Public Service Broadcasting and Digital Television in the UK:
The BBC, Channel 4, and the Politics of Positioning

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Background

Television remains the most powerful and ubiquitous medium for social communication. The advent of digital television (DTV) and the prospective convergence between television, computer and telecommunications technologies augur radical changes in the media ecology. In the context of the ensuing technological, economic, cultural and regulatory uncertainties, some analysts argue that public service broadcasting faces new threats (Sondergaard 1998; Chalaby and Segell 1999), others that it bears new responsibilities (Graham 2000; Inglewood 2000, Born and Prosser 2001).[1] The goal of this study is to examine and compare the digital television strategies of Britain's two main public service broadcasters (PSBs), the BBC and Channel Four (C4), in this period of multiple uncertainties.[2] The research also tries to understand how the PSBs develop strategy in the face such of uncertainties, with wider implications for sociological theory, as outlined later.

The two PSBs 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 for C4)[3] and audience profiles (the BBC being committed to universality while C4 seeks demographic groups attractive to its advertisers, ie higher socio-economic groups and younger audiences). They also have different remits. The BBC must provide information, education and entertainment programming of a high standard and offering a wide range of subject matter for local and national audiences, as well as ensuring accuracy and impartiality on controversial subjects. C4's remit centres on complementing ITV through the provision of distinctive output, and requires innovation and experiment in the form and content of programmes. C4's licence renewal in 1998 required an increased commitment to innovation and experiment, educational and multicultural programming, and to training and regional production.[4] 40% of British households had multichannel television by mid 2001, 25.6% of them digital. Of digital households, 68% had digital satellite (DSat), 20% digital cable (DCab) and 12% digital terrestrial television (DTT).[5]

The economic uncertainties facing British broadcasting include greatly increased competition, advertising downturn,[6] the threat of economic recession, and declining budgets for expanding multichannel services set against falling production costs. Commercial broadcasters are developing multi-revenue business models and subscription is currently their main source of revenue growth (ITC 2001). Further uncertainties stem from competition and fair trading issues: for the PSBs, the need to find an appropriate balance between public service and commercial activities and to identify legitimate market openings; for the industry, the challenge issued by BSkyB's near-monopoly of distribution through the success of its DSat platform with vertical links to Sky channels, film and sports content.[7] The threat to pluralism posed by dominant players with monopolistic controls over distribution linked to premium content is often noted (Lang 1997; Shooshan and Cave 2000).[8] The economics of commercial digital channels are themselves fragile and in 2001 several folded, including those backed by major corporations. Channel consolidation is forseen, and increased emphasis is given in industry debates to the need for high quality content to drive digital takeup.[9]

The present situation also involves cultural and social uncertainties: the erosion of a common national culture given devolution and a multicultural society; changes in the way television is watched with multichannel and timeshift technologies; and the fragmentation and segmentation of audiences consequent on these changes (Dodd and Stevenson 2001). Yet it is unclear how extensive are these changes and what their final form will be. The technological uncertainties facing broadcasting are great, and the existence of three competing platforms, consumer confusion about their benefits and weaknesses, fears of early obsolescence, high costs of adoption, and the equation of digital solely with pay television have all caused consumer resistance. Surveys suggest that such resistance is not passing.[10] In this context the Consumers' Association argues that, if government wants to achieve analogue switch-off, PSBs can play a vital role by developing attractive free-to-air digital services to draw resistant consumers (Consumers' Association 2001a).

For all these uncertainties, government has strongly advocated the shift to digital television driven in part by larger policy interests: the desire to promote Britain's role in the 'new economy', to stimulate the domestic market for information and communication technologies, and to allow the private sector to carry the risks of technological innovation. These interests link with the government's concern to ameliorate the 'digital divide' as a way of combating social exclusion and political apathy. Universal internet access is seen as a key solution to these problems, and DTV as a possible platform to deliver it (ITC 2001), requiring near-universal take-up of DTV itself (Bickerstaffe 2001). In 1999 the Secretary of State set twin targets for the industry: it must achieve the move to digital by 2010, and public service broadcasting must remain at the core of DTV in the UK. They were reiterated in the Communications White Paper (DCMS 2000).

The White Paper, while strongly supporting the continued role for public service broadcasting, outlined a new regulatory framework to meet the changing media and broadcasting ecology wrought by convergence. It proposed a new unified, 'light-touch' media and telecommunications regulator, Ofcom, although the BBC was still predominantly to be self-regulated. The precise shape and scope of Ofcom remains to be seen. Although a paving Act has been passed for its establishment in shadow form, details of structure and objectives will only be apparent with the publication of a draft Communications Bill later in 2002. The White Paper provoked much debate, particularly over the relationship between content regulation and economic regulation, increased reliance on self-regulation for commercially-funded PSBs, lack of clarification on media ownership rules, and whether the BBC's regulation should come fully under Ofcom.

The result has been considerable regulatory and business uncertainty, for example relating to the realistic long-term funding outlook for the industry, how many digital platforms the UK can sustain, and whether there is there really an audience for convergent media such as television accessed via mobile telephony or the internet via television screens. It is also uncertain how to encourage television manufacturers to develop affordable digital sets offering high technical quality. There is substantial disquiet that government is failing to address these major problems.[11]

A further background factor is a questioning of the viability and legitimacy of public service broadcasting in the digital era. This follows in the wake of the hostility towards the BBC emanating from government and critics in the 1980s and early 1990s. Critics argue that publicly funded PSB is no longer necessary in the digital era. They cite the end of spectrum scarcity, unprecedented diversity of channels, and the prevalence of mature consumers able to select from an increased number of channels. Some argue that the PSBs' mixed television schedules are outdated, and that the content regulation underpinning PSB is redundant with convergent technologies (Dodd and Stevenson 2001: 130; cf. Gardam 2001, Sacks 2001). Others consider that the BBC distorts the markets in which it operates, that only the market failure function of PSB continues to be justified, and that this can be contracted out competitively (Bazalgette 2001). Yet others maintain that contemporary media markets have no such failures, and that PSB has no remaining justification (Stelzer 2001; Veljanovski 2001). There is the claim that the PSBs are dumbing down, that BBC1 and C4 increasingly imitate their commercial competitors and fail in their duty to maintain quality standards for the industry (eg Liddiment 2001).

Yet for all the criticisms, the PSBs are remarkably resilient. From the mid 1990s the BBC funded through efficiency savings and commercial income the development of new online services, commercial and public service television channels, some involving international partnerships. In the same period the political climate improved. In February 2000 government agreed to a 7-year, £200m rise in licence fee income to fund the BBC's digital expansion, and ruled finally on the BBC's plans in September 2001, passing most of them. This study therefore focused on the period of detailed planning of the new BBC channels in the hiatus before the government's response.

C4's recent history has the opposite shape: from plenty to restraint. From the late 1980s a campaign was waged to change C4's funding basis, and from 1993 the channel was permitted to take over from ITV the sale of its own advertising, with a levy on profits going to the ITV companies. In 1994 C4 launched a campaign to end this 'funding formula', and in 1998 the last payment was made. Since then C4's profits have been ploughed back into new services and rising programme costs, particularly its US imports. After the arrival of Michael Jackson as Chief Executive in 1997, C4 expanded, staff numbers rose rapidly and new services began: two subscription channels, new internet, interactive and cross-platform operations. In February 2001 a commercial subsidiary, 4Ventures Ltd., was set up to encompass the commercial offshoots. In sum, C4 was economically healthy and expansive throughout the 1990s. But the second half of 2001 saw economic downturn, a freeze on budgets and job losses. The question arose whether C4 had expanded too much. This study thus took in a period of reflection on the new enterprises, and the announcement in July that Jackson was to leave at a critical juncture. Two major uncertainties therefore faced C4 at the end of this study: a new chief executive, and looming recession.

Methods

40 interviews of 60-90 minutes were recorded with appropriate employees – strategists, market analysts and researchers, directors of new services and channels - from the BBC and C4. Interviews were also carried out with other experts for their commentary on DTV: independent producers, regional BBC executives and ex-BBC staff. Industry events were attended to observe current debates. The BBC and C4 were cooperative and access was forthcoming. While detailed case studies were carried out for each PSB, for reasons of length they cannot be given in this paper.

C4: Strategies pursued, their overall rationale, and how they were developed

In the context outlined earlier, under Michael Jackson C4 expanded increasingly in commercial directions. The channel's internet, merchandising and publishing activities grew. During the period 1998-2001 the channel launched subscription channels Film Four (based on its long-standing film production brand) and E4, an entertainment channel.

With the reality programmes *Big Brother* and *Big Brother 2*, huge ratings successes in summer 2000 and 2001, 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 certain times on E4, with edited highlights on the main channel.[12] Both also involved 'interactivity' – the opportunity to phone in and vote for contestants – a development that continued with the betting gameshow *Banzai*, which opened on E4 and crossed to the main channel. To encompass the commercial services, and to mark the boundary with C4's public service activities, in February 2001 a new holding company was set up, 4Ventures Ltd. With E4, and with the main channel's growing youth focus, C4's operations became increasingly oriented competitively towards the populist, low budget channels Sky One and Channel 5 as well as its former competitor, BBC2. Plans for C4 being developed in 2001 include a horse racing and betting pay channel, At The Races; expanded educational activities under the 4Learning brand (part of 4Ventures); and a teenage web portal.

A series of strategic rationales are given by strategists and executives for these developments. A focus on strategy had been unknown before 1997. Following Jackson's arrival, a group of executives from pay television and strategists with management consultancy backgrounds were recruited, and market analysis and research became increasingly central. Effort was put into developing a three to five year corporate strategy for the new environment, resulting in June 1999 in a document called Strategy for Growth. This argued that C4 should become a cross-platform media company by extending its 'core reputation' as a brand, which is considered to centre on four strengths: film, entertainment, sports and factual. The plan was disseminated in the organisation by a 'cascade approach'. One recommendation was to set up a focused interactive department; another to start the entertainment channel. E4, and before it FilmFour, took about 1.5 years to develop from decision to launch, which is seen as lengthy and as reflecting their quality, the norm for digital channels being 6 to 9 months.

BBC: Strategies pursued, their overall rationale, and how they were developed

In its proposal for digital expansion announced in autumn 2000, the BBC proposed four new television channels and five new radio networks. They comprised:

- BBC3: a youth television channel focused on entertainment, drama and comedy, with news, some factual and documentary programming (a transformation of the existing BBC Choice);
- BBC4: a cultural television channel with a focus on ideas, the arts and sciences, international issues, sophisticated factual programming and news (a transformation of the existing BBC Knowledge);
- Two childrens' channels: Cbeebies for pre-school (0-5 year olds) and CBBC for 6-13 year olds. (They will use the spectrum of BBC3 and BBC4 from early morning to early evening);
- New radio stations: Network X, dedicated to contemporary black music; Network Y for classic pop music from the last 40 years; Network Z for entertainment speech radio; Radio Five Live Sports Extra, a part-time live sports network; and The Asian Network, a mixed genre, mixed faith network with half speech and half music.

For each medium the digital plans were conceived as part of a portfolio, to complement existing networks without detracting from them. The plans were advanced as the BBC's total commitment to expansion in the next decade. With the new channels, the BBC's free-to-air public service television portfolio will consist of BBC1, BBC2, BBC3, BBC4, the pre-school and older children's channels, BBC News 24 and BBC Parliament (BBC 2000b). At the same time, the BBC New Media directorate (recently rebranded BBCi) continued to expand research and development on internet, interactive television (iTV), convergent and cross-platform services and emerging platforms. While this study did not cover these in depth, it did look at the BBC's early experiments in iTV and broadband.

When government responded to the plans in September 2001, they were approved with provisos that the channels must have distinct public service qualities, that existing services are not adversely affected, that they must contain a high proportion of British and European content and must involve interactivity. BBC3 was considered insufficiently distinctive from commercial channels, however, and the BBC was given the opportunity to amend this proposal (DCMS 2001).

The former Director General, John Birt, instigated a focus on strategy within the BBC from the early nineties, employing increasing numbers of management consultants. Under the current DG, 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. For the digital channels, controller-designates, marketers and strategists worked together 'to establish the competitive environment, market need, audience need, and what [the] channel proposition is going to be'.[13] A great deal of market research was carried out, both macro on market context and micro on specific channels and audiences, some of which was publicly released in the attempt to legitimise the BBC's strategic thinking (eg .ECON 1999; Spectrum 2001).

In submissions to government from 1999 on, the BBC stressed the likelihood that the take-up of digital pay television would plateau, and that its services would play a crucial role in attracting resistant viewers to digital. The BBC's overall aims with its DTV proposals were therefore threefold: 1) to respond to the government's call for the PSBs to help drive the transition from analogue to digital, and to be at the core of digital, by developing new attractive, high quality services; 2) to complement the pay television market by offering such services free-to-air and without advertising, thereby ensuring their potential universality; and 3) to fill out the BBC's services into a coherent portfolio of channels by strategic interventions in expanding markets. In these ways the BBC intended to justify the new tranche of funding for digital. It aimed also to fulfil its traditional role of setting benchmarks for commercial operators in the new markets.

The BBC's overriding rationale for its digital proposals can be summed up negatively: they were *not* driven primarily by a market failure conception of the BBC's role, just as historically, the BBC has conceived of its remit as more than providing what the market will not provide. From the Reithian outset, the BBC has considered that it must provide entertainment and popular programmes, as a social good in itself, to foster social cohesion, to legitimise the licence fee, and to draw viewers to more challenging programming (Scannell and Cardiff 1991). It has not always been successful in popular programming, but has remained committed to providing a full range of genres. The BBC's public service commitment to universality in its several senses (geographical, social and cultural) involves the need to serve a wide range of social and cultural groups, and to achieve this through programming that includes a wide range of subject matter and of genres.[14] The BBC sees its role, then, as fostering genuine diversity of a kind that the global media companies dominating multichannel television will not (BBC 2000a).

On this basis, and given the developed state of multichannel television in Britain, the BBC takes the view that it is legitimate to position its new channels in what are already competitive markets. Indeed it argues that such interventions can help drive the UK's economic success in these markets, by helping to set and raise standards through relatively high-budget origination (BBC 2000a; Born and Prosser 2001). When translated into digital, this view entailed an analysis of which interventions would be most fruitful, even given existing commercial offerings. The major external challenge faced by the BBC in the long period of consultation on its digital proposals therefore took the form of charges of unfair trading and of entering markets already well provided for by commercial operators. These charges were aimed particularly at BBC3, which, with its youth focus, could be seen as occupying similar territory to E4, Sky One, Channel 5 and even C4, and the two children's channels, which will apparently inhabit the same crowded market as Disney, Cartoon Network, Fox Kids, Nickleodeon and others. The unfair trading criticisms take two forms: that these markets are already well supplied, and that the BBC benefits from cross-subsidies and cross-promotions between its public service and commercial enterprises in unfair ways. The complaints led competitors to argue against the BBC's plans, and for a 'level playing field' to be effected by bringing the BBC under the regulation of Ofcom in the new Bill.

In response to its critics, and in designing the new channels, the BBC stressed three factors which differentiate them from commercial competitors: 1) the absence of advertising; 2) that they will contain a high proportion of original British programming, for which budgets will be higher than the digital channel norm; and 3) that each channel will contain a mix of genres, unlike the DTV norm where channels are commonly niche or genre-based. Moreover, the precise character of the new channels was seen as necessarily open to change in response to changes in viewing.

Key strategic rationales

Ten variables emerge from the data as key strategic rationales for the new DTV channels and cross-platform services, with both overlaps and differences between the two PSBs, the differences stemming most obviously from their different economic bases. In what follows the relevance of the rationales to C4 and the BBC is summarised and compared:

1) Increasing and diversifying revenue streams -

- In the context of falling advertising income and recession, this *economic* rationale is the driving force behind C4's plans. The ostensible aim is to cushion the main channel from future budget shortfalls. Revenues from subscription channels, sponsorship, rights trading, commercial interactive activities, 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 can also bring commercial rewards. A major concern is C4's vulnerable position in the new 'value chain'. Its identity is focused on 'aggregating content', and this is seen as relatively powerless by comparison with platform owners and rights-owning production companies. In this light, competition between platforms is seen as essential for C4's health, to ensure competing buyers for the C4 brand. The prospect of C4 moving into production or distribution, if necessary to support C4's values, is seen as a possibility.

- By contrast, this rationale is not apparent in BBC thinking about the new services. While some commercial spin-offs through BBC Worldwide are envisaged, they are not strategic priorities.

2) Maintaining or increasing audience share -

- In C4 the new channels are intended to add audience share to the main channel; share will in future be aggregated across C4 channels, giving a '4share'. Share in multichannel homes is now taken as the key measure of success, as those homes are assumed to be indicative of the future, and C4's target audiences, 16-34 year olds and ABC1s, are early adopters of DTV. Changes in C4's share have enormous 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, while maintaining share matters for reasons of legitimacy, there is no direct economic pressure to maximise share. BBC3 and BBC4 are intended, by improving output, to raise the share of BBC Choice and BBC Knowledge, which stand at approximately 15% and 5% of the digital audience. The question of share is at the core of the debate on BBC1, with critics accusing the BBC of chasing high ratings at the expense of its public service commitments. The question of BBC1's function returns below.

3) Extending and strengthening the brand -

- The new activities are seen as extending the C4 brand by exploiting what are deemed to be its 'core values' and strengths, and early in the strategy process, market research was carried out to elucidate these. 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: 'contemporary', 'smart', 'innovative', 'risk-taking', 'freedom', 'new perspectives', 'commercial', 'creativity and excellence', 'production quality', and 'let the viewers decide'. They are often cited by those engaged in the new ventures, although their relation to C4's 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 direct 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: demographic concerns -

Both C4 and the BBC are alarmed by evidence that the concept of public service broadcasting has little meaning for Britain's youth. Market research shows that it is the under-35s who are most attracted by multichannel commercial television. The digital strategies are conceived as a central means of building an audience among the young, and thereby an audience for the future:

- C4 sees its new services as a means of attracting young viewers, and as a way to renew the audience for C4's vision of PSB. The need for generational renewal is translated into the case for innovative entertainment, embodied in E4. 'Increasingly, we say to ourselves we've got to be the public service broadcaster 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.'[15]
- The BBC also considers its new services – particularly BBC3, aimed at 16-34 year olds, and the children's channels – as responding 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 pragmatics of the new pay television economy and the need to be connected to its consumers and technologies. But differences exist between C4 and the BBC.

- At C4 a certain momentum is assumed: pay TV is the future and C4 must be in there. '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'.[16] 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 can serve them, is broader and subtler than C4's.
- The pay TV economy imposes its own rules: both broadcasters have to respond to the new markets for programme rights, since pay TV rights to hit US programmes are now bundled together with the free-to-air rights. C4 argues that, to remain in the marketfor hit shows, it is necessary to have a pay channel to air them on, thereby justifying E4. The BBC, by contrast, argues that there are other solutions to this challenge (eg rights can be shared with Sky).
- Successful public service programming can have a secondary life on pay television or on generic channels. But C4 and the BBC respond differently to this reality. For C4, it offers a commercial opportunity: it is seen as logical for C4 to exploit the secondary rights to its successful programming on its own pay channels, E4 and FilmFour, rather than continuing to sell them to competitors, Paramount and Sky, who benefit from C4's brand. Similarly, for the BBC the advent of new channels is taken as an opportunity to stop selling hit programmes to competitors. However, this is not seen as a justification for new pay services. Rather, secondary viewings will commonly occur on the new free-to-air channels. For example, CBBC executives argue that, where secondary pay rights have often been sold to Nickelodeon, one aim of the new children's

channels is to enable the BBC fully to exploit its successful children's programmes itself on dedicated channels. Potential merchandising off-shoots 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), the navigation tool for multichannel television, which for DSat is a proprietary technology controlled by BSkyB. In the fragmenting broadcasting ecology, profile is increasingly important, and the existence of several C4- 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 will be able to occupy appropriate genre categories on the EPG - childrens, entertainment, arts and news - allowing consumers to identify them by genre if consumption moves in that direction, particularly among young people, and mixing the BBC brand in with commercial rivals. Importantly for the BBC's 'future-proofing' strategies, this is so even though the channels are presently conceived as mixed genre. Strategies 3), 4) and 5) - heightening brand recognition, generational renewal and the EPG strategy - are clearly allied.

6) Cross-platform and interactive potential -

The new services allow both PSBs to enhance their cross-platform and interactive operations, conceived as inevitable and beneficial elements of a convergent future. Innovation in the delivery of content is an obvious aim. As salient is the potential for enhanced cross-promotion between linear and online, free-to-air and pay services, an advantage denied to non-terrestrial rivals.

- For C4, the entertainment model is *Big Brother 2*'s use of links between the main channel, E4 and the web. Expansion of cross-platform educational output, both commercial and public service, is planned under the aegis of 4Learning, a means of responding to government interest in broadband educational delivery (although in late 2001 this saw a 20% cut due to C4's financial difficulties).
- In the BBC, even before the Secretary of State's stipulation that interactivity must support the new channels, there was a history of limited cross-platform and interactive development between television, radio and online. Cross-promotion between the public service channels is well established and is intended to maintain brand recognition, even without commercial intent. In iTV, the BBC is helping to foster competitive innovation, and in broadband it is developing pilot schemes of a kind not yet commercially on offer in the UK.

7) Technological and platform development -

For both PSBs, the new services respond to the need to keep in touch with technological developments, 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 houses. The internet and iTV have proven highly successful for C4; as yet the WAP and 3G platforms are seen as too limited.

- BBC new media executives see the BBC's role not only as responding to but as helping to drive technological and platform development, and it supports some software development inhouse. 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 carry risks that commerce (and C4) might reluctantly carry; in iTV it has competed successfully against Sky to develop new standards. Some new media executives do not seem concerned to discriminate between more and less important platform developments or with their potential universality; there is a hint of 'techno-profligacy'.

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

Both PSBs appear to conceive of the new channels, in part, as an 'R & D lab' for the main terrestrial channels:

- E4 is seen as the 'R & D lab' for C4, a space for innovation and risks that cannot be taken on the main channel and for 'growing talent', a relationship likened by executives to that between BBC2 and BBC1. This is seen as 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 tend to be risk averse because they must prove reliable to consumers; while risk is the main channel's remit. There is thus some ambiguity as to which of C4's channels is properly the place for risk-taking.
- BBC strategy sees the new channels as fulfilling an 'R & D' function for the mass channels, BBC3 for BBC1 and BBC4 for BBC2. Programmes and formats developed on the new channels will cross to the main channels; indeed repeat programming is cited as a key strategy enabling the BBC to maintain terrestrial-level budgets on the new channels. It will also ensure that, before analogue switch-off, analogue viewers have a chance to see successful digital programming. Risk and innovation are seen as central to BBC3 and BBC4: for BBC3, like E4, because 'risks are inherent in a youth mindset'. However, to gain legitimacy BBC3 and BBC4 are expected to achieve an appropriate digital audience share and this will constrain risk-taking. But the constraint will not be as great as with pay channels. BBC4's controller spoke of the importance of the BBC taking a long-term view of building its audience. Just as BBC radio had the role of finding talent for television, so BBC3 and BBC4 are seen as spaces for risk and talent development for the wider BBC – given the BBC's chronic talent drain, an urgent cause.[17]

9) The portfolio approach -

Both PSBs have adopted a 'portfolio approach' in conceiving of their expanding services. But this is more developed in the BBC, perhaps naturally given its far greater scale:

- Apart from exploiting brand strengths, C4's plans do not evidence a high-level concern with the complementarity of channels. Just one executive pointed to the genre specialisation implicit in the new portfolio: FilmFour for film and drama, E4 for entertainment, the main channel increasingly for factual. He reflected that this may have been Jackson's intention: to prepare niche channels suited to the multichannel future, but without announcing it as such.

- 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 different projections made by C4 and the BBC of future consumer behaviour, projections that are far from reflections of existing reality but which, by becoming the basis for strategy, have the power to influence future reality. The BBC is *not* assuming a universal shift from viewing mixed to generic channels; and in contrast to C4, nor is it assuming that pay services will become near-universally acceptable.[18] Unlike C4, the BBC has no investment in its audience shifting to pay formats. 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 totally digital world, but without knowing precisely when that will occur, what form it will take in terms of the balance between pay and free-to-air services, or how consumers will respond.
- A central BBC strageic aim is to clarify the complementarity of the channels. Early in the planning, 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 channels (Dyke 2000), with 'greater unity'[19] and with BBC2 shifting to an older demographic, while BBC3 and BBC4 will also be mixed genre.[20] In the transition period, the aim is that BBC1 and BBC3 will be closely related entertainment channels differentiated by tone and age, with BBC3 linked also to Radio 1. BBC1 will be the unifying channel aimed at 'everyone', and will continue with childrens' programming despite the new childrens' channels. BBC2 and BBC4 will also be related and are aimed at over-35s, with BBC4 utilising links with Radios 3 and 4. Both BBC1 and BBC2 will continue as 'mass market' channels, and their share may equalise.

10) Raising digital television standards –

While both PSBs are committed to original programming on the digital channels and to raising the budget norms for digital, the commitment to raising standards is more obvious in BBC strategic thinking. BBC3 and BBC4 are intended to buck the low-budget norm for digital and cable: through restricted schedules (6-8 hours a day), and by repeating programmes within each schedule and across on the main channels (as E4 already does), the aim is to keep budgets close to terrestrial norms. BBC3's annual budget (2002-03) will be £97m, compared to E4's £40m; while this apparently gives an average budget of £35k per hour, through the techniques mentioned budgets will be kept between £40k and £730k p.h., equivalent to terrestrial budgets.[21]

C4: Concluding analysis and evaluation of C4's approach

A number of critical issues are raised by C4's strategies and current position:

- The financial risk being carried by C4 and particularly by the main channel, whose revenues are subsidising the new services, if the business plans prove unreliable. C4's digital expansions have caused serious financial strain: E4 is said to be losing £1m a week; as a result the main channel's programme budget was frozen and 80 job cuts were announced.[22] As recession bites the viability of the new ventures remains to be seen; at worst they could damage C4's public service activities.

- C4's vulnerable position in the 'value chain' given Sky's power in platforms and content and C4's dependence on powerful production companies such as Endemol, owners of the *Big Brother* format. C4 risks being squeezed by both distributors and suppliers. As a result executives spoke of C4 buying stakes in production companies, and by late 2001 discussions were underway;[23] and there were reports that C4 might join a 'digital coalition' to relaunch the ailing DTT platform.
- Whether the increasing commercialism of C4 as an organisation undermines the vitality of its public service orientation. Commercialism is now seen as a core C4 value; it is pronounced in the discourse of executives and is evident in key hirings. Related questions arise:
- Whether E4 and At The Races represent legitimate market interventions for a public service organisation. Despite the cogent rationales, it is plausible simply to see E4 as a way of cashing in on C4's most popular programming and as disadvantaging the audience for the main channel. It remains to be seen whether E4 can sustain other successful programming.
- Whether it is legitimate for a PSB to employ gambling to attract consumers and increase revenue: this seems debatable, yet to my knowledge there has been no discussion with the ITC, pointing to C4's ambiguous relations with its regulator as its commercial activities expand.
- Changes in the organisational culture evident in a growing sense of division articulated by staff on the main channel between themselves and those running the new (commercial) services.
- Organisational schizophrenia is further evident in the fact that Jackson's speech on quitting C4 proposed that PSB is a redundant concept (Jackson 2001), while executives for the new services articulate a minimal commitment to PSB, seeing their competition as Sky One and Channel 5. In contrast, Jackson's Director of Programmes is an articulate proponent of PSB who argues that the main channel must retain a mixed orientation to justify its public service status (Gardam 2001).
- Jackson wrought changes in the main channel's programming, arguing that social changes have made former minorities part of the mainstream, that Britain is now a cosmopolitan and tolerant society. C4 is seen as a space for inclusion, expressiveness, provocation and experiment. His analysis is passionately articulated by executives and is now a core C4 belief.[24] Yet critics have queried the coherence of the main channel and whether it has become overly populist and commercialised (Gow 2000; Brown 2001a).
- 'Innovation' is a term much used in C4. But this elides technological change (eg cross-platform developments) with a judgement of qualitative and progressive invention in output. C4's new directions clearly add to the former; whether *Big Brother* achieves the latter seems unproven.
- Ambiguities in C4's view of its audience: some executives stress the need to raise multichannel share; others dismiss share and stress key demographics, 16-34 year olds and ABC1s. Certainly, C4 publicises its success in these lucrative markets. There is a tension between the focus on youth and upmarket audiences and the universality principle at the heart of PSB. For the most part, universality is not considered an issue; it is seen as compromised by new media platforms and as necessarily balanced against commercial imperatives. Some mention defensively the main channel slots appealing to childrens' and older audiences; others stress that 'we target people *attitudinally* rather than demographically'. There appears little concern for minority provision, but the prevailing philosophy argues that minorities have been

absorbed into the mainstream. The tensions are plain between a PSB commitment to universality and minority provision, versus the need for lucrative demographics. An executive admitted these tensions, arguing that C4 needs now to work on 'how the whole population relates to Channel Four and.. what our role is in public service'.[25]

- The puzzle is whether C4 can straddle television's increasingly distinct two cultures: commercial populism, and public service commitment to range and distinctive, high quality output. Much turns on the new CEO, announced in December 2001 as Mark Thompson, former BBC Director of Television and the man responsible for the BBC's DTV strategies. This augurs well for the renewal of C4's public service orientation.

BBC: Concluding analysis and evaluation of the BBC's approach

With the new BBC channels not yet in operation, and a revised BBC3 under review, only the plans can be assessed. Given this limitation, in several ways BBC strategies seem more astute than C4's:

- BBC thinking on the digital channels shows a more subtle and strategically flexible conception of the audience and changing consumer habits than C4's. 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 assume too much and get ahead of current realities.
- The BBC is committed to three elements of public service relatively lacking in C4 strategies: the provision of mixed genre channels of range and diversity; the challenge of universality and of serving a range of audiences, mass and minority; and the need to consider subtly the complementarity of services – essential to PSB in an era of convergence.
- The BBC's rejection of a purely market failure rationale is powerfully vindicated by reports that Nickelodeon, a leading commercial supplier of children's channels, has reacted to the coming BBC's children's channels by significantly increasing both its commitment to original British production and the budgets for those productions.[26] Such benevolent competition portends rising quality in children's television. As the BBC argues, this example confirms that the result of its entry into established multichannel markets is commonly to raise standards in those markets.

Yet there remain problematic elements in the BBC's strategies:

- The new channels are said in documents to 'embody a new set of contemporary, believable public service values';[27] but these are not specified and it is not clear that the new thinking is yet in place. Such thinking *is* apparent in the controller of BBC3's portrayal of his channel as intelligent but populist, edgy and reckless, and as 'assuming multiculturalism'; but he admits that the tone of BBC3 will be in tension with the BBC's dominant middle class values, and he wondered openly whether BBC3 can achieve this tone within the BBC, seeing it as a test of the BBC's ability to update and diversify its own culture. The risk is insufficient commitment to reinventing the BBC's values for contemporary conditions – perhaps the BBC's critical challenge.

- A telling dimension concerns the multiculturalism stressed by executives as central to the remit of both BBC3 and BBC4: when pressed, there is little answer on how this change in the BBC's culture will be delivered. While greater representation of minorities in staffing the new channels and its suppliers must be a key factor in achieving greater diversity on screen, executives are inarticulate about how it can be achieved given the BBC's poor record on the issue.[28]
- Further problems concern the portfolio: there is a hint of incoherence in the complementarity planned between BBC1, BBC2 and BBC4. All three will serve older age groups, and BBC1 and BBC2 are mixed genre; it is unclear how much they will overlap and what will be distinctive.
- There remains the question of BBC1's function: how can it both compete for popularity with its increasingly populist commercial rivals, and yet resist pressures to drift downmarket with them?[29] A key issue is quality in popular genres that have been problematic for the BBC since the 1990s - drama, entertainment, comedy and sit coms – when the difficulty of holding on to commissioning and production talent in these areas is greater then ever.[30]

The BBC is currently buoyant: in late 2001, BBC1's share overtook ITV1's for the first time since 1955. But criticisms of the quality of BBC1, and of the legitimacy of the BBC's digital expansions on competition grounds, continue to be voiced. They will only cease if and when the quality and distinctiveness of BBC1, the digital channels and the portfolio as a whole is proven in practice.

Final points and overall conclusions

The study has both policy implications and implications for sociological theory:

Policy implications -

1) *Overall*: C4 and the BBC share many strategic concerns: enhanced branding, developing new talent, connecting with youth, the challenge of the EPG and new forms of viewing, cross-platform developments and complementarity of services. Nevertheless, the central finding of the study is how *different* the responses of the BBC and C4 have been to the digital challenge: the BBC's public funding and relative financial stability have been central to its capacity to offer strong free-to-air PSB proposals, while C4's thinking is driven mainly by the need to find new revenue streams. Whereas the BBC seeks to raise standards and, by extending its markets, to maintain and deepen its universality, C4 seeks to boost its earnings and its choice demographics. Given the plateau in digital take-up, and resistance to the pay element of DTV,[31] for public policy objectives to be attained the need to draw consumers by offering attractive free-to-air services is great. The BBC is taking the lead, and thus far C4 is not playing any part in this process.

- Government has set the PSBs difficult and contradictory challenges: a) to *complement* the market by offering PSB added-value to existing platforms, a role in which they are cautioned not to take excessive risks; but also b) to *innovate* and drive take-up by risking *more* than commerce will, such as in iTV, where the BBC has borne costly R & D due to the instability of middleware.[32]

2) *Economic issues*:

- Mid-budget programming has been the mainstay of British terrestrial television; it is where most risk-taking and innovation occur. But with increasing numbers of channels, routine risk-taking tends to decline as mid-budget programming is squeezed out and output polarises between the mass of low-budget digital output and occasional high-budget ‘events’ on the main channels. This fosters a risk-averse broadcast culture and, thus, declining quality. At present the BBC looks more likely than C4 to sustain mid-budget fare in digital channels: BBC3’s budget is set to rise to £95m in 2002-3, compared to E4’s current £40m and the average £15m budget for digital channels.[33]
- More generally, the uncertain economics of DTV (Curtis 2001) are compounded by two related problems facing the convergent media industry: that of deriving value from new media and internet services (Elwes 2001), and that of measuring and realising the value attached to brands (Barwise 2001). Some commentators even question whether, whatever the wider economic climate, there is a viable economic model for convergence (Castells 2001). In this light only the BBC, buffered from such problems, can realistically create an ambitious public service new media offering, evident in BBC Online flourishing while its commercial counterparts suffer cutbacks.

3) *Platform and technology issues:*

- Given BSkyB’s platform dominance, and the potential for abuses due to its vertical integration, the industry and policy consensus is that there is a need for strong platform competitors. Between DCab and DTT, the latter is considered preferable since more likely to bring eventual universality, despite bandwidth limits. Hence the importance attached to supporting the DTT supplier, ITV Digital, through severe financial difficulties.[34] Hence also recent reports that the BBC, C4 and C5 might form a ‘digital coalition’ to save DTT (Milmo 2001b; Hargreaves 2001), and the BBC’s efforts to foster a relatively inexpensive card or DTT box for free-to-air channels to tempt viewers to adopt digital. As late as November 2001, leading set-top box manufacturers criticised the lack of government promotion of the free-to-air potential of DTV (Gibson 2001).
- Technologically, lack of standardisation makes investment costly and complex for the industry, weighing against successful innovation: a good example is iTV, where different middleware systems were adopted in the early nineties for each platform. For iTV content developers, whether the BBC or commercial firms, interfacing with three evolving systems is expensive and creates a barrier to entry for would-be producers and competitors; it risks strangling the iTV market at birth (Colvin 2001). The question is: should government play a role in encouraging standardisation and interoperability, so as to liberate industry potential and mitigate technological monopolies?

4) *Regulatory issues:*

- In December 2001 in response to criticisms, government published a revised Digital Action Plan for the transition to DTV.[35] But criticisms remain of the extent to which government is relying on co-operation between competitors to resolve problems and overcome barriers to transition, as well as its lack of clarity concerning what benefits should be delivered by the policy, and how. One commentary notes the need for government to play a role not only in adding value to DTV and ensuring that 'certain key benefits are available to all', but in clarifying 'the role of digital television in achieving other public policy objectives such as universal internet access'.[36] Apart from coordinating stakeholders, government is abdicating from such a clarifying role. Effectively, a substantial part of the attainment of 'added value' has been delegated to the BBC. Yet the BBC, like C4 and ITV, is hampered by lack of regulatory attention to the wider competitive context.

- For example, there is little government direction on bringing about its goal that DTV should be the means for delivering universal, high quality internet access. Many factors militate against this, including the commercial platform providers' resistance to offering free access, their preference for commercial alliances, the expense of re-versioning websites and content for DTV and of negotiating a portal presence, and thus the high entry costs - factors that favour larger market players. Currently, BSkyB and Telewest's DCab services (about 80% of the market) offer only 'walled gardens': a pay service offering limited commercial content.[37] In this light a huge shift is required to deliver the universal internet public service that government has repeatedly envisioned.

5) *Issues for PSB, its regulation, and Ofcom:*

- In terms of the outlook for PSB, C4's strategic assumption that pay services will become the norm in DTV must be questioned for its likely socially divisive results. The assumption works against government objectives regarding the need to mitigate the 'digital divide'.
- Relatedly, the study critically highlights the current laissez-faire relationship between the ITC and C4. If C4 is founded primarily as a public corporation to deliver a variant of PSB, and if its increasingly commercial orientation has effects on the whole organisation, then it seems questionable for this development not to be subject to appropriate regulatory scrutiny. The problematic assumption seems to be that C4's commercial activities can have no detrimental effect on its PSB commitments; but in purely economic terms, this assumption cannot be sustained. The implications are that the ITC's (and in future Ofcom's) regulatory oversight of C4 should be reinvigorated, and should examine these issues and C4's commercial scope; and that C4's main channel might productively be ring-fenced from the predations of its commercial enterprises.[38]
- In comparison, the BBC's search for free-to-air PSB solutions to enrich its offering and draw consumers, its technological efforts to develop a set-top box or card for free-to-air digital access, and its piloting of ambitious broadband schemes: these have been achieved under the BBC's current form of self-regulation and on the basis of public funding. This suggests the superiority of these foundations at present for the delivery of public policy objectives.
- In the debate about future regulation and the scope and nature of Ofcom, this in turn weighs against the need to bring the BBC under the remit of Ofcom. Ironically it is the BBC – whose regulation is widely considered problematic, and whose strategies were as a result subject to detailed governmental scrutiny – that looks likely to introduce the more inventive and successful digital services, while C4 – apparently well regulated by an independent body – has developed strategies that appear problematic both economically

and culturally. In sum, the ‘light touch’ principle central to the White Paper and to current media-regulatory thinking has in practice, in this important case, failed the larger mission of C4.

- One symptom of such failure is the bathos in C4’s reduction of the concept of ‘interactivity’ in iTV primarily to voting in entertainment reality shows (*Big Brother*) and gambling (*Banzai*, At The Races). Such a reduction is common in commercial DTV, where ‘interactivity’ usually refers simply to tele-shopping. The BBC has its own mundane version: its first iTV applications, in summer 2001, enabled viewers of Wimbledon and the Open Golf Tournament to select coverage from several live cameras, as well as past scores and histories. October 2001 saw a more ambitious public service version of interactivity: a pilot in Hull of a joint-venture, interactive broadband television service, BBC Hull Interactive, providing access to local and national information sources, and linked to a new multi-media educational initiative, BBC Headstart. The BBC’s concept and practice of interactivity is, again, more socially and culturally enhancing than C4’s.
- On the eve of the founding of Ofcom, meant to embody a vision of ‘light touch’ regulation, it is ironic that, according to these findings, the BBC’s plans must be judged superior not only in public service and policy terms, but in terms of strategic conception, while C4’s digital extensions, developed under just such a ‘light touch’ regime, have an air of fevered pragmatism and risk.

Implications for sociological theory -

- 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 economy, to under-invest in innovative research (Stoneman 1987). Such analysis lends support to the view, which I have developed 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 role in current innovations in DTV. Executives from both C4 and BBCi argued that, given widespread industry nerves due to fear of recession, it is the PSBs, particularly C4 and the BBC, whose appropriate role is risk-taking and testing out new propositions in broadband and interactive technologies rather than commercial operators.
- This argument contests the view, common in contemporary public policy, that innovation is likely to arise primarily in the private sector through entrepreneurial networks (eg Leadbetter 1999).
- Moreover, an approach currently dominant in public policy (Mulgan 1998) and sociology (Castells 1996) implies an almost teleological movement towards more distributed and networked forms of organisation in innovative sectors of the economy. The findings in this study contest this, highlighting the continuing importance of publicly funded, large, centralised forms of organisation such as the BBC in such innovation, as opposed to the more distributed, network model of C4.
- Recent work in sociology (Callon 1998, Barry and Slater 2002) and anthropology (Carrier and Miller) has emphasised the critical role of expertise, particularly economics, in framing and constructing markets. 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 not in terms of their truth or falsity, but in terms of their *performativity* and *effects*: how they fold into and condition the social process itself. Despite this suggestive approach, close studies of the performative role of expertise in economic and social processes remain underdeveloped.
- This study shows that both C4 and BBC have independently determined their strategies through processes of market analysis and research, interpretation of that research and, on that basis, *projections* of future markets, economic and technological strategies. Economics is often stressed in the theories, but in DTV we see the importance of other, related forms of strategic expertise.
- These projections are folded into institutional strategies; they become the basis for the PSBs' broadcasting and new media practices, and from this they condition larger economic, social and cultural processes.
- Castells and Beck both employ realist concepts of uncertainty in the new economy: large-scale structural processes are seen to be in train which experts play a role, after the event, in managing.
- This study, by contrast, highlights the way expertise plays a role not so much in managing, but rather in interpreting current realities and on that basis *projecting* and constructing new markets, future economic and technological trends: an approach indebted more to Callon. The differences in projections matter; they influence outcomes: the BBC's framing of the challenge of digital television is in major respects different from C4's. As the study suggests, the BBC's framing takes in social and cultural value and utility, government objectives, universality and particular minority needs; C4's frame focuses as a priority on financial stability and attendant issues.
- The gulf between C4's and the BBC's constructions of the market, and thus their projections of the future, confirms the importance of research for the PSBs in processing chronic uncertainty; but it indicates also the influence of their contrasting funding, regulation and philosophies on their different projections. The motivated futurist projections of major institutions in leading sectors of the economy such as the convergent media and IT industries have, as recent social theorists of time suggest,[39] significant power to influence current and future realities, as the results of past projections are cumulatively laid down and sedimented, becoming 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 unwittingly carries massive responsibility for delimiting the future (Binde 2000).

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Notes

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[1] For a discussion of the concept of public service broadcasting, and its contemporary redefinition, see Born and Prosser 2001.

[2] It is striking that, whereas ITV and Channel 5 are regulated by the Independent Television Commission, like C4, according to public service criteria, and ITV used to be considered a PSB, the Department of Culture, Media and Sport now specifies only the BBC, C4 and S4C as the UK’s PSBs, while ITV and C5 are described as ‘primarily commercial broadcasters [that are] required to include certain types of programming’ (DCMS website, Nov. 2001).

[3] Channel Four’s regulation by the ITC, given its commercial expansion, is complex and partial. C4’s ITC-regulated public service remit now applies only to the main channel. Its new subscription channels – FilmFour, E4, the forthcoming At The Races – have to abide by the ITC’s Codes but they have no public service requirements on cable and satellite. If they are carried by digital terrestrial television, they have vestigial PSB requirements, such as having to include a low level of original programming. Internet services fall outside the remit of the ITC unless they are promoted as support material for specific PSB programmes.

[4] On the BBC’s remit, defined in the latest Agreement from Jan. 1996 between the corporation and the Secretary of State, 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/.

[5] These figures are the latest available from the ITC’s research department and cover the second quarter of 2001. Britain is ahead of the European average in takeup: 9% of European households had adopted digital television at the end of 2000, and 12% are expected to adopt by the end of 2001; of these 80% had DSat, 14% DCab and 6% DTT (Braillard 2001).

[6] Advertising revenues are reportedly down 12% from the previous year (*Broadcast,* Nov. 30, 2001), affecting primarily the ITV companies and C4.

[7] BSkyB’s apparent success must be weighed against its economic fragility: since 1998 it has spent £2.4bn on setting up the digital satellite platform, attracting 5.4m subscribers. In July 2001 BSkyB reported annual revenues of over £2bn and the lowest ‘churn’ rate (the proportion of consumers who give up the service) of any pay television operator. On the other hand, by giving away its set-top boxes, BSkyB is subsidising subscribers by £250 each, and it reported a £500m loss this year and carries a debt burden of £1.5bn.

[8] Sky’s position is being investigated by the Office of Fair Trading, by Oftel, and by the European Commission. In December 2001 the OFT ruling on BSkyB was announced, upholding the view that it had

charged rival platforms excessively for carriage of its premium channels. The BBC's digital plans have also been subject to public and governmental review on competition issues.

[9] On the problems of the digital television economy, the collapse of digital channels and the lessons therefrom, see Wood (2001b) and Walmsley (2001). These were key themes of the subdued Royal Television Society's Cambridge Convention in September 2001, a major industry event. Among the digital channels that have collapsed are BSkyB's technology channel .tv, and the Carlton / Sainsbury's joint venture food channel, Taste CFN.

[10] The Consumers Association (2001) survey of consumer attitudes to digital television stresses that 66% of non-adopters have not even looked into the possibility of getting DTV. Of those non-adopters who had looked into it, 25% have decided definitely to get it, while 32% said they would never get DTV, and 50% of older and retired people never want to switch. 64% of those who say they will never get DTV only want to watch the existing free channels after switch-off. Only 37% of non-adopters expect to have DTV by 2006, the government's earliest target date for turning off the analogue signal. A range of reasons was given for not going digital: expense is a key barrier, particularly among the young, those with children and in lower social grades; while 21% feel they would not use the extra channels. Confusion and lack of awareness of possible benefits were important causes of resistance, especially for the over 55s, but they are even present among 25% of those who have adopted DTV. The CA report issues a warning to government that policy must be developed in light of this substantial consumer resistance. Consumer resistance is stoked also by the recognition that digital broadcasting does not yet improve technical quality. This led the ITC to stage in November 2001 a seminar, 'Easy TV', aimed at ameliorating the technical standards and design of digital television sets, and at encouraging agreement on quality standards.

[11] Criticisms of government failure to clarify its public policy goals and its agency in the roll-out of digital television were made recently in response to the government's Digital Action Plan; see, for example, the Consumers' Association's 'Response to Draft Digital Action Plan', Nov. 2001.

[12] From this point, to avoid confusion, I refer to the television channel C4 as 'the main channel', and to C4 when referring to the C4 corporation as a whole.

[13] JS1: 1.

[14] For an argument as to why the BBC's role should not be limited to market failure, the importance of the BBC's entertainment functions, and why the different sense of universality are central to its remit, see Born and Prosser 2001.

[15] JN1: 9.

[16] JN1: 6.

[17] Since the nineties the BBC has suffered a critical problem of talent – star actors, writers, producers and executives – leaving the BBC for lucrative jobs in commercial broadcasters or the independent sector, a problem exacerbated by heightened competition. It has responded by setting up nationwide talent searches and by appointing a controller of talent management.

[18] Public controversy arose following the Director of Television's earliest speech outlining the new digital television plans (Thompson 2000), which was taken to signal a shift by the BBC towards increasingly generic channels; and this was amended in subsequent speeches on the plans (eg Dyke 2000), which stressed the BBC's continuing commitment to the model of mixed genre channels.

[19] The quotation is from the head scheduler for BBC television, describing the need to focus the objectives of the main, mixed genre channels; AM1: 6.

[20] For an argument concerning the importance of mixed genre channels to PSB, see Born and Prosser 2001.

[21] SM1: 9.

[22] Sources: Brown 2001a, *Broadcast* October 5 2001, *Broadcast* 16 November 2001.

[23] Such plans were mooted initially with the independent company Wall To Wall, one of C4's leading suppliers (Rouse 2001).

[24] Jackson's exemplars were the programmes *Queer as Folk*, *Ali G, So Graham Norton, This is Modern Art, Big Brother,* and the seven-day-a-week *Channel Four News* (Jackson 2000, Jackson 2001).

[25] CG1: 14.

[26] Source: *Broadcast* 5 October 2001.

[27] Quotation from internal document, *BBC Television in the Multichannel Environment: Strategy 2001-2004/5*, April 2001.

[28] A similar problem exists for C4, the minority employment record of which was criticised by a multicultural programming executive as being far less good than the channel's image suggests.

[29] BBC1 has currently edged ahead of ITV as Britain's most popular channel (with an audience share of 26.8% against ITV's 26.7%) for the first time since 1955. This has caused commentators to worry whether Dyke's BBC1 might be too popular, and by implication moving downmarket and reneging on its 'higher' public service obligations (eg Brown 2001b; Doward 2002).

[30] Recent months have seen a relentless continuation of the BBC's brain drain in popular genres: the head of entertainment, Danielle Lux, left for C4; the head of comedy, Geoffrey Perkins, for leading independent Tiger Aspect, a drama commissioning head, Tessa Ross, for C4; and another senior entertainment executive, Ruth Davies, for an independent.

[31] A central finding of the Consumers' Association survey (Consumers' Association 2001a).

[32] 'Middleware' is the term for the software that interfaces between the platform (for example digital set-top boxes) and the iTV software produced by broadcasters for their interactive applications.

[33] Source: *Television*, September 2001, p.29. This is a view expressed also by the ITC's head of strategy, Robin Foster.

[34] This study could not address the vital question of the role of ITV, Britain's largest commercially-funded PSB, in Britain's media ecology and in maintaining PSB in the UK. The issue is urgent given ITV's economic crisis attendant on the advertising downturn, a crisis compounded by the chronic financial

difficulties of ITV Digital, ITV's venture into DTT, the viability of which is now seriously in question (Teather 2001).

[35] The revised Digital Action Plan is available at http://www.digitaltelevision.gov.uk/ministers_fwd.html.

[36] See the critical commentary in Consumers' Association 2001b.

[37] For an analysis of these issues, see Sims 2001.

[38] Given the need for investment funds, C4's commercial wing, 4Ventures, should be encouraged to seek outside financing rather than rely on cross-subsidy from the main channel; according to reports in late 2001, such outside investment is already being sought.

[39] I refer to Adam (1996), who is concerned with the need to embrace reflexively sociology's performative role in social and ethical life, and Latour (1999), who writes of the 'sedimentary succession of time' in analysing the interrelated constructions of past and present, an analysis that should, I suggest, be extended to include present constructions of the future.