

# Public Service Broadcasting and Digital Television in the UK

## *The Politics of Positioning*

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The advent of digital television [DTV] and the convergence between television, computing and telecommunications technologies augur radical changes in the media ecology. In the context of the ensuing technological, economic, regulatory and cultural uncertainties, some analysts argue that public service broadcasting faces new threats (Søndergaard 1998; Chalaby and Segell 1999), others that it bears new responsibilities (Graham 1997, 2000; Inglewood 2000; Born and Prosser 2001).<sup>1</sup> Clearly, public service broadcasters [PSBs] have both to adjust and to take advantage of the new opportunities afforded by convergence. As convergence gathers speed it brings a proliferation of new platforms and services, some of which will fall away as markets and technologies mature.

If, with limited resources, the PSBs cannot be in every new market, then the question arises: where *should* the PSBs involve themselves? The question is both normative and political. It is also the central policy challenge faced by the PSBs themselves in the convergence context. This chapter is based on the results of a 2001 study that examined how Britain's two main PSBs, the BBC and Channel Four [C4], were positioning themselves in the new markets, and specifically in DTV.<sup>2</sup> The study looked at the character and content of the broadcasters' strategies for DTV, and at how the strategies were developed. The chapter compares their DTV strategies, assessing their relative public service value. The analysis also highlights the implications of the study for sociological theory, particularly recent developments in economic sociology.

### Broadcasting as a cultural economy

The approach taken here forms part of the 'cultural turn' in economic sociology. This subsumes a number of directions, including analyses of the converging processes of 'culturalization' of the economy and 'economization' of culture, of 'the representational and discursive constitution of economic life',

and of 'the increasing centrality of marketing and information in the management of economic institutions and processes' (Slater and Tonkiss 2001: 175; see also Lash and Urry 1994; du Gay and Pryke 2002). One important component of the cultural turn has been attention to the framing and constitution of markets by economic expertise and other calculative agents and institutions (Callon 1998; Barry and Slater 2002; Carrier and Miller 1999). Similarly, Beck's analysis of 'reflexive modernization' lays stress on the role of expert discourses, the struggle for discursive primacy and the place of discourse coalitions in responding to conditions of chronic uncertainty and risk (Beck 1992, 1999; Beck, Giddens and Lash 1994).

In such accounts, economic and other forms of expertise are considered in terms of their *performativity* and *effects* – how they fold into and condition the social process itself. This study shows that C4 and the BBC independently determined their DTV strategies through techniques of market analysis and research, interpretation of that research and, on that basis, *projections* of future markets. The projections are folded into institutional strategies; they become the basis for the PSBs' broadcasting and new media practices, and from this emanate out to condition larger economic, social and cultural processes.

Even the cultural turn, with few exceptions (Callon 1998; Cochoy 1998; Slater 2002), has underestimated the intensifying impact of the marketing sciences and their discourses of strategy and positioning, developments that are pervasive in, but far from limited to, the media industries. With its projective logics, marketing's role is to humanise economic decision-making by marrying it with both apparently unassailable financial models and methodical readings of the desires and habits of audiences. As Slater argues, for advertising, "each market/product definition is in fact a strategy...[that], by seeking to produce particular definitions of markets and products,...is seeking to establish in reality...a particular constellation of both consumption relations and competitive relations" (Slater 2002: 68).

Thus, if it is true that intensified competition following the growth of multichannel television in the UK has driven C4 to commercialise and diversify, such an interpretation nevertheless under-represents the complexity of C4's response. It is here that a discursive analysis is necessary, one that probes the forms of expertise, the collective thinking and rhetorics employed by C4 executives in their struggle to process uncertainty. For there *is* agency, given the powerful structural forces, but it is an agency mediated by the discourses currently ascendant in the international broadcasting field. The strategic rationales offered by BBC and C4 executives for their DTV ventures precisely provide a window on these prevailing discourses. They also provide evidence of the 'virtualism' noted by Carrier and Miller (1999: 2): the rising power in contemporary institutions of prescriptive economic abstractions that "seek to make the world conform to their virtual vision". The case of DTV shows how this tendency is epitomised in the ICT industries, with their expansive technological logics and futurist projections.

The material presented here adds a new element to economic sociology's cultural turn by highlighting the constructions of *time* involved in the framing of markets. Strategy and positioning are themselves hybrid 'art-sciences' that, by 'seeking to produce' and 'seeking to establish' as Slater puts it, are engaged in competitive use of techniques of projection and anticipation, through which they attempt to bring into being a coming reality. That is to say, a new structure of the field (Bourdieu 1993). Processes of rhetorical closure are central here: depicting a projected scenario as inevitable, as the only possibility, or as a present actuality. The more persuasive the rhetoric, the more consonant with prevailing industry discourses, the more likely that the projections will be effective and will *produce* a reality.

### The BBC and Channel 4 enter digital television

The BBC and C4 are good for comparison. They have different funding bases (licence fee revenue for the BBC versus advertising for C4), regulatory structures (self-regulation via the BBC Board of Governors as opposed to external regulation by the Independent Television Commission [ITC] for C4), organisational structures (the BBC a vertically integrated producer-broadcaster, C4 a broadcaster commissioning from independent producers) and audience profiles (the BBC committed to universality while C4 seeks demographics attractive to its advertisers, i.e. higher socio-economic groups, or 'ABC1s', and younger audiences).

They also have different remits. The BBC must provide information, education and entertainment programming of a high standard that offers a wide range of subject matter for local and national audiences, as well as ensuring accuracy and impartiality in the treatment of controversial subjects. C4 is required to complement ITV by providing distinctive output and by innovation and experimentation in the form and content of programmes. C4's licence renewal by the ITC in 1998 stipulated increased commitment to these requirements, as well as to education, multicultural programming and regional production.<sup>3</sup>

In Britain DTV has been introduced in curious and fragile conditions. In 1999, and reiterated in a 2000 White Paper, government announced that Britain must move to DTV by 2010 and that PSB must remain at its core. The industry has therefore been impelled to move rapidly into DTV. The directive was met by substantial consumer resistance fuelled by 1) the fragmented market represented by three competing platforms: digital terrestrial television [DTT], digital cable [Dcab] and digital satellite [Dsat], 2) poor technical quality in DTT and DCab, and, above all, 3) the dominance of pay television in DTV.<sup>4</sup> This has led consumer organisations to stress the need for attractive free-to-air offerings to draw audiences to DTV, and to highlight the PSBs' vital role in achieving this (Consumers' Association 2001a, 2001b).

In the same period that the UK's commercially-funded PSBs were being enjoined to move into DTV, they faced severe advertising recession, intensified competition and declining budgets for expanding multichannel services. Such economic uncertainties led them to develop new multi-revenue business models in the image of Murdoch's Sky; and subscription has been identified as the main source of revenue growth (ITC 2001). In 2002 the pressures culminated in the collapse of ITV's DTT venture. Throughout the period BSkyB's DSat platform has remained dominant in the UK with its vertical links to Sky channels, premium film and sports content. The threat to pluralism posed by dominant players with monopolistic controls over distribution linked to premium content is notable (Shooshan and Cave 2000). The economics of commercial digital channels are themselves fragile, and in 2001 several folded. There is now a new emphasis in industry debates on the need for high quality content to drive digital take-up.

The current situation also involves cultural and social uncertainties, particularly changes in the way television is watched with multichannel, timeshift and personal video recorder technologies, and the potential segmentation of audiences consequent on these changes. As yet there is little agreement on how far-reaching such changes will be and how far they will erode viewers' desire for 'mass generalist' or 'universal' channels (Gripsrud 1999, Ellis 2000). Added to this is the UK's present regulatory uncertainty as the industry faces a transition to a unified, 'light-touch' media and telecommunications regulator, Ofcom, outlined in the White Paper and the 2002 draft Communications Bill. Many issues remain unresolved in the draft Bill, among them the degree to which the BBC will be regulated by Ofcom in the future.

For all the wider uncertainty, and following two decades of falling or static income and political hostility, the BBC is in a period of expansion with increased funding and political support from New Labour, albeit in the context of their pro-Murdoch programme of liberalisation. The BBC has done so well competitively since Greg Dyke's ascent as Director General in 2000 that the main criticisms now are of excessive populism and unfair trading – of the BBC's inappropriate entry into and/or dominance in new markets which, it is argued, threaten to stifle commercial enterprise. These criticisms form part of the ongoing questioning of the legitimacy of PSB, a constant in the British context since the 1980s. But the BBC has been resilient. In the later 1990s, through efficiency savings, commercial income and international partnerships, it funded the development of new online services, commercial and public service television channels. In 2000, government agreed a 7-year, £200m rise in licence fee income to fund further digital expansion. The BBC advanced plans for 5 digital radio networks, including 2 new stations targeted at Britain's main ethnic minorities, and 4 free-to-air DTV channels: a mixed genre but entertainment-led youth channel, BBC3 (to replace the existing BBC Choice), a channel for culture, science, the arts and ideas, BBC4 (replacing BBC Knowledge), and two channels for children, CBeebies and

CBBC. These new digital channels are in addition to the existing BBC News 24, BBC Parliament, BBC1 and BBC2.

The digital proposals were decidedly *not* driven by a market failure conception of the BBC's role. The BBC argues that it is legitimate to position its new channels in competitive markets because such interventions help drive the UK's economic success by setting and raising standards through relatively high-budget origination (BBC 2000a). In designing the channels, the BBC stressed three factors which distinguish them from commercial competitors: 1) no advertising; 2) that they will contain a high proportion of original British programming, with budgets higher than DTV norms; and 3) that each channel will contain a mix of genres, unlike the niche-channel DTV norm. In 2001 government ruled on the BBC's plans, passing all of them except BBC3 because of its potentially detrimental effect on C4's and Sky's youth channels, whose market share, analysts argued, would be likely to fall. The subsequent debate over BBC3 set a worrying precedent in that competition issues – the interests of commercial competitors – threatened to prevail over public service arguments in government thinking. However in September 2002 a revised proposal for BBC3 was passed, albeit with stringent regulatory conditions attached.

C4's recent history moves from plenty to restraint. In the 1990s C4 was economically healthy and expansive: from 1993 it was permitted to sell its own advertising, and its substantial profits were ploughed back into new services and the rising costs of its hit US programmes. After Michael Jackson became Chief Executive in 1997, staff numbers rose rapidly and new commercial services began. Two digital subscription channels were launched: the film channel Film Four in 1998, and E4, a youth entertainment channel, in 2001. C4 has grown new Internet, interactive and cross-platform operations. With *Big Brother* and *Big Brother 2*, C4 is considered to have pioneered multi-platform programming in the UK. The second show ran in real time on its own website and at times on E4, with edited highlights on the main C4 channel.<sup>5</sup> Both offered 'interactivity': the opportunity to phone in and vote for contestants. In 2001 a subsidiary, 4Ventures Ltd., was set up to encompass C4's commercial offshoots. With E4 and the main channel's greater youth focus, C4's operations were increasingly competitively oriented towards the populist, low budget channels Sky One and Channel 5. Further C4 plans include a horse-racing and betting pay channel, At The Races, more educational activities, and a teenage web portal. But 2001 saw economic downturn, a freeze on budgets and job losses. The question arose whether C4 had expanded too far and too fast.

## Developing strategic rationales for DTV

A focus on strategy was unknown in the BBC until the 1990s, when it developed following the former DG John Birt's expanding employment of man-

agement consultants and marketing executives throughout the corporation. Under Greg Dyke, strategy has been streamlined. Each strategist now works both for Corporate Centre on macro issues of competition, market context and performance, and with a channel controller on short and medium-term issues including editorial and marketing concerns. Planning the digital channels, the controllers, marketers and strategists worked together “to establish the competitive environment, market need, audience need, and what [the] channel proposition is going to be”. Substantial market research was carried out, some of which was publicly released in an attempt to legitimise the strategic thinking (e.g. ECON 1999; Spectrum 2001).

In C4, there had been no engagement with strategy prior to 1997. When Jackson arrived from Birt’s BBC, he installed a strategic approach, recruiting a number of pay television executives and strategists from management consultancy. Market analysis became increasingly central, resulting in 1999 in a corporate strategy which proposed that C4 should become a cross-platform media company by extending its ‘core reputation’ as a brand centred on film, entertainment, sports and factual programming.

In 2001, BBC and C4 executives offered a series of strategic rationales for the DTV plans. They coalesce into ten variables that are summarised for each broadcaster below. There are both overlaps and differences between the two PSBs, the differences stemming primarily from their different economic bases.

#### 1) Increasing and diversifying revenue streams:

In the context of falling advertising income and looming recession, this economic rationale is the driving force behind C4’s DTV plans. The aim is to cushion the main channel from future budget shortfalls. Revenues from subscription channels, sponsorship, rights trading, commercial interactive and cross-platform services, merchandising and Internet extensions are seen as imperative to secure funding for C4’s public service commitments. For some, C4’s commercialisation is a good in itself: C4’s public service remit for innovation and risk-taking is seen as also bringing commercial rewards. A major concern is C4’s vulnerable position in the new ‘value chain’. Its identity is focused on ‘aggregating content’ (or channels), and this is considered a relatively powerless position in comparison with platform owners and rights-owning production companies. The prospect of C4 moving into production or distribution is seen as a possibility. Competition between platforms is considered essential for C4’s health by ensuring competing buyers for the C4 brand. By contrast, this rationale is not apparent in BBC thinking about its new DTV services. While some commercial spin-offs through BBC Worldwide are envisaged, they are not a priority.

#### 2) Maintaining and increasing audience share:

For both broadcasters, the new channels are intended to help maintain or add audience share to the existing channels. At C4, share in multichannel

homes is now taken as the key measure of success because those homes are assumed to be indicative of the future, and because C4's target audiences (16-34 year olds and ABC1s) are early adopters of DTV. Moreover there is a significant, worrying gap between C4's share in terrestrial and in multichannel homes. For advertisers, future share will be aggregated across the C4 channels, giving a '4share'. Changes in C4's share have huge economic repercussions: each percentage point represents £50m in advertising income. In multichannel homes, E4 is expected to add 2% to the main channel's current 6-7% share. For the BBC, in comparison, while maintaining share matters greatly for reasons of legitimacy, there is no direct economic pressure to maximise share. Nonetheless, by improving the output, BBC3 and BBC4 are intended to raise the share of the channels they replace.

### 3) Extending and strengthening the brand:

For C4, the new activities are seen as extending the brand by exploiting what are deemed to be C4's 'core values' and strengths. Market research was carried out early in the strategy process to elucidate these; and it continues in a tracking study which probes whether audiences see C4 as representing the core values more than competitors, and to what extent the new services embody the values. The core values are given in documents as: 'contemporary', 'smart', 'innovative', 'risk-taking', 'freedom', 'new perspectives', 'commercial', 'creativity and excellence', 'production quality', and 'let the viewers decide'. These are often cited by those engaged in the new ventures, although their relation to C4s practice remains to be interrogated. The concept of diversity – also mentioned, and originally a key term in C4's remit – is not listed, but is subsumed within 'freedom' in a limited way: "Channel 4 believes in individual freedom and seeks to promote diversity of opinion and freedom of expression". While the BBC has less economic incentive to strengthen brand recognition, the less instrumental functions of branding – building consumer awareness, loyalty, attraction and affection – are seen to be of immense significance, as much as for C4. There is great concern among executives that the strength of the BBC brand has been eroded particularly among the young. This links to...

### 4) Generational renewal and demographic concerns:

Both C4 and the BBC are alarmed by market research suggesting that the concept of PSB has little meaning for Britain's youth, while it is the under-35s who are most attracted by multichannel commercial television. The DTV strategies are conceived as a central means of building an audience among the young, and thereby a future audience for PSB. C4 sees its new services as a means of attracting young viewers and renewing the audience for C4's vision of PSB. At C4 the need for generational renewal is translated into the case for innovative entertainment, embodied in E4. An executive explained: "Increasingly, we say to ourselves we've got to be the public service broad-

caster that keeps in touch with the audience that wouldn't dream of tuning in to public service broadcasting. If public service values are going to remain in touch with that generation, E4 is a bridgehead into what is essentially alien territory". The BBC also sees its new services, particularly BBC3 and the children's channels, as essential responses to the ebbing identification of young people with the BBC and as a way to renew its relationship with young viewers who will otherwise be lost to the corporation in future.

#### 5) Adapting to the pay television economy:

Another set of rationales concerns the pay-TV economy and the need to remain connected to its consumers and technologies. Significant differences exist between C4 and the BBC:

- At C4, the assumption is that pay-TV is the future and that C4 must therefore enter it. A strategist commented: "We have to [think], 'How is the market moving?'; and if people are beginning to expect to pay for services, if we don't acknowledge that reality we are in danger of finding ourselves in a fast-moving market [with] advertising revenues collapsing [and] no means of support". At the BBC, by contrast, strategy is *not* driven by the assumption that consumption is moving inexorably and willingly towards a pay-TV norm. The commitment to universality is taken to mean that the BBC must continue to serve audiences resistant to pay-TV, while encouraging the shift to digital. The BBC's thinking about audiences, and how its portfolio of services can serve them, is broader than C4's.
- Both PSBs must respond to the new markets for programme rights because pay-TV rights to hit US programmes are now often bundled together with free-to-air rights. C4 argues that to remain in the market for hit shows it is necessary to have a pay channel to air them on, thus justifying E4. The BBC, by contrast, argues that there are other solutions to the problem (such as sharing rights with Sky).
- Successful public service programming can have a secondary life on pay-TV or on genre channels. C4 and the BBC respond differently to this. For C4 it offers a commercial opportunity: it is seen as logical for C4 to exploit the secondary rights to its programming on its own pay channels, E4 and FilmFour, rather than continuing to sell them to competitors (Paramount and Sky), which thereby benefit from C4's brand. Similarly, for the BBC new channels are seen as an opportunity to stop the selling of hit programmes to competitors. However, this is not taken to justify launching additional pay-TV services. Rather, secondary viewings will commonly occur on the new free-to-air channels. For example, CBBC executives argue that, where secondary pay rights were often sold to Nickelodeon, one aim of the new children's channels is to enable the BBC to fully exploit its successful children's programmes

on dedicated channels. Merchandising spin-offs and raised brand recognition are additional bonuses, balanced against the loss in rights income.

- Both PSBs have the challenge of securing a prominent position on the Electronic Programme Guide [EPG], which for DSat is a proprietary technology controlled by Sky. In the fragmenting broadcasting ecology, profile is increasingly important. The existence of several C4-branded or BBC-branded channels is seen as a crucial means of capturing more visual space, and therefore consumer attention, on the EPG.
- For the BBC, the new channels can occupy genre categories on the EPG – childrens, entertainment, arts and news. This will allow consumers to identify them by genre *if* consumption moves in that direction, particularly among the young. It will also mix the BBC brand in with its commercial rivals. Importantly for the BBC's 'future-proofing' aims, this is possible even though the channels are now conceived as mixed genre. The strategies of brand recognition, generational renewal, and adapting to the pay-TV economy are clearly linked.

#### 6) Cross-platform and interactive potential:

The new services allow both PSBs to build cross-platform and interactive operations, seen as beneficial elements of a convergent future. The aim is innovation in the delivery of content, but also enhanced cross-promotion between linear and online, free-to-air and pay services – an advantage denied to non-terrestrial competitors. At C4, expanded cross-platform educational output, both commercial and public service, is planned in response to government interest in broadband educational delivery, although the plans saw a 20% cut in late 2001 due to financial difficulties. C4's primary interest in interactive television [iTV] is as a source of new revenues, whether through *Big Brother*-style phoning-in or via gambling linked to *At The Races*. In the BBC, even before government stipulated that interactivity must support its DTV channels, there was limited cross-platform development between television, radio and online. Cross-promotion is well established and aims to build brand recognition without commercial intent. In iTV the BBC is helping to foster competitive innovation, and in broadband it is developing ambitious public-private partnerships, such as a pilot regional initiative in Hull to deliver community and educational services.

#### 7) Technological and platform development:

For both PSBs the new services respond to technological development, new media and platforms. C4 has a selective approach – market research is used to gain insights and focus resources on prevalent platforms and those most suitable for C4's services. Necessary technological development is commissioned from outside software firms. By contrast, BBC new media executives

see the BBC's role not only as responding to but also as helping to drive technological and platform development, and the BBC supports some software development in-house. The corporation feels obliged to develop services for each viable new platform, a costly investment given the speed of change. Its economic security means it can shoulder risks that commerce (and C4) might reluctantly carry, and in iTV it has competed successfully against Sky to develop new standards. The down side is that some BBC new media executives do not discriminate between more and less important platform developments; there is a hint of 'techno-profligacy'.

#### 8) Digital channels as 'R & D' for the main channels:

Both PSBs conceive of the digital channels, in part, as 'R & D' for the terrestrial channels. E4 is seen as the 'R & D lab' for C4, a space for innovation and risks and for 'growing talent'. This is thought to be possible because of E4's high origination budget compared to most digital channels. However E4's Managing Director, formerly with Viacom, saw the relationship between the channels as less clear. In his view pay channels are inevitably risk averse because they must prove reliable to consumers, while risk is the main channel's remit. There is thus a telling ambiguity at C4 as to which channel is properly the place for risk-taking.

BBC strategists also portray the new BBC channels as having an 'R & D' function, BBC3 for BBC1 and BBC4 for BBC2. Programmes and formats developed on them will cross to the mass generalist channels; indeed repeat programming is seen as a means of maintaining terrestrial-level budgets on the digital channels. It will also ensure that, before analogue switch-off, analogue viewers get to see successful digital programmes. Risk and innovation are considered central to BBC3 and BBC4: for BBC3, like E4, because 'risks are inherent in a youth mindset'; for BBC4, because it is a cultural channel. To gain legitimacy BBC3 and BBC4 are expected to achieve an appropriate digital audience share and this may constrain risk-taking, but the constraint is not as great as with pay channels. Just as radio found talent for television, so BBC3 and BBC4 are seen as spaces for talent development for the wider BBC; given the BBC's talent drain, this is a serious challenge.<sup>6</sup>

#### 9) The portfolio approach:

Both PSBs have adopted a 'portfolio approach' to their expanding services. But it is far more developed in the BBC, perhaps naturally given its greater scale. C4's plans do not evidence high-level concern with the complementarity of its channels and services. The BBC's portfolio thinking is more flexible than C4's in relation to changing consumer mores, linked to its greater commitment to universality. The contrast is shown in the broadcasters' different projections of future consumer behaviour.

The BBC is *not* assuming a universal shift from viewing mixed genre to niche channels; nor is it assuming that pay services will become near-universally acceptable. Instead, BBC strategists stress the need not to alienate analogue and free-to-air consumers during the transition to digital. The BBC's 'future-proofing' thus aims to prepare the portfolio for a fully digital world, but without knowing precisely when that will occur, what form it will take, or how consumers will respond. A central BBC aim is to plan the complementarity of its channels. Early in the process the Director of Television floated a reduction of the genre mix on BBC1 and BBC2 (Thompson 2000). Criticism ensued, and Dyke's next speech stressed that they would remain mixed genre, generalist channels, while BBC3 and BBC4 would also be mixed genre, though with a narrower range.<sup>7</sup> In the transition, the plan is that BBC1 and BBC3 will be linked entertainment channels differentiated by tone and age. BBC1 will be the unifying channel, and will continue with childrens' programming despite the new childrens' channels. BBC2 and BBC4 will also be related and are aimed at the over-35s, with BBC4 utilising links with the cultural and speech networks, Radios 3 and 4.

#### 10) Raising digital television standards:

While both PSBs are committed to original programming on the DTV channels and to raising DTV production budgets, the commitment to raising standards is more obvious in BBC strategies. BBC3 and BBC4 are intended to buck the low budgets for digital and cable: through restricted schedules (6-8 hours a day), and by repeating programmes within each schedule and on the main channels, the aim is to keep budgets close to terrestrial norms. BBC3's annual budget (2002-03) was planned to be £97m, compared to E4's £40m. While this gives an average £35k per hour, using the techniques outlined budgets will range between £40k and £730k p.h., equivalent to the terrestrial range.

### Evaluating strategies

Strategy plays an increasingly important part in the management of broadcasting because of the growing complexity of the media ecology and the need for broadcasters to consider and plan the shape of their future market interventions. Comparing the BBC's and C4's DTV strategies elucidates the distinctive strategy discourses that can emanate from PSBs, and particularly the different priorities and projections imminent in those strategies. Both the BBC and C4 have determined their DTV strategies by deploying various forms of expertise, particularly market analysis and market research, which ground collective interpretations, on which is constructed in turn a discursive space of projections of future markets, economic and technological strategies.

At C4 the strategic discourse is predicated on a network of bold, mutually reinforcing projections, about which there is a remarkable unanimity among executives, strategists and marketers. There are four basic kinds of projection. They are, first, the business models for the commercial channels that predict future market structures and earnings, the robustness of which currently seems in question. Second, projections of changing audience expectations, habits and tastes, prominent among them that pay services and niche channels are becoming both acceptable and the norm, and that young people desire above all entertainment programming. Third, projections of wider social and cultural changes, including the conviction that the concept of 'minorities' is no longer socially meaningful, and that the values of PSB have declining salience for British society (Jackson 2000, 2001). And, finally, the projection that in given contemporary and future conditions, commercialism and innovation in media services are, or can be, synonymous. Clearly, this constellation of projections is teleological, forecasting precisely the conditions that justify C4's desired strategic direction.

In reality, under conditions of economic restraint, C4's strategy – developing a commercial operation alongside, and cross-subsidised by, the public service organisation – has been driven by anticipated economic need. The projection has been that future economic trends make this imperative, but also that commercialisation is no bad thing and that it will have no deleterious effect on C4's public service foundations. But even in purely economic terms, this view cannot be sustained. C4's commercial offshoots have so far failed to be profitable, imposing serious financial strain on the main public service channel. Job losses, rationalisation, and the closure in 2002 of C4's internationally renowned film production arm have ensued. But this is not all.

C4's growing commercial orientation has caused organisational schizophrenia, manifest in several planes of division, ambiguity and ideological difference. Such divisions and difference are evident between those working for the public service channel and those managing the new commercial services; between those committed to the concept of PSB and those, including former CE Jackson, for whom it is outdated; and between those concerned with C4's audience universality and those emphasising the need for lucrative demographics. C4's commitment to innovation also seems compromised; a rhetoric of 'innovation' is attached to *Big Brother* and to C4's iTV services (phoning in to vote or bet), where the cultural and technological quality of these developments is dubious.

C4's strategic thinking has been driven not by goals of genuine cultural innovation, of added social value, or of enhancing cultural citizenship. Rather, it has been driven by the search for novel ways to secure funding. These realities, as well as the questionable legitimacy of a PSB using gambling to attract consumers and raise revenue, highlight the gaping lack of regulatory oversight of C4's new directions and of their negative consequences for its public service ethos. In turn, this points to the limits of the 'light touch' regu-

latory framework that has prevailed in Britain since the 1990 Broadcasting Act, and which Ofcom is set to inherit.

By comparison, the BBC's strategic thinking on DTV shows a more subtle and strategically flexible set of projections concerning future markets and changing consumer mores. The new BBC channels are seen as responding to viewing habits as they evolve: executives speak of the need to encourage digital take-up through quality offerings, but not to get ahead of current realities. The BBC's search for free-to-air, universal, mixed-genre PSB solutions to enrich its offering and draw audiences, its technological efforts to develop a set-top box or card for free-to-air digital access, its piloting of an innovative joint venture broadband scheme: these have all been achieved under the BBC's existing form of self-regulation and on the basis of public funding. This confirms the superiority of these foundations at present for the delivery of public service and of government policy objectives.

Of course questions remain. The new BBC channels are said to "embody a new set of contemporary, believable public service values";<sup>8</sup> but these are not specified and it is not clear that the new thinking is yet in place. Multiculturalism is supposed to be central to the remit of BBC3 and BBC4; but given the BBC's poor record in this area, staff on the new channels have little to say about how such a change in organisational and editorial culture will be delivered. The risk is insufficient commitment to reinventing the BBC's values for contemporary social conditions – a critical challenge for the BBC. There is some incoherence in the complementarity planned between BBC1, BBC2 and BBC4. All three channels are set to serve older age groups and are mixed genre; it is unclear how much they will overlap and what will be distinctive. The public service justification for BBC4 seems inconsistent with other strategic principles: it is essentially a niche cultural channel, far from universal in its appeal, and critics argue that its existence will lead to a reduced commitment to those kinds of programmes on the mass generalist channels – a move counter to the principle of mixed programming, which frees BBC1 to 'dumb down'.

### Projection and innovation, time and sedimentation

The study has further implications. Analysis of the socio-economics of technical innovation highlights the tendency of private capital, particularly in conditions of risk and uncertainty such as those that characterise the contemporary media economy, to under-invest in innovative research (Stoneman 1987). I have argued elsewhere that public institutions can play a key role in developing innovative forms of cultural production (Born 1993), and this study points to the BBC's central role in fostering current innovations in DTV. Executives from both C4 and the BBC argued that, given widespread industry nerves due to fear of recession, it is the PSBs whose appropriate role is risk-taking and testing out new broadband and interactive propositions. This

contests the view, common in New Labour public policy, that innovation is likely to arise primarily in the private sector through entrepreneurial networks (Leadbetter 1999).

Relatedly, an argument favoured in public policy (Mulgan 1998) and sociology (Castells 1996) portrays an almost inevitable movement towards distributed and networked organisational forms in innovative sectors of the economy. But this study contests such a view, highlighting the continuing importance of publicly funded, vertically integrated, large and centralised forms of organisation such as the BBC in innovation, as opposed to the distributed, network model of C4.

I return finally to time and projection. Recent social theorists of time have highlighted the co-construction of, and interrelations between, past, present and future, and the role of reflexive knowledge in producing the future. Latour (1999) writes of the 'sedimentary succession of time' in analysing the inter-related constructions of past and present. This is an analysis that should be extended, I suggest, to include present constructions of the future and their *projective* sedimentary effects. Adam (1996) stresses discursive effectivity when writing of the need to embrace reflexively sociology's performative role in social and ethical life. Only rarely, however, has sociology attended to the forceful role of futurist projections in constructing industrial and economic temporality (e.g. Brown et al 2000) and the newly systematic and scientific means – the marketing sciences – by which industrial actors attempt to control the economic future. Expertise interprets current realities and, on that basis, projects and constructs new markets, future economic and technological trends.

This study also highlights the rhetorical underpinnings of constructions of the future. Three modes of projection can be discerned in the broadcasters' strategic rationales: those that are primarily normative or principled in orientation, those that are primarily realist or pragmatic, and those that are primarily reactive or defensive. They may be combined, and switching can occur between them. C4's proposition for E4, for instance, combines normative, realist and defensive projections: that E4 augments the space for innovation; that it is a pragmatic response to the rise of pay-TV and the need to exploit pay-TV rights; and that it is a necessary defence against rivals' predatory moves into C4 branding and programming territories, and against the erosion of young people's identification with PSB.

By becoming the basis for institutional strategies, the projections condition the markets in which the PSBs operate, altering the relative positioning of competitors, restructuring the broadcasting field, delimiting the alternatives available to media audiences, opening up some possibilities and closing down others. There is, of course, nothing inevitable about the dominance of pay TV anticipated by C4, apart from the interested discursive coalition – including neo-liberally-inclined governments and powerful media players wielding great political influence – intent on persuading the European public that it is inevitable.

I have stressed the power of pervasive discourses to bring about the conceptions they promote. The more this coalition claims and enacts that pay-TV is the norm, the more likely this is to become the case. The differences in projections matter; they influence outcomes. And through projections the strategies adopted are legitimised by a short cut that apparently forecloses the unpredictable full circuit of production and consumption. C4's framing of the challenge of DTV is radically different from the BBC's. Where the BBC's DTV projections, supported by increased government funding, take in social and cultural utility, universality and particular minority needs, C4's frame has given priority to financial stability and commercial entrepreneurialism. Of the two, it is C4's discourse that forms part of the currently hegemonic discursive coalition in the UK, predicated on the belief that there is now no need for anything 'outside' commercial broadcasting. When even a PSB adopts such a stance, the ideological climate for PSB is surely perilous.

The analysis presented here indicates the enormous influence of C4's commercial funding and weak regulation on the character of its projections, and how such projections have been accompanied by the mutation and fragmentation of C4's philosophy and organisation. Happily, agency can intervene. Recently the research reported in this paper was fed back to the new CE of C4, Mark Thompson, formerly BBC Director of Television and the architect of the BBC's own digital plans. Thompson acknowledged the analysis given here by calling in his first major speech as CE for a revitalisation of C4's public service remit and for additional public financing if that remit cannot in future be secured by commercial funding alone (Thompson 2002).

The motivated futurist projections of major institutions in leading sectors of the economy such as the convergent media and IT industries have significant power to influence current and future realities. As the results of past projections are cumulatively laid down and sedimented, they become the basis for further projections. Given this power, as one analyst of the role of forecasting has put it, there is a need for an 'ethics of the future' grounded in an awareness of the way the present, and present discourses that emerge ascendant from the struggle for discursive primacy, bear a massive responsibility for delimiting the future (Binde 2000).

More generally, as Osborne (1995: 200) comments in another context, all politics centrally involve "struggles over the experience of time". He lists the salient "questions to which a politics of time would attend", which resonate with this analysis: "How do the practices in which we engage structure and produce, enable and distort, different senses of time and possibility? What kinds of experience of history do they make possible or impede? Whose futures do they ensure?" Since what is at stake in this analysis of how present strategies construct the broadcasting future is the very possibility of a non-commodified public media space in Britain, the heartland of PSB, the questions are grave and urgent.

## Notes

1. On the concept of public service broadcasting and its contemporary redefinition, see Born and Prosser 2001.
2. The study, publicly funded by ESRC award no. R000 223524, combined documentary research and 40 interviews with relevant broadcasting and production executives.
3. On the BBC's remit see <http://www.bbc.co.uk/info/BBCcharter/agreement/index.shtml>. On C4's remit as licenced by the ITC, see <http://www.itc.org.uk/>.
4. In mid 2001 26% of British households had DTV. Of these, 68% had DSat, 20% DCab and 12% DTT. By mid 2002, 38% of households had DTV, and of those 65% were DSat (figures from the ITC).
5. From this point on, to avoid confusion, I refer to the public service television channel C4 as 'the main channel', and to 'C4' when referring to the C4 corporation as a whole.
6. Since the 1990s the BBC has had a critical problem of star actors, writers, producers and executives leaving for lucrative jobs in the commercial or independent sectors.
7. On the importance of mixed genre channels to PSB, see Born and Prosser 2001.
8. Quotation from internal document, BBC Television in the Multichannel Environment: Strategy 2001-2004/5, April 2001.

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