: BritBox

is a good example of the challenges faced. There, the share of all TV viewing taken by the five main linear broadcast public service TV channels has dropped to 52% in 2018 compared with 74% in 2004.¹ Part of this is due to the rise in use of catch-up and time-shifted TV, which accounts for 15% of total viewing, although its rate of growth has recently slowed. Drama, arts, education, documentaries and films are the genres most frequently time-shifted. But subscription video-on-demand (SVOD) has also sharply increased in importance – to as much as 20% of all TV viewing.

Younger audiences are drifting away from mainstream TV. UK adults in the 16-34 age group spend only 46% of their viewing time watching traditional TV, and those who say they use the internet now devote 82 minutes a day (half of non-broadcast screen time) to YouTube and similar short video content. ➔

◀ Underpinning these trends is emerging competition from non-traditional programme and audio-visual content providers – Netflix, Amazon, and so on – leading to further audience fragmentation, but also to cost inflation for content rights. While markets the size of the UK and Germany may still be able to support well-funded PSM, in smaller nations, PSMs with relatively limited budgets face particularly acute problems in matching the popularity and production values of programming commissioned for international markets and available on Netflix and the like. In both large and small markets, there appears to be increasing audience resistance to paying licence fees or household charges for public service content, and some are questioning the continued relevance of those long-established PSM purposes – to inform, educate and entertain.

In fact, a good case can be made for the continuing importance of at least two of those original purposes.

- Inform – For example, there is increasing public disquiet over the accuracy and tone of online news sources and content, and low reported levels of trust in online news. Traditional commercial news providers are under pressure from challenges to readership and revenues, and their long-term sustainability is uncertain. These developments pose a real risk to investment in high quality journalism and may also degrade plurality of news provision. PSM can help counter these risks if funded sufficiently to support independent news provision and analysis of sufficient quality, scale and scope.

- Entertain – Likewise, through the provision of original, locally produced factual and fictional content, PSM has potentially a key role in meeting the shortfalls which would otherwise arise in an increasingly globalised media world. Higher cost drama and entertainment content will increasingly require international co-production investment, which will in turn influence the choice of stories, actors, location etc. Without investment by PSMs, local and national content would be at risk, especially in smaller markets.

- Educate – The continued role of PSM in “education” is less clear. Public broadcasters have long aimed to stimulate the interest of their general audiences in a wide range of subjects – arts, science, music, history etc. But audience needs and content availability are changing. The internet has opened access for all to a huge range of educational and general interest content from institutions and experts around the world. If PSM is to justify its continued involvement in this area, it will at the very least need a fresh approach.

FACING UP TO THE CHALLENGES

Against this backdrop, some of the key choices facing PSM providers can be identified.

Beyond TV and radio

The first and probably most straightforward choice is whether PSMs should expand beyond the boundaries set by long-form content and linear broadcasting.

Most PSMs accept the need for change, but many are moving cautiously, and may be constrained by existing regulatory requirements. PSMs are good at broadcasting. Long-form programmes still account for a substantial share of audio-visual consumption. Scope exists for extending the longevity of broadcasting through greater focus on live and current content, which audiences still consume in numbers. However, this on its own would surely be a time-limited strategy.

While long-form TV programming will for a time remain a key part of PSM, whether on linear channels or (see below) on-demand, PSMs need to move beyond television and radio to take advantage of the new opportunities presented by digital media.

News already benefits from the increased convenience and depth offered by online, and that is increasingly how consumers want to access it. Having invested in public service newsgathering, it makes sense for PSMs to ensure that audiences can access that resource via a range of digital media. Likewise, other genres – such as music and children’s content – can be enhanced by an extra online dimension. Short-form content may have more resonance with younger audiences than conventional long-form programming. In some cases, online will largely replace conventional broadcast output. PSMs therefore need imagination and flexibility to change the way they deliver their public purposes over time, and their regulators will need new approaches to enabling such flexibility.

Broadcast or on-demand

The second key choice concerns the mix of delivery channels and services PSMs decide to use – especially the balance between broadcast and on-demand.

To date, PSMs have typically seen on-demand as just another delivery platform rather than a completely new service. With a focus on catch-up of their broadcast output, they have often failed to keep up with the design, functionality, personalisation and user-focus offered by newer SVOD services. Catch-up services have indeed enhanced access to content that has been originally broadcast. But this state of mind risks underestimating the value of on-demand and the potential it offers for new viewing experiences and more sophisticated approaches to content curation. PSMs also risk over-extending resources and budgets if they simply decide they should do everything they do now plus a bit more.

PSMs instead could more rapidly rebalance

ADVANTAGES FOR PSM OF ON-DEMAND

- More “opportunities to view” new programmes and “boxsets” that in turn can increase viewership
- Improved reach among those audiences which are turning away from linear networks
- Scope (through personalisation and recommendation features, for example) for enabling new ways of leading audiences to content that may fascinate and enlighten them
- Potential to unlock valuable archives
- Cost-effectiveness as, freed from the demands of a 24-hour schedule, overall budgets can be focused on fewer, better programmes.

their portfolio of services from linear broadcast channels to on-demand – leading audience behaviour not just responding to it.

It is plausible that, quite soon, the optimal PSM portfolio might consist of only one or two “mainstream” broadcast TV and radio services alongside a much richer on-demand proposition. On-demand would be at the heart of the service, being the home of premium content, designed for a lengthy release window, as well as more immediate catch-up of other content. The broadcast channels would be the home of live TV, news, programming “for the moment”, launching new programming, and increasingly playing a key role in promoting other services in the portfolio. The significance of this model is that it might enable PSMs to offer increased value to audiences, without the need for ever-increasing calls on public funding.

Funding choices

Indeed, most PSMs are periodically confronted with the challenge of seeking increases in funding or cutting budgets. This raises the question: what is their best source of funding for the future?

Public funding – licence fee or grants – provides insulation from market pressures and can support greater diversity, risk taking and innovation. But it is hard for PSMs to make a convincing case for increased public funding when audiences are falling. Public funding may also come at a high political price. Some PSMs already rely partly on commercial funding to make up any shortfall, but that too brings its own tensions as trade-offs have to be made between chasing revenues and fulfilling public remits.

Here there are no easy choices – relying only on public funding risks long-term decline. The future of TV and radio advertising is equally problematic as digital eats increasingly into traditional broadcast advertising markets. Subscription might be a better long-term commercial answer, but may not support a full range of output, and by excluding those who cannot afford to pay,

undermines a key feature of PSM – its availability to all.

The best choice here may be to pursue a mix of funding – for example, public funding to support a core, freely-available service, alongside subscription to pay for added-value services. Subscription could help PSMs build closer and more loyal relationships with their audiences. Many commercial companies encourage their customers to join loyalty schemes which provide benefits to users in return for frequent purchases and information given to the company. Likewise, many charities operate like membership clubs, in which donors are made to feel part of the organisation. PSMs could usefully look at these models.

PSMs should aim over time to rebalance their mix of compulsory and voluntary funding. Transition won't be easy but standing still no longer seems an option.

Scale and scope

The most fundamental choice for PSMs is to determine the long-term sustainable scale and scope of their activities. This in turn will underpin their decisions on service portfolio, content mix, delivery and funding.

The key choice for many, especially in smaller markets, is whether to continue as a “full service” PSM provider, catering for all audiences across all types of content, or to focus on a more limited



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range of achievable outcomes. If the latter route is taken, options might include being a more narrowly focused niche-content provider (perhaps focusing only on those types of content which the commercial market cannot support), catering for only some audience groups (perhaps

older more loyal audiences or – alternatively – younger groups) or opting out altogether of some of the more expensive programme genres like drama and sports.

None of these options is without its problems. A narrow “market-failure” approach is easy to define and may require much less funding, but it risks irrelevance and a catastrophic drop in public support. Reliance on loyal older audiences may stem immediate declines in viewing/listening but risks becoming irrelevant for the next generation of audiences. Likewise, a younger audience focus risks shedding those loyalists most likely to support public funding. Dropping high profile (high cost) content may help improve short-term finances but also has obvious risks.

Against this background, the building blocks ➔

◀ of a successful PSM strategy are likely to require a much sharper focus on those types of output which will deliver most public impact for any given amount spent – while reducing or dropping those things which do not pass a rigorous value/cost test.

DECIDING PRIORITIES

Such an approach is likely to call for programming aimed at larger audiences rather than narrow audience segments or interest groups. After all, TV and radio first developed as a mass-audience medium, not as a specialist service for minority tastes. While new digital media caters well for distinct interests and consumer groups, and thrives on fragmentation, there still seems to be an enduring demand for content which has the capacity to bring together larger groups of people – of often very different backgrounds and tastes – to share common experiences. PSMs, with their TV and radio heritage, should be well placed to understand and respond to that demand.

This suggests the opposite of a niche content or selective audience strategy. It would require a clear focus on content which is both worth doing (from a public interest perspective) and will drive substantial audience engagement and interest.

In practical terms, this might mean PSMs should focus on just two broad objectives:

- Providing a widely trusted, comprehensive and relevant news service, seen as important by all audience groups, alongside
- Delivering a range of engaging and popular local content, reflecting local stories, people, events and experiences, as a counter to the increasing internationalisation of content evident elsewhere in the market.

Sport would ideally be part of the mix, but rights costs may make it largely unaffordable. The implication is that less would be spent on specialist or minority interest arts, culture, classical music and educational programming, traditionally seen as the “serious core” of PSM.

This may seem a substantial departure from traditional PSM remits. But it addresses the real concern that, otherwise, PSM might end up talking to very few people at an unsustainably high cost per person reached. If we are to commit substantial public funds to PSM, it is presumably desirable for it to reach a reasonably large audience.

The areas of content which would lose (some or all of their) funding are of course not in themselves unimportant. But with limited funding, it becomes hard to justify continued investment in high cost, low audience content which can often be found elsewhere from other sources – whether online, in books, in galleries and museums or in the subsidised theatre. If

something has to give, it is better for PSMs to focus on content which meets the needs of many, rather than those areas which attract smaller audiences, some of whom may already be “super-served” by the rest of the arts and media sector.

A challenge for any PSM that adopts this approach would be to show that it is doing things differently from competing commercial rivals. This is arguably a good problem to have as it will force executives and producers to be clear about the values and approaches which make

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PSM output different from purely commercial provision. For example, there would be a premium on innovation, originality and high editorial standards. Perhaps the key argument for PSM is that it may

ultimately be the only viable source of significant volumes of high quality, free to air, local content in many markets – especially those too small to support a major commercial audio-visual sector.

CONCLUSION

As is now widely recognised, the challenges facing PSMs are real and current, and are unlikely to diminish in importance. PSMs remain relevant but face some key choices, with the best way ahead not always certain. There is the potential to develop a successful new approach, but it depends on PSMs having a coherent strategy for the future, a willingness to be upfront about their priorities, and being clear about the things which will have to be dropped as well as the exciting new initiatives which require investment. Even if PSMs recognise this themselves, the ultimate challenge they face will be to persuade politicians, regulators and stakeholders (including those who work for them) that they are making the right choices. It is often much easier to launch something new than it is to close down a service with existing loyal audiences, and PSMs will require regulatory and political support if they are to make the tough choices needed.

In the end, public and audience appreciation of PSM output is the other main prerequisite for success. The approach I have suggested, by sharpening focus on audience engagement, might stand at least a chance of getting that part of the picture in place.

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REFERENCE 1 All data in this section from Ofcom (2019) and various research reports including Ofcom, Media nations: UK 2019, 7 August 2019; Broadcasters' Audience Research Board (BARB), The Viewing Report, May 2019.