P. Iosifidis, Public Television in the Digital Era: Technological Challenges and New Strategies for Europe (first published in 2007)

AUTHOR PREFACE TO THE SOFT BACK EDITION

Five years have passed since the publication of the first hardback edition of this book. The volume went through the profound technological, economic, socio-cultural and regulatory changes that the European television industry was undergoing from the early 1980s to mid-2000s. These changes have continued and accelerated in more recent years and opened up new opportunities for businesses to expand and converge, while at the same time offering viewers a vast array of audiovisual services at a national and international level. For example, at the end of 2010, there were 7622 television channels in the EU, of which about 60 per cent were regional/local channels and 40 per cent were national/international, while approximately 414 were available in High Definition. More than 300 television channels were launched in the course of 2010 in the EU (see http://www.advanced-television.com/index.php/2011/03/28/european-digital-tv-market-still-dynamic/, accessed 25 October 2011). Digital TV penetration in Western Europe was 79 percent (or 133 million homes) in 2010 and was forecasted to reach 99 per cent (or 172 million homes) by 2016 (see http://www.digitaltvnews.net/content/?p=19181, accessed 29 October 2011). Meanwhile, the role of Video on Demand (VoD) in the market for distribution of content in the mid-2000s was relatively small, but recently the market – both public service and commercial – has focused on the far-reaching potential of VoD as high speed broadband services have taken off.

These developments have led to a wider choice for consumers, as many additional channels and new services became available. Yet, the changes present a formidable challenge for public television (PTV) broadcasters, who for a number of decades enjoyed a monopoly status and were tasked to preserve the national culture, language and identity. European PTV broadcasters, traditionally obliged to promote national socio-cultural goals, have found it difficult to meet the challenges of the growing uncertainties in light of a cosmopolitan Europe. Some public institutions, especially from eastern and southern Europe, have been struggling to come to terms with Europeanization and globalization of media ownership, production, programming and distribution, the 'marketization' of media output, technological convergence and audience fragmentation, as well as the shift from analogue to digital transmission, while most of their counterparts from northern Europe have proved to be resilient to market pressures and managed to adapt to the changes.

Since the publication of the hardback edition there have been a number of important policy developments both at European and national levels, not least the publication of the Audiovisual Media Services (AVMS) Directive (EC, 2007) to replace the Television without Frontiers (TWF) Directive. The AVMS Directive was designed with the objective of favouring the completion and the effective functioning of the internal market for broadcasting services. Furthermore, the EU has become involved with several state aid procedures concerning the funding and licensing of Public Service Broadcasters (PSBs) and has hardened its stance against PSBs and their anti-competitive effect in terms of market distortion. While the EU recognizes the right of Member States to determine the organization and funding of their PSBs in accordance with the protocol of the 1997 Amsterdam Treaty (which strikes a balance between the realization of the public service remit entrusted upon PSBs and the achievement of the common supranational interest in the undistorted functioning of the internal market), the criteria of market distortion and unfair competitive practice have come to define the EU's monitoring approach. The 2009 Broadcasting Communication on the application of State Aid rules to PSB (EC, 2009) considers PSBs' expansion into non-traditional broadcasting fields (Internet, online and mobile media) with caution. However, the rigid employment of State Aid fails to take into account the socio-cultural functions of PSBs. In other words, EC competition policy in relation to State Aid fails to conceive information and communication rights as a public good (Wheeler, 2010). This is an issue of concern since communication must be considered as having a significant *social* worth, as well as being understood as an *economic* commodity.

Despite the EC's increasing monitoring role in socio-cultural and democratic functions of broadcasting, Member States have largely managed to keep their competence in politically sensitive areas such as PSB. The 2009 Broadcasting Communication shows that the Commission has tightened State Aid control in the field of PSB; yet, as a general principle the EC recognizes the crucial role of PSBs because of their contribution to the quality of public discourse, the promotion of societal integration and national culture, and their emphasis on news and education. This is particularly important when it comes to the provision of news. All PSB providers are obliged to carry news as part of their services. However, the decline of the efficacy of the existing arrangements to ensure PSB provision makes the enforcement of these PSB obligations more uncertain after digital switchover (Ofcom, 2006). In addition, there may also be changes to the commercial environment for non-PSB providers, which have implications for the provision of news output. Against this background, regulatory agencies at a national level, like Ofcom in the UK, carry out projects to assess the prospects for television news in the wider context of access to and consumption of news in the post-switchover era. Ensuring plurality of news provision and/or maintaining the quality of that provision is of paramount importance for an informed citizenry.

Contrary to gloomy predictions about their future PSBs are still here to inform, educate and entertain us. Public television is a trusted sector that can provide a forum for democratic debate and cultural exchange against a background of a deregulated global media system, inevitably influenced by market forces and dominated by large multinational enterprises. However, PSB is challenged by neoliberal and postmodern sentiments, convergence, internationalisation and globalisation, privatisation and commercialisation (Syvertsen, 2003). Debates on the future of PSB continue. A number of key questions regarding PSB funding and delivery remain unanswered. In the UK, the combined audience share of the core PTV services BBC One and BBC Two is above 26 per cent in 2010, but the licence fee is being frozen in nominal terms until at least 2017. As a consequence, the BBC's expansion into new media is pausing and budget cuts should be made by at least 16 per cent in real terms to compensate for the reduced income. Most of the savings will be achieved by moving out of its west London Head Quarters, by employing fewer managers, and by making about 2000 people redundant. The cost-cutting strategy is also expected to affect programme budgets. For example, the BBC plans to spend about 15 per cent less on acquiring sports rights, a programming genre that traditionally attracts large audiences. However, the corporation insists that it should be allowed to spend more on investigative journalism, high-quality indigenous drama and natural history programmes. But cuts signal an end to the objective of satisfying all segments of the population and of meeting broad socio-cultural tasks such as ‘sustaining citizenship and civil society’.

In Greece, public broadcaster ERT’s budget cuts are likely to be more drastic since they form part of the government’s public spending cuts to address the ongoing colossal public deficit. Greece’s first ever television station, now known as ET1, is likely to be one of the victims of the streamlining of public broadcasting services since it only attracts about 4 per cent audience share (news-oriented NET has 9 per cent share and the regional public service ET3 gets negligible ratings). The likely closure of ET1, alongside the possible closure of ERT’s digital channels Cine Plus and Sport Plus, which had recently merged into one, signals a clear retreat from an expansionist digital strategy. However, ERT has recently renewed its right to broadcast the best UEFA Champions League match each Wednesday, as well as highlights coverage of each match-week on its flagship channel NET. The award of rights includes coverage of the UEFA Champions League final and the UEFA Super Cup. Pay television operator Nova has acquired the remaining UEFA Champions League live games. All these rights have been granted on a platform-neutral basis, with the rights being broadcast via television, mobile and online – on ert.gr and novasports.gr respectively. However, in the midst of an economic crisis and given ERT's financial difficulties, may voices in Greece question ERT's motivation and insist that the public broadcaster should concentrate more on education and information in order to fulfill its public service remit and justify the licence fee (paid monthly by all households via the electricity bill).

In Spain, the national public television broadcaster TVE with an overall audience share of 18 per cent in 2010 has for a number of years been facing a dramatic economic and identity crisis, derived from a lack of a clear definition of its role in the Spanish society. However, a new 2006 law opened the way for a radical transformation process. Whereas TVE's services were previously financed by a combination of advertising revenue and government subsidies, since January 2010 they have been supported by subsidies only. The main reason for abolishing advertising as a source of funding was to reduce the interference of advertisers into the public broadcasters' programming. During the past couple of decades or so the programming strategy adopted by TVE was leaning towards commercialization and the output did not differ from that of private competitors. The new plan attempts to address this. Public TV today comprises of two generalist channels (TVE1 and La 2), addressed to large audiences, with some niche channels providing services for special interest groups. Yet, even after the implementation of the 2009 reform, the flagship channel TVE1's output, especially on prime-time, still does not differentiates it clearly from the commercial channels. Another problem is that public funds, especially in the midst of an economic crisis, may not compensate for the reduced dependency on advertising income. The total budget is likely to be gradually reduced, to the detriment of the quality of the output. Worse, dependency on public subsidies may result in increased governmental interference in TVE's programming. The picture is further complicated in the Spanish context because the claims of public broadcasters to public service status have to be qualified by their long historical association with the political executive that has often negatively impacted on their capacity to provide independent and balanced news. This interdependence between political elites and public broadcasters with regard to political content is also evident in other Mediterranean countries such as France and Greece.

Similarly to Spain, the Sarkozy administration in France in 2007 ruled the withdrawal of commercial advertising from France Télévisions. This was defended by President Sarkozy on the grounds that because of their dependence on advertising revenue for an important part of their income stream (in 2008 advertising accounted for about 27 per cent) the programme output of the public channels was insufficiently differentiated from that of their commercial rivals. The liberation from its dependence on advertising is expected to turn France Télévisions to a French style BBC, but despite their relatively high combined daily audience share of about 26 per cent in 2010, the public broadcasting organisations in France do not enjoy a status or legitimacy in their national media landscape equivalent to that of the BBC in the UK (Kuhn, 2010). In part this is because the experience of the government model in the formative years of its development prevented public broadcasting from developing a tradition of political independence which would allow it to foster a positive relationship with civil society and embed itself in popular consciousness as a national icon. In any case, the removal of commercial advertising as a funding stream for the French public broadcaster became part of a broader reform – that was finally passed by the legislature at the beginning of 2009 – that had two additional initiatives: the establishment of a single corporation to manage digital channels and online services; and the appointment of the Director General of France Télévisions directly by the President. This latter initiative that provides the President with direct responsibility for the appointment of the head of France Télévisions (and of Radio France) reduces the role of the regulatory authority to exercising a purely consultative function, thereby jeopardizing political independence.

The PTV broadcaster of the Republic of Ireland, RTÉ, is tasked with bringing access to the audience of high quality programming and serving a shared public purpose. RTÉ One is the flagship television channel of Raidió Teilifís Éireann and with a variety of mainly home-grown programmes is still the most popular and most watched television channel in Ireland. RTÉ Two's main focus is on programmes for children and young people alongside sports and acquired imported programmes. Competition from free-to-air commercial channels is limited, with TV3 (launched as late as 1998) being the most popular private TV network by airing home-grown productions (30 per cent in 2008 and a target of 50 per cent Irish programming by 2012) and devoting 15 per cent of its total production budget for independent productions. But while the public broadcaster has not faced much competition from domestic private TV channels and in 2010 still enjoys a very high combined audience share of 34.5 per cent, it has always had to compete for audiences with UK TV channels, with this competition increasing in recent times as digital satellite broadcasts from Britain, notably BSkyB, deliver programming to even the remotest corners of Ireland. RTÉ's dual funding model of public funding and commercial income and its relatively high reliance on the latter has proved to be an exposure – when recession hit in 2008 RTÉ experienced a sudden loss of about 70 million Euros in annual commercial revenues. As elsewhere in Europe, it responded by rapidly cutting costs that mainly took the form of redundancies (staff numbers were reduced by 200, or nearly 9 per cent, over two years from 2008 to 2010 and there is a plan for a voluntary severance package) (Curran, 2011). Partly thanks to such sacrifices it appears that PTV broadcasting is still sustainable in Ireland, though the ongoing discussion over 'top-slicing' the licence fee might in the future damage RTÉ. Top-slicing is the suggestion that a part of each licence fee should go to a body that would use the money to subsidise public service content from broadcasters other than the PSB. So far the Irish politicians have resisted demands from commercial operators for more access to the licence fee (in the same way as successive UK governments have done - see Iosifidis, 2010), but RTÉ's share of the much smaller licence fund compared to that of the BBC is subject to change. If implemented the financial constraints on the PTV broadcaster will be detrimental.

Similarly to the situation in the Republic of Ireland, public broadcaster SVT is one of the main players in a crowded Swedish broadcasting market consisting of private Swedish groups Bonnier (TV4 and Nordic Canal+ channels), Modern Times Group – MTG (TV3, TV6, TV8, TV1000 and Viasat channels), the German group ProSiebenSat1, and Media AG, with channels Kanal 5 and Kanal 9. Flagship public channel SVT1 is the most watched channel in Sweden, with an average daily audience share of above 20 per cent, ahead of TV4 (Bonnier), which attracts just below 20 per cent share. SVT2, Sweden's second public TV channel, gets about 7.5 per cent (a market share that has virtually been halved in the space of three years) and lost third place to TV3 (MTG) with 8.4 per cent (see http://mavise.obs.coe.int/country?id=26, accessed 30 October 2011). The PTV broadcaster is exclusively funded by the licence fee the level of which is decided by parliament; the government exercises no control over programming. In fact, the content is so well protected that not even members of the board of governors can interfere with it; the programme content is entirely up to the public service corporation and its directors. All Nordic PTV broadcasters enjoy such high levels of programming and political independence (SVT's remit is to carry out its tasks with full independency, integrity and responsibility) and this is in direct contrast to the situation in southern European countries. In turn, this has impacted positively on the public broadcaster's programming output and resulted in SVT maintaining relatively high audience rates, despite the fierce competition. As it is the case with the British Broadcasting Corporation, SVT's funding model by the licence fee did not push it to concede to commercial pressures and allowed the PTV broadcaster to provide a balanced programming diet.

In short, PTV broadcasters will have to face up to the dilemma over how to maintain and promote the distinctive contribution of the public service provider in a system characterised by market competition and audience fragmentation. If public broadcasting increasingly emulates the management practices and resembles the output of commercial rivals, then the defence of a specific public service component in broadcasting and communications on the grounds of its particular contribution to the achievement of socially desirable objectives is severely weakened, along with the claim to a secure source of public funding (Iosifidis, Steemers and Wheeler, 2005). Conversely, if public broadcasters confine themselves to a small public service ghetto of 'elitist' broadcast output, they run the risk of losing more viewers and so the case for public funding via the licence fee is once again undermined (Kuhn, 2010). In reality, PTV broadcasters, especially from southern Europe, have not escaped the political economic pressure to compete with the entertainment sector for audiences and to skew news agendas towards entertainment values that increase the salience of celebrities, crime, sports, 'on-the-spot' news and lifestyle features (Franklin, 1997), pulling broadcast news further away from the serious scrutiny of politics and the dissemination of information supporting citizens' need to make informed choices about major social issues. Competition for ratings with their commercial rivals and excessive emphasis on entertainment rather than information and education runs the risk of alienating southern European public channels from their followers. In contrast, public support for most northern European PTV broadcasters can be attributed to the delivery of quality, varied and balanced output that satisfy all preferences including those of minorities.

In addition, there is the question of the transition from public service broadcasters to *public service communications media* and their availability in various platforms – online, digital and mobile. This requires a structural reorganisation to promote fully-integrated, digital multi-platform production processes, making possible the application of the COPE strategy, that is ‘create once, play everywhere’ (Huntsberger, 2008), and retraining of staff, enabling it to engage in multi-skilling. Cross-platform strategies pursued by PSB institutions help retain audience share in multi-channel households; reach new audiences, including young people, with branded content; provide an additional offer for niche audiences and for typical PSB programming (children, culture and documentary); and develop on-demand services (Jakubowicz, 2010). However, PSB online activities are disputed by private sector competitors who claim that expansion into non-broadcast digital services overstretches the public service remit.

Pressed by the European Commission to define even more tightly what the public service remit should be in a fully digital world, will governments allow their public institutions to embark upon new online technologies and social media to meet the demands of new virtual communities living in our multicultural societies? Furthermore, will governments be willing to take a fresh look at impartiality and independence? The experience of the government models in southern Europe in the formative years of their development prevented public broadcasting from developing a tradition of political independence which would allow them to foster a positive relationship with civil society. Moreover, while broadcasters like the British Broadcasting Corporation and the Swedish SVT, which in several respects modelled after the one used in the UK, have for long regarded news and information provision as a central, defining component of their mission, this has been less true of French, Spanish and Greek public broadcasters. Thus, while the contemporary BBC regards itself not just as a *broadcaster* but as a major public service *communication* actor, embracing radio, television and on-line services (Kuhn, 2010), southern European PTV broadcasters are still in many respects traditional suppliers of television programming. The online provision of news and related information and educational services by the French, Spanish and Greek public broadcasters is underdeveloped compared to that of the BBC. Yet the cost-cutting plans signal an end to the BBC's expansionist strategy. Indeed, the corporation seems to be retreating from the objective of reaching everyone.

The aim of this book is twofold. First, it examines the way technological developments and the internationalisation of the television industry affects these guardians of the public interest. Second, it focuses on the policies pursued by PTV broadcasters in selected European countries in response to the challenges that confront them in the era of digital convergence. The changes in the European television landscape force public channels to rethink their position toward new digital technologies, organisational structures, and programming policy and scheduling. In order to illustrate the difficulties but also the opportunities that arise during this period of change, the book analyses specific activities and strategies undertaken by public channels in the main areas examined (reorganisation, programming and technology) in three large and three small European countries (Britain, France, Spain, Sweden, Ireland and Greece).

This volume intends to fill a growing need for research that would address contemporary developments in television and the public service institutions that operate within the sector from a European perspective. The international nature of developments in the field of television has made it necessary to develop a comparative approach among national situations with local variations and use this experience to arrive at workable suggestions concerning the role of public channels. The discussion of public television across Europe moves from more general and theoretical PART I to more specific and empirical PART II, which includes six case studies. The text is addressed to scholars and students in Sociology and Media and Communications departments across Europe and intends to develop discussion and stimulate thinking in the field.

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