Social Responsibility and Economic Success of Public Service Broadcasting Channel 4: distinctiveness with market orientation

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Abstract

The idea of satisfying cultural and economic dimensions of a society is the crucial issue for modern public service media. Management of media organizations has become a very complex process. It is inevitable to anticipate different interests, technological changes, changes in regulation, and different societal trends. A mixture of private and public management practices requires setting of appropriate criteria, and new management approaches for many public services. From the perspective of television institutions, these managerial practices are the answers to the challenges of the market: how to produce more with fewer funds in a very competitive market? The paper explores the issue of confrontation between the public interest, and the economic success of television organization. The idea of PSB is going to change as there are blurring boundaries between PSB and commercial broadcasting. Many authors open the issue of a changing role, and the position of television institution in a society since commercialization is the most common trend in all PSBs in Europe. Treating PSB as narrow elite and a cultural institution is becoming unrealistic. The paper explores the management approaches to fulfil the economic success, and social responsibility at the same time. The case of Channel 4, public service broadcaster in UK, explains why it is important to attract a broader range of viewers with its programmes while still catering for minorities with new digital services. This research enables the discussion of overall success of public service broadcaster which satisfies a remit while meeting the needs of different groups. The importance of the market share measures and flexible organizational structure of a publisher will be researched through broadcasting model of Channel 4. The idea of Channel 4 will be examined as a possible broadcasting model for a small European country Slovenia.

1. Introduction

Television is expected to be an important component of the social, cultural, and political system. In the last decade, it has been additionally stressed that electronic media function as an important component of the economic system. To succeed, television should fulfil the special mission that was given to it when having been established. The economic success of television is connected with its mission of public good, which is a basis of its functioning. Broadcasting is becoming one of the main agents of the free market. Accordingly, to function in the public interest of a whole society, television should be governed by political, social and, particularly in the last decade, economic rationale. (Van Cuilenburg, 2003)

Television, as the main national media, follows certain values which contribute to the public welfare. (Rozanova, 2007) Besides public and social welfare, the broadcasting industry contributes to the economic welfare. Economic values follow the criteria of the free market and there are no media that can deny the importance of economic development. Economic incentives are always the main incentives in commercial media, but even strict public media should respect the rules of the free market. It is a very difficult question how to combine economic interests, and work in the public interest.

Today, television is facing unique and rapidly changing environment. (Albarran, 2002) As a consequence, modern society is calling for a different system of media regulations. Along with many dynamic changes in the media field, the question arises how to regulate the convergence. And above all, how to regulate efficiently, and at the same time offer media contents of a high quality? Accordingly, the organizational structure and the mission of television are going to change in the multichannel environment. Television, like nothing else before, is a true "mass" medium. (McQuail, 2001) Consequently, it was granted a specific position in a situation which differed from print. There was an expectation to have its position preserved and it was "granted" the mission of public good. The special position of the medium was transferred into the special position of the institution – public service broadcaster.

In new circumstances, the characteristics of a public service broadcaster that had formerly been very strict and non-commercial have been modified. (Freeman, 2008) There is no clear public service model in Europe which would be looked upon as a model for all the PSBs in

European countries. (Basic Hrvatin 2002) Moreover, public service media are no longer limited to radio and television as new media genres emerge. When new media emerge, the level of diversity is expected to increase. (Trappel, 2008) The concept of diversity was one of the main reasons to establish a specific regulatory regime some 40 years prior to the emergence of new online media. Public service obligations were imposed and public service privileges were granted to broadcasters all over Europe. Diversity can be understood as the dominant media policy concept in Western Europe with a variety of means to implement it. As Olof Hulten puts it: "Public service broadcasting in Western Europe is however, regarded as the primary guarantor of diversity in pluralism" (Hulten, 2007: 197)

Diversity is the key value also at the level of ownership where public service media are considered to function as "antipodes" (Kiefer, 1996: 26) against commercial media. A large variety of models are implemented to ensure a fair representation of citizens and society at large in public service broadcasting organizations. However, there is no ideal model of public service broadcasting to ensure diversity of society.

2. Channel 4 – a hybrid model of broadcasting

In the terrestrial broadcasting market in the UK, there are two broadcasting models, the BBC, a public service broadcaster, and commercial broadcasters (for example ITV and Channel 5). The BBC functions as a typical public broadcaster which serves as a model of an ideal public service broadcaster in Europe. BBC has a safe source of financing, the licence fee, which allows it a certain monopoly in the market. In the UK media market, there are also many commercial terrestrial channels which are established as commercial broadcasters. These commercial competitors have clear supply-demand logic, and they have fewer obligations to underprivileged niche markets, while Channel 4 is also taking care of when following strong public service remit.

In the early 1980s, Channel 4 was launched as a public commercial broadcaster to correct the mistakes made by pure public or commercial broadcasters. Channel 4 offered alternative programmes to ITV and the BBC. Therefore, Channel 4 was established as a hybrid model which had tight public service remits, but it had to fulfil them in a way that would be accepted in the market.

Many broadcasters in Europe have mixed funding, but they are treated as public service broadcasters. They can follow supply and demand logic of the market only because at least part of their financing is constant (consisting of state grants or licence fees). Besides that, the commercial broadcasters have a clear commercial rationale, and they do not need to follow a mainly public interest, as is the case with Channel 4. Channel 4 is a public corporation without safe financing, and there are no shareholders waiting for profit. Its profit is transferred to the programme and to the development of infrastructure. Obviously, Channel 4 is a hybrid model of broadcasting and as such a unique model of broadcasting in Europe.

In 2001, the *Times* described Channel 4 as "a British experiment in broadcasting, envied and admired throughout the world".[i] It works because, as a corporation with no shareholders, it can take greater creative risks with its programmes which attract viewers sought after by advertisers. They recycle the profits directly back into programmes and new services. It is seen as a major cultural asset for a culturally diverse Britain, commercially financed without public funding. As a television company, Channel 4 has several unique features.

Our research focused on the activities of a broadcaster which acts as a hybrid model of broadcasting. The success of Channel 4 is related to unique economic, political and cultural circumstances in the UK. Channel 4 was established as a "fourth channel" and (more precisely) as a third national Broadcasting Corporation in the UK. It was a political decision aimed at offering a new public broadcaster that would compete with ITV and the BBC. Additionally, economic circumstances and the size of the market enabled the survival of new agents in the media market. The government supported abolition of "funding formula" but insisted that the additional funds were to be invested in new technologies.

The Conservative government in the UK stressed the need for a larger amount of British production in broadcasting. (Blanchard and Morley 1982) With commissioning programmes from many independent producers, Channel 4 would support British production. Additionally, there was a demand from media regulators in the UK for programmes that should be offered by Channel 4. (Lambert 1982; Harvey, 2001) These were educational and innovative programmes for minorities, as stated in Channel 4's licence. (Isaacs, 1989) The high level of self-regulation, media plurality and a long history of democracy in British society have contributed to the unique media environment of Channel 4, and light-touch regulation of broadcasters. Channel 4 is organized as a publisher unlike other “traditional” broadcasters. The “publisher” structure is very rational and efficient and supports independent production in the British environment. Channel 4 was forced to be unique because its role was to offer something different to society, making it a complement to the BBC and ITV.

2.1. Channel 4

2.1.1. Programme strategy

At its start, the fourth Channel was expected to be a minority channel. It was supposed that it would offer programmes that were not shown by the other three channels, and was sometimes even more “cultural” and “educational”. However, there are evident changes in its offering of kinds of programmes in various periods. In the last decade, it started to attract larger audiences and became more of an "entertaining" and "sports" orientated channel than before.

Channel 4’s programme strategy clearly changed after the abolition of its funding formula. When the Channel started to compete in the market it became more of a majority channel, particularly in prime time. The greatest changes can be recognized in its programme output. The weekly output of programmes did not change; it was 167 hours in 1997, and the same amount in 2001. However, there has been an increase in factual programmes. As expected, there has evidently been a smaller weekly output of documentaries (10:31 in 1997 and 6:09 in 2001). There has been a great increase in educational programmes (more than 7 hours weekly in comparison with 1997) but this has occurred in exchange for children's programmes that have undergone a great decrease in these years (7 hours). There has been a smaller output of feature films, and accordingly an almost one third increase in entertainment programmes. Actually, one fourth of all weekly output has been entertainment (39:54 hours). Additionally, there have been more sport programmes, compared to the 1990s. (ITC, 2001; C4 Co, 2001; OFCOM, 2010) Although Channel 4 was supposed to be a channel for independent producers when it was established, nowadays it is evident that the amount of independent production programming has decreased since the mid 1990s.

Over the last few years most of the complaints about Channel 4 programmes referred to taste and decency, sexual portrayals, religious offences, and language. According to the meeting core targets for 2002, it is shown that the average weekly requirements for news and current affairs, schools and multicultural programming were exceeded, while the achievement of eleven hours for adult education ran well ahead of the minimum seven hours. (ITC, 2002) The small religious requirement of one hour per week was exceeded, but more than half of the transmissions were repeats. There were increases in sport and entertainment with decreases in feature films and arts. Overall, repeats were held at 38 per cent (it could be 40 per cent), and 18 per cent in peak time (it could be 20 per cent). Programmes specially commissioned for Channel 4 comprised 66 per cent of the schedule (it could be 60 per cent); in peak time they comprised 81 per cent (it could be 70 per cent). Two thirds of commissioned programmes went to independent producers (it could be 25 per cent). The value of programmes commissioned from outside the London region rose to 29 per cent of the originated production expenditure. Expenditure on training rose to 0.7 per cent of total revenue (it could be 0.5 per cent).

According to the collected data, it can be concluded that Channel 4 has been able to fulfil its special remit and acts as a flexible commercial channel. It has followed the activities needed to stay economically competitive and invested heavily in technological developments. Development of new products and services, as well as improvements in technologies and services has been crucial for its success. According to the public service remit from OFCOM, Channel 4 has fulfilled its public remit even after the abolition of its funding formula. However, it is evident that the main channel has attracted a larger audience and not only minorities. It has tried to attract minorities through digital channels and other services. Also, Channel 4 has opened its schedule to new cultural practices, such as reality shows. Additionally, there are new approaches to meeting targets. The shift from minority to majority channel, and openness to new cultural practices were definitely the main steps.

2.1. 2. Market share

The audience seemed to be not the primary issue for Channel 4 in the late 1980s. However, it should have been the most important issue for the channel in the late 1990s when funding formula was abolished. The audience share of Channel 4 can be seen from two perspectives. On one hand, it has decreased during the last five years. On the other hand, it stabilized in comparison with the »bigger channels«, such as the BBC 1 and ITV. Additionally, what seems to be dangerous for Channel 4 is the increase of »smaller channels« such as Channel 5. It can be said that a stabilised audience is a great advantage for a channel but the multichannel dynamic market seems to disable stabilised share in the long run. Accordingly, audience and advertising shares are the primary issues of a commercial public service broadcaster, Channel 4. (Thompson, 2003)

It is evident from the data that Channel 4 Corporation plans to fulfil certain audience and programme gaps in the broadcasting environment and thereafter it is looking for a ”quality demography”. Viewing, which is one of the main indicators of a market success, is stable in the most desirable category (ABC1). The viewing data showed that overall viewing for the main Channel 4 programme has slightly decreased. Accordingly, main broadcasters, the BBC and ITV, have lost far more viewers than Channel 4. Channel 4 has increased viewing in the whole family of channels (including E4 and FF). In today’s multichannel era, it is necessary to take into account the success of the corporation together with all digital channels. Accordingly, the results are very optimistic for Channel 4.

Today, Channel 4 is a general entertainment channel specialized in programmes outside peak time for an under 50s audience. It has the youngest audience of all terrestrial channels, and is the most upmarket in the commercial sector. The targeted audience are men from 16 - 34 and upmarket adults. Since the early 1990s, Channel 4 has maintained viewing share at over 10 per cent. In 1999, Channel 4 earned 10.3 per cent of all viewing, and 19.0 per cent of advertising revenue. In 2000, it achieved a 10.5 per cent share of all viewing (ITC, 2001). It is important to stress that viewing in multichannel homes has evidently increased on Channel 4 (in comparison with the BBC and ITV), and the advertising share for Channel 4 has remained the same in all years, whereas for ITV it has been decreasing throughout the last three years.

The answer to the question of its commercial success can be seen in its market share data, which explains Channel 4’s market success. The market share measures show that Channel 4 increased viewing in the whole family of channels and, moreover, the audience share of Channel 4 stabilized in comparison with "bigger channels" (BBC1 and ITV).

2.1.3. Channel 4 as a publisher

Nowadays, Channel 4 is still promoted as a creative, cultural and innovative channel, but in the 1990s it was also promoted as a minority channel that stood out from the crowd. Its commitments to innovations on the technological side have recently changed. Accordingly, Channel 4 places itself among UK media companies that take advantage of new media platforms. They are building new cross-platform brands to better serve the demands of the audience. Furthermore, the commitment to innovation is a justification for exploring the potential of new platforms in a more effective and imaginative way than its competitors (for example *Big Brother*). Therefore, what was promoted as innovation and creativity in its early years (minority programmes, art programmes, documentaries and marginal topics) differs from today with the exploration of technological developments, and the use of synergy with traditional and new media. Channel 4 is aiming for the largest possible audience. At the launch of the Channel in 1982, ratings were not an important factor, but now and in the future, Channel 4 is being forced to consider them.

From a relatively small organization, Channel 4 grew into a big corporation by the 1990s. It is evident that it does not have a clear public service organizational structure but it is more like the commercial broadcaster Channel 5, ITV. From its early years »outside resources« (independent producers) played an important role for Channel 4. As it became established as a publisher, the organization has been rational and effective in acquiring and appraising what is of great value for the programme. Thus, additional costs of research and creative talents have been evaluated according to the effect they have had on the programme and their final results.

It was clear from the very beginning that it would be costly to hire expensive talents (creative industry) without knowing the result of their work. Independent producers can better manage the creative talents, and offer their projects to the broadcaster (publisher). Therefore, being a publisher rather than a broadcaster seems to have greater effects on a successful schedule. The independent production companies took over the responsibility for the quality of the programmes, and consequently have to manage their budgets on their own. The publishing company commissions the projects (final products) that are suitable for its programme schedule. The publishing company, Channel 4, must have a clear idea about what kind of programme it wants to have in the schedule, and how much it is prepared to pay for it. Therefore, it calculates and decides on the expected ratings, and the value of the program.

In comparison with traditional broadcasting, the publisher-broadcaster has no burden of expense for the creative industry (talents) until the programme is broadcasted. The purchase of technical and production equipment is excluded from the publisher's budget. The publisher-broadcaster is concerned with only two factors: clever content and a managed schedule. This includes determining which programme is to be broadcasted at what time, which is directly related to the preferences of the targeted audience. Accordingly, a general programme strategy of the channel is a high priority. A hierarchic, bureaucratic institutional structure would not be effective in the creative broadcasting environment. Therefore, a modern flat structure is effective for the public-commercial publisher Channel 4, which helps to support British independent production, and works efficiently in the market.

The vertically integrated model of organization and flexibility are key elements in market oriented broadcaster. Additionally, the relationship between the producer and publisher is discussed as a new way to efficient organizational structure. The modern flat structure is the pre-condition to be able to react quickly to complex social and economic demands. The establishment of the publisher, rather than a producer, brought many advantages seen in the better management of talent and content resources. In terms of these management approaches, Channel 4 is unique in the UK, and even in the European market.

3. Slovenian broadcasting ecology

Slovenia is a relatively well-developed country and a member of European Union, NATO, and the Euro zone, with a per capita GDP of € 14,811 and a GDP growth rate of 5.2 per cent in 2006. (Statistični letopis 2006) From 1991 to 2006, per capita GDP almost tripled. This is reflected in its media situation, particularly in terms of the technological equipment of households, and online access. Every day, approximately two thirds of Slovenian population watches television, and an average individual watches television programmes for approximately three hours. 55 per cent of the households have cable, 34 per cent watch television terrestrially, and 11 per cent of the households own a satellite dish. (AGB Research, 2006)

According to official statistics, there are currently 1,125 media outlets registered in Slovenia, including 36 television and 96 radio stations. (Ministry for Culture of the Republic of Slovenia, 2009) The rest consists of newspapers and magazines. Radiotelevizija Slovenija (Radio-Television Slovenia) is the largest broadcasting station in Slovenia. It is the most important in terms of diversity and quantity of its production due to its special legal status. RTVSLO broadcasts two national television programmes (TV SLO 1 and TV SLO 2), two regional television programmes (Television Koper/Capodistria and Tele M), and two programmes for the Italian and the Hungarian national communities, respectively. (Lah, Zilic Fiser, 2010)

There are three public service television channels, and 35 commercial television channels in Slovenia. The public broadcaster, Radiotelevizija Slovenija (RTV Slovenija), operates three channels: SLO 1, SLO 2, and SLO 3. The private broadcaster Pro Plus operates three commercial channels: POP-TV, Kanal A, and TV Pika. Both are headquartered, and have the main broadcast centres in Ljubljana. The third operator with nation-wide coverage is TV 3. The remaining channels are all local or regional.

The main limit put on the television, but on other media markets as well, is the size of the country and its population, that is the size of potential audience and advertising market. Since Slovenia is a small country, with a population of only two million, it does not have natural preconditions for a huge quantity and diversity of stations and channels that would offer attractive high quality of programming. Furthermore, it does not share the language with any larger country that would give domestic channels and production the opportunity to offer programming to wider audience. Domestic television stations have to compete in a very small market. There was an enormous rise in the number of stations and channels, mainly in the 1990's, due to a very liberal policy of media, and very open broadcasting regulation. This saturation has important and mostly negative consequences for the quality and variety of channels and programmes. The professional standards of media content were decreasing due to the short capacity of creativity, financial resources and production capacities.

The size of the viewing market reflects also on advertising revenue. Following the rise of GDP, the advertising market has significantly developed since the start of the post-socialist transition and the switch to the market economy. This saturation and the size of the market reflect that, despite the fact that there are 36 television stations, there are basically just two strong players according to the market shares, turnover and ability to adopt new digital technologies. These are public service broadcaster RTV SLO and commercial broadcaster Pro Plus, which produces the channels Pop TV and Kanal A, and is owned by the American company, the Central European Media Enterprises (CME).

Approximately 73 % of the RTV Slovenija's revenues come from the viewers' license fees[ii]; the rest comes from the advertising income. In addition to the main broadcast centre in Ljubljana, RTV Slovenija also operates regional broadcast centres in Koper and in Maribor. They broadcast regional programmes and a programme for the Italian and the Hungarian minorities in Slovenia, respectively. Along with the growth of the Internet, RTV Slovenija has been developing an online, multi-media web portal (www.rtvslo.si) since the late 1990s. RTV Slovenija, as the only public service broadcaster in Slovenia, has to fulfil the public service remit. As such, it is supposed to be the medium that supports national cultural production, and offer the information that is in public interest. A new Act on RTV Slovenija is supposed to be enforced at the end of 2010, probably before a new Media Act. RTV Slovenija is financed by the citizens, however the government decides on the amount of the license fees, and the parliament appoints the management; this is the reason why RTV Slovenia is often regarded as the institution that is depended on current national politics. (Lah, ZilicFiser, 2010) According to the latest Media Act proposal, and the RTV Slovenija Act proposal, there is still no clear strategy for the development of digital services by RTV Slovenija. The current programme orientation puts all the efforts in the programme strategy for terrestrial channels.

However, editor-in-chief of MMC, Zvezdan Martič, warns that the level of expertise for digitalization within RTV SLO is "very low", and that there are "not enough experts". He is also unsure whether the current internal organization facilitates the introduction of digital broadcasting, since he believes that there is "no other interaction" apart from that between MMC and the Department of Transmissions. "For example, Radio Slovenia has found out that we have been already producing podcasts only after a year and a half." According to him, the interaction amounts to "level zero". The youngest engineer in the Technical Department is 40 years old. There is also a problem with the introduction of digital broadcasting and programming, since RTV SLO has not prepared any strategy or any plan for it. The Strategy on RTV Slovenia 2004–2010 focuses on organizational and financial issues and does not discuss development of digital platforms. (Milosavljević, 2008)

For the survival and successful work of PSB, it is also necessary that public service content remains universally accessible in the digital age. The management states that digitalization will be a costly process (according to the estimates in The Strategy of the Republic of Slovenia for the switchover from analogue to digital broadcasting, one multiplex will cost in the range of € 8 - 12 million where RTV SLO “can not bear the entire financial burden alone”. (Milosavljević, 2008) They want to receive targeted financial and technical help from the government that would help them maintain and develop programmes, content and other services that are the necessary part of a public broadcaster. At the same time, they would like to change the Act on RTV SLO, in order to transform today’s organizational structure, and make it more flexible, allowing them better production and management.

To ensure the leading role of the public service providers in the transition process to digital terrestrial broadcasting, and to develop and sustain pluralism in providing public service content, the state and regulatory bodies should provide a regulatory framework should follow recommendations by the Parliamentary Assembly of the Council of Europe, which states that universality of access should be guaranteed, as well as independence, quality, public accountability, and variety of programmes and services for all groups in society. (Parliamentary Assembly of the Council of Europe, Recommendation 1641 (2004))

Every European state should follow general rules from Recommendations but the specific model of broadcasting should be tailored to the particular national media market. The base for the establishment of Channel 4 was special circumstances, in particular economical reasons because of greater market, and political reasons due to a longer tradition of public service broadcasting. However, a small media market requires as flexible organizational structure as it can be found in Channel 4. Accordingly, a small country as Slovenia could develop creativity in the market with higher proportion of independent production in the programme schedule. This was the case with Channel 4 which acts as a publisher. Innovation and public service orientation at digital platforms is the reality that RTV Slovenija could also copy from Channel 4.

4. Conclusion: Diversity with a new broadcasting model

Channel 4 is financed by advertising but the broadcaster was set up on a "non-for-profit" basis. It has been expected to pursue a public service remit that would involve complementing the services provided by the other three channels. The special public role of Channel 4 can be seen in the support of independent production all over the UK, and very careful orientation towards a small group of viewers. The advantages of the suggested approach to be a publisher rather than a typical broadcaster can be seen in the fact that the organization is managed more efficiently, the creative talents give better results, and it also supports the national independent production. In the case of RTV Slovenia, the inflexible organization with a big production department can not bring such efficiency as in Channel 4.

Obviously, Channel 4 was able to satisfy the public interest while the commercial incentive was also very clear in the corporate management. Additionally, satisfying the needs of a demanding public fulfils the special public interest, and the selected groups also play an important role in the advertising industry. Therefore, there are not only high ratings that give good results, but the selected demography is very important for public remit and for commercial interest. (Zilic Fiser, 2007) The research on a selected period of Channel 4's development shows a good result in fulfilling the public and commercial missions. The selected demography and satisfaction of different groups' needs (but not at the same time) have brought good results to Channel 4. RTV Slovenija has oriented the programme strategy to a broader range of audience all the time, being the same as of the commercial broadcasters. This causes great dissatisfaction by a part of licence fee payers.

One of the main incentives was to strengthen the Channel 4 brand by the online and digital media. This was the important element in the programme orientation. Financial investment into all online and digital platforms was a priority of Channel 4 in the last decade. RTV Slovenija has not put efforts towards the development of digital platforms, which has caused a lower rating of the whole family of platforms.

Some arguments by scholars hold that public service broadcasting has an important role to play in the new digital services. "Internet users appreciate websites offered by public broadcasters for the quality of new and information." (Hulten, 2007:212) The main rationale behind online media provided by PSB is the basic consideration that the public service remit is not confined to specific technology (like radio or broadcasting) but to a specific service.

PSB therefore has to follow the audience to where they would access such services. (Trapel, 2008: 320) Public service broadcasting was and is commissioned to provide high quality services for a wide variety of tastes and preferences. It should cater for minorities and functions as a counterbalance to overwhelming commercialism. The need for these values is equally evident in the field of online and digital media. (Trapel: 320)

The main aims in the media environment, which are to realize the public good and to be successful in the market, are clearly seen in the Channel 4 broadcasting model. Since it has special public service remits and acts in the market, it can be examined as a new model of a PSB in Europe. While it seems that commercial networks and PSB behave as two extremely different models in a society, similar principles in their functioning narrow the gap between them. The role and position of television as an institution in our society are changing. Commercialization is the most common trend in all PSBs in Europe. (Costera Meijer, 2005; Steemers, 1999) Public and commercial broadcasters are striving for the same aims. Treating PSB as a narrow elite and a cultural institution is becoming unrealistic. An overview of the media environment in different countries shows that the main source of media funding will be commercial funding and direct payment for programmes. It is also predicted that the content will be dispersed across a number of different media platforms. PSB should not become a "ghetto" for content that is commercially unattractive. It must endeavour to attract as many viewers and listeners as possible. The audience must be a warrant that the special position of a PSB will be protected in the future. (Tracey 1998, Spencer, Straubhaar, 2006)

Accordingly, the idea of PSB is going to change as there are blurring boundaries between public service broadcasting and commercial broadcasting. Some authors (Gunn, 2008) suggest the higher level of participation of public in PSB. Channel 4 is innovative channel with strong brand and this is important orientation in digital era. Vertical organizational structure of publishing company, orientation toward a technical and programme innovation and selected demography are interesting approaches in media management of Channel 4. The changes in the media environment will significantly change the status of PSB and commercial broadcasters. One possible solution can be seen in a hybrid model of PSB. Undoubtedly, the model of Channel 4 can not be completely copied by the small country of Slovenia; however some lessons can be learned from the management approaches of existing hybrid model.

[i] In *The Times* February, 2001.

[ii] In 2010, the standard fee was 11 euros per month per household.

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