

Breaking the mold: can new media make way for a new public service provider in México?

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I Introduction

There is little opposition to the assertion that mass media companies, public and private, are facing structural changes like no other industry in a globalized world. The way content is produced, distributed and marketed poses new challenges for media companies. Conceptualizing value has reached a new level in light of the emergence and gradual consolidation of a wide number of media platforms. New technologies challenge traditional media but they also open the door for the cultural industries to redefine the traditional top-down relationship with their audiences.

Interactivity has changed the face of production and yet media companies are trying to make sense of new business opportunities in a digital media landscape. All these changes are highlighted by the clash between global trends and local media contexts. Threading from Alm and Lowe's (2001) 'change and continuity' paradigm, it seems as if global trends are moving forward while local cultural, political and economic forces are somehow withholding change. Quite surely this is an hypothesis that requires a case by case approach since regulation, political economy and market configuration are still strongly rooted on local, perhaps regional, characteristics.

Public service values, however, should not be context-dependant. They establish the aims of public service regardless of local interpretations. They set the benchmark for all media companies carrying the public service mandate. Independence, universality, diversity and content that differentiate itself from commercial broadcasters are recognized today as international standards of public

service broadcasting and should also guide the consolidation of public service media the digital age (UNESCO, 2006).

The question of how to fund PSM services in light of its core values is finding different answers worldwide. At the very bottom of this question, the elephant in the room so to speak, is the need to conceptualize public service content as a commodity. 'The digital era reveals a fundamental premise of value transformation in modern public broadcasting: the growth of business logic in a non-commercial enterprise.' (Alm and Lowe, 2001, p.383). This assertion sets the tone for our discussion and pins down media management criteria against PSM ethos. How can PSM be financially successful, independent from government's highly politicized budgets and ready to promote business ventures without giving out its fundamental values?

Furthermore, PSB companies are trying to integrate previously segmented radio, television, Internet and teletext by adopting cross media production strategies (Leurdijk, 2007). Doing so could align production processes creating economies of scale in media content production. The question is, do PSM need to think more on resource allocation than on content definition and audience research. Digital convergence represents a chance for PSB to structure in a polymedia environment and thus creating a viable presence in all electronic channels (Alm and Lowe, 2001, p. 377).

Content distribution and online TV

Few words are as illustrative as digitization to define an in depth transformation within media corporations. It is clear that linear media channels, such as traditional radio and television broadcasters face the challenge of becoming integrated, not necessarily replaced by, with non-linear platforms like on-demand content services. How this integration will play has a lot to do with the way communication policies

secure fair competition on different markets. Firstly, given the technological requirements of information technologies (i.e. broadband services, Wi-Fi platforms, optic fiber, DSL-operations, etc.), ensuring competition among telecommunication players is crucial. Secondly, media companies that are producing and delivering content need to participate in digital platforms making it easier, and cheaper, for audiences to access online content directly whenever they want. Bypassing programming schedules and organizational politics in a process of disintermediation (Jakubowicz, 2007) could foster media content hubs where people can access a significant number of productions from a wide range of genres. Such framework appeals for empowered media consumers and traditional television broadcasters' responsiveness to new needs from their audience (Chan-Olmsted and Park, 2000).

The idea of having public service content instead of public service corporations is, therefore, makes more sense in media markets where there are actually no public service corporations as such. The United Kingdom's Office of Communications (Ofcom) proposed the idea of a "public service publisher" in 2004 and decided to reverse it on 2008 on the basis of its lack of clarity. Particularly regarding the notion that it could compete with the BBC as a public service provider focused on new media.

In terms of the function of public service media, it has been argued that a change of paradigm from supply to demand-oriented service might boost the use of new platforms to deliver content enhancing participation from the audience in content production (Bardoel and Lowe, 2007). Letting users choose what programs they want to see and when they want to see them is attractive indeed. However, it presents itself with a huge question regarding its business model. How can a public media portal offering content 24/7 be financially viable? Can viewers fund a content hub that serves a public service purpose? What would the incentive be for independent producers to join in projects transmitted on-line? How can copyrights contracts be dealt with in this media environment? And above all, are there

sufficient economic, technical and market conditions to implement such an ambitious scheme?

There are interesting examples of likewise ventures. Particularly relevant is the case of the website BBC iPlayer set by the British broadcaster. The website offers radio and TV shows produced by the BBC for streaming and downloading through its own application tool. Program availability is subject to copyrights and all downloaded material is automatically deleted once a specific period of time has passed. Basic program availability restrictions apply outside the United Kingdom. The site has proved a successful case for cross-media content distribution with 18 million iPlayer requests per week during 2009. In its annual report 2009/10, the BBC states that investment in BBC Online services reached £199.3m a sum representing 6% of the £142.50 annual license fee.

According to Verhoeyen et al (2009), sites offering television content like BBC iPlayer show that people prefer watching streaming content immediately instead of waiting for a higher quality download that could take several minutes. Technically speaking, offering efficient video-on-demand streaming requires increased network capacity so that the Quality of Experience (QoE) will not be diminished by intermittent reproduction or video quality.

The key argument of this paper is based upon the need to transit from a traditional push/supply driven PSB culture should shift to a demand-driven (pull) PSM culture. In the words of Bardoel and Ferrell (2007) PSM ethos should be *communication in the public interest* (authors' italics). Henceforth, disregarding the platform upon which they operate, PSM need to revisit the traditional definition of audience and move forward from the 'target' analogy to one that sees people as media 'users'. It deals with the particular question of how can Mexican PSB incorporate market-oriented theory and market-driven practices in order to make the most of new media. The objective of this work, therefore, is to critically assess whether new media platforms, particularly the case of Internet television, can reshape the

current television market by providing public television with a new tool to distribute content more widely.

Given the exploratory nature of this question, I first present a critical assessment of the local television market. Once this context is analyzed I focus on the particular norms regulating two PSB channels, Canal 11 and Canal 22, regarding their key content production and distribution requirements together with their advertising restrictions. Finally, I present a series of 'opportunities' for these two PSB channels for designing a joint venture that could incorporate the BBC iPlayer distinctive and innovative lesson.

II Television landscape in México

According to 1993 OECD report, Mexican private radio and television markets are among the highest in terms of concentration (from the mid-nineties up to now 11 families control more than 80% of the radio and television spectrum). Outdated as this report might be, changes in these markets have not substantially altered such configuration up this day. It is precisely the terrestrial television market where concentration is far more evident. Televisa, Latin America's powerhouse, began operations in the early fifties as two of the then incipient television broadcasters merged. From then on it became the only private company nationwide controlling four terrestrial channels (2, 4, 5 and 9) until 1993. Over four decades Televisa's grip on advertising and content production overshadowed local television stations and governmental initiatives like the Mexican Television Institute (Imevision).

Imevision was created by presidential decree on 1985 in an effort to counterbalance Televisa's hold of the television market. Nevertheless, the state's media institute was designed upon a limited understanding of public service. Focus was more on programming and content though rather than on financial, legal and even political independence. Soon enough Imevision, who in it's heyday controlled three channels (7, 13 and 22), was dismantled. In 1993 the state company was

split and channels 7 and 13 were sold to private entrepreneur Ricardo Salinas Pliego, giving birth to TV Azteca, today's Televisa's only rival.

The terrestrial television market is, therefore, dominated by Televisa and TvAzteca with four and two channels each. National television penetration is 98% of households and these two companies mount 90% of the annual television advertising revenue. Televisa has become the largest content producer in the Spanish speaking world with presence also in the printing, radio and music industry.

Following Imevision's bust up, Canal 22, the first UHF channel in Mexico City's metropolitan area (a market of 22 million viewers), became a 'cultural' channel with a concession¹ run by the National Council for the Arts and Culture, a government body dependent of the Secretary of Education. Canal 22 opening was the answer to a formal petition made by a group of intellectuals in 1993 to have a terrestrial channel solely dedicated to the arts (i.e. fine arts). From then on Canal 22 has changed its policies and management accordingly to the political calendar of the presidential six-year term. It's foundation lacked from a comprehensive revision of a true public service broadcaster. Up to this date, public service television and radio in Mexico are defined as state media with a *public service vocation* and their operations have remained highly dependent on federal government's agenda².

Canal 22 prides itself of having national productions occupying 49% of its programming bar. It claims to have a potential reach of 36 million people through Sky, Direct TV and 20 state broadcasting systems plus Mexico City's metropolitan area. Ratings or share figures are not disclosed so it is difficult to determine how competitive the channel is before commercial broadcasters although one is to

¹ The last time the frequency was ratified in 2001 it obtained a 12 year permit subject to an extension in 2013. Being a concession Canal 22 has the legal right to sell advertising time under a scheme that allows four minutes of ad-time within a 30 minute program.

² Each of the 32 States has at least one permit for a local television channel. Although each governor directly controls budget, content and management. 'Public' state channels are used as a branch of the state's communication office.

expect that participation in the terrestrial television market is marginal at best, especially given the emphasis on high-brow content. Canal 22 is more an exquisite slice of cultural television rather than a public service broadcaster. It does not cater for the needs of society in general but instead makes a unilateral distinction of what represents high culture.

The other terrestrial channel within the public service vocation scheme is Canal 11. In strict sense Canal 11 is run by the Instituto Politécnico Nacional (Polytechnic National Institute –IPN-) through a permit³ that, among other things, restricts selling any advertising. The channel operates since 1959 and is also based in Mexico City. Its content line has been traditionally labeled as education television⁴, although this concept turns more elusive every year. During the first two decades Canal 11 focused on cultural programming, much in the line of today's Canal 22. Since the mid-nineties Canal 11 has invested more resources in producing audience-participating formats regarding a wide range of topics from comedy to thematic talk-shows. It created a successful kids bar mixing foreign productions and local talent. In 2009 the channel took on a more ambitious turn into co-producing drama miniseries as well as catering for a younger audience with pop music shows and sports documentaries.

Historically, Canal 11 or 22 have rarely purchased transmission rights for big sporting events⁵, although recently they began producing sports-themed programs simultaneously aired during international sporting events like the Winter Olympics, The Olympic Games and FIFA's World Cup. Canal 22, for instance, gave full coverage of the Winter Olympics in Vancouver 2010 acquiring an extensive transmission rights package. México has almost no participation in winter sports and private television broadcasters declined covering the event for the first time on the basis of low market appeal and poor ratings.

³ Recently extended until the 31th of December 2021

⁴ The first program broadcast by the channel was a math class presented directly to viewers by a distinguished professor from the IPN

⁵ Football, the most popular sport nationwide, has remained off-limits given public channels' modest budgets. Football broadcasting rights are split between Televisa and TvAzteca.

To put in perspective, Canal 11 annual budget's average from 2002 to 2007 totaled \$206m Mexican pesos (€12,4m) and Canal 22 annual budget in 2007⁶ reached \$140m (€8.4m) while the Dirección General de Televisión Educativa, a centralized body of the Ministry of Education in charge of producing and distributing educational audiovisual material had an average annual budget of \$1,033m Mexican pesos (€62m) per year over the same six-year span.

Budget-wise there is evidence to suggest that public service broadcasting has never been part of a long-term project within Mexico's political ruling class. The omission is not exclusive of a particular political party or made on an ideological basis, neither the left nor the right have been preoccupied with taking the subject into a matter of public policy (Ortega, 2006). Despite the efforts of interest groups, NGOs and academics, regulation on the subject has been elusive. Political interests and private television companies' agenda have dented the chances of a true long-term public service project.

New media, new chances?

The two cultural public television channels are Mexico City based. Both are offered nationwide throughout cable carriers, therefore, accessible only to those who can afford a paid for TV service (cable or sky). Given their unclear legal status, somewhere between PSB and a state channel, their accountability practices are sometimes at odds with their access of information stated mission. Ratings' measurement is a good example of it. Both channels have declared on their annual financial reports that they have a contract with IBOPE/AGB⁷ for measuring audience size. When pressed to publicize these figures both channels are eager to report the justification and use of such measurements but the actual ratings are not disclosed (Navarro, 2010). In a far more contradictory manner, Canal 11 and Canal

⁶ Records from other years were not available for consultation.

⁷ The Brazilian company is the only one measuring terrestrial television ratings in México

22 argue that making their ratings public is against a confidentiality agreement with IBOPE, notwithstanding the fact that the service is paid with taxpayers' money. In spite of carrying out qualitative and quantitative audience research, little can be known about market participation of these two channels or the impact this has on content production and commercial strategies.

In 2010 the federal government passed a presidential decree to create the Organismo Promotor de Medios Audiovisuales (OPMA). An organism whose alleged mission is to promote audiovisual media productions. Canal 11, whose initial broadcast reach was Mexico City's metropolitan area, signed an agreement with OPMA for transmitting its signal through a combo of 25 television frequencies (12 analogue and 13 digital). For channel executives and the federal government it looks as if OPMA would lend a helping hand to Canal 11 allowing its innovative and high quality programming to reach almost 42% of the national audience, free of charge. Criticism has mushroomed though since OPMA is dependant of the Ministry of State and the move seems destined to increase presidential control over content. Why have the frequencies not been directly given to Canal 11 or the IPN to that effect? Why is a highly political government office like the Secretary of State in charge of Canal 11 broadcasting market expansion? These are some of the concerns expressed by critics outside the federal government. Critics coincide that the move is destined to align Canal 11 with the president's political party agenda due to Mexico's presidential election in 2012⁸.

Perhaps the most notable aspect for the purposes of this paper is the lack of managerial independence of Canal 11 and Canal 22. The funding scheme of "cultural television" is simply decided through the federal government's annual budget. Though the budget needs to be approved by a majority vote in congress it is quite uncommon to hear voices discussing this section in full. Cultural television

⁸ During August 2010, Canal 11 has stop airing its programs in order to broadcast live a cycle of four-hour meetings between the president and political, economic and cultural stakeholders regarding homeland security. The event is part of a presidential media strategy and the channel has had no authority whatsoever to reverse this production decision.

faces a political conundrum too. Those in power want to maintain its operations in the best way possible without committing too much financial resources. Opposition parties will not attack it directly since both channels hold a good reputation among public opinion.

Likewise, directors and senior staff have to be approved by the Secretary of Education giving television projects a political-timing mindset. It is precisely the lack of financial and managerial independence, not the lack of true efforts to produce innovative and so far internationally awarded quality programming, which has prevented both channels to fulfill PSB traditional objectives. For example, a content analysis from Canal 11 primetime newscast shows a significantly positive coverage of the president with no room for questioning his policies or his performance (Juárez, 2009).

In light of the digital convergence and the efforts in both channels to stay 'closer' to their audience⁹, there are distinctive approaches on each of these channels. Following this work's main questions we take a closer look to each channel regarding their copyright's legal scheme and the potential each has for embarking on an Internet media platform capable of catering for non-linear, on-demand use from the audience.

What can PSB do in order to strengthen their presence in the television market? One option seems to suggest that deals like the one Canal 11 agreed with OPMA would increase their broadcast market by enlarging its traditional audience profile. This strategy, however, does not give Canal 11 managerial independence from the federal government. On the contrary, it compromises the channel's expansion plans in light of a political agreement that could interfere with its editorial independence.

⁹ In the past both channels installed the figure of a viewer's *ombudsman* with rather unclear outcomes so far. It is simply not possible to assess whether such figure has had any impact on programming other than keeping track of viewers' complaints. After reading their quarterly and annual reports it is not possible to know what impact, if any, these opinions have had on managerial decisions or production criteria.

Canal 11 has a channel in the video streaming website *you tube* with more than nine thousand subscribers with an estimated 300 thousand reproductions from April 2009 up to now. Canal 22 has 4 thousand subscribers and their uploaded material has been played 140 thousand times. Both channels upload a wide range of programs from cultural reality shows¹⁰ to self produced drama. The channels are eager to embark in co-productions with independent productions houses and had placed great emphasis in buying transmission rights of foreign quality programs¹¹. The outcome seems rather positive given the shortage of money to invest on advertising and promotional campaigns. However, each channel relies on its own resources when it comes to marketing efforts and funding new production projects. Could merging their offer in an online central enhance their market presence? What would the advantages of an online service distributor be for both Canal 11 and Canal 22? What could prevent or improve their chances?

It is possible to advance three possible advantages for such joint project. First, despite being usually labeled as national television icons, both channels have a very limited transmitting ratio. Obtaining permits or concessions for more channels or repeaters has faced political indifference and complaints from private broadcasters. Having an online content-distribution central will allow both channels to access new audiences within Mexico but also internationally in the Spanish speaking world. This would tear down geographical barriers for distributing locally-produced content and could overshadow private television station's vertical structures by agreeing partnerships with similar projects in the region. The Spanish-speaking television market in the US and the rest of Latin America has grown considerably over the years. Securing an online platform could empower present efforts to produce quality programming that represents PSB values.

¹⁰ Canal 22 recently launched a contest in the reality 'pop idol' format for selecting an opera singer

¹¹ In 2008 Canal 11 bought transmission rights of the internationally acclaimed American TV series "The Wire", and Canal 22 just started transmitting BBC' series "Wallander" based on Swedish writer Henning Mankell's novels.

Broadband access for online television in the US market is far more widespread than in Mexico¹².

Second, implementing new technologies that could take into account viewers' empowerment to see what they want when they want would greatly ensure PSM mission to redefine viewers as users. Currently, Canal 11 has a rather limited on-demand service on its website where a single program of ten different shows can be watched on Windows Media Player and Real Player platforms. The video quality is low and screen size cannot be augmented. The page refers to the channel's site in youtube but as mentioned before video quality lets down QoE.

Third, creating a supra-channel for online content distribution could open the door for coordinated institutional commercialization strategies. BBC iPlayer is relevantly attached to the broadcaster's positioned brand. The Mexican case presents an interesting challenge for two established niche cultural channels that have marginal participation in the terrestrial television channel and close to none in online content platforms. They can merge commercial objectives and align positioning strategies without sacrificing production and editorial criteria.

Doing so could also provide a distinct competitive edge before commercial broadcasters. Neither Televisa nor TvAzteca offer distinctive material and tend to be risk-averse. Both companies show a strong vertical integration where there is little room for innovation. They are content pushers following long established formulas. Drama production, the jewel of their production crown, has seen Mexican *telenovelas* drop in regional markets (Orozco and Vassallo, 2009).

¹² Broadband penetration data from a 2009 Organization for Economic Co-operation and Development Report indicates that by the end of 2005 Mexico had a 92% rate of penetration of incumbent lines "capable of receiving broadband services", that is to say the universe of such penetration is defined by DSL spread across the country. It does not reflect the number of households or inhabitants able to access broadband. Even more obscure conclusions can we advance if we stress the fact that this report does not provides additional information on access tariffs for these lines.

Canal 11 and 22 policy guidelines are more an act of goodwill like their so-called self-regulation. In other words this means they will comply with certain values (i.e. accountability, transparency, program justification, etc.) only when they see fit.

Next a closer look is taken at this legal framework focusing on three particular aspects. 1) Stated mission and values; 2) Coproduction scheme and distribution rights; and 3) advertising model. The idea is to determine in an exploratory manner the feasibility of a project like the one discussed in this paper.

The case of Canal 11

In a document entitled 'Communication Policies for Once Tv Mexico' the channel enlists a series of policies for 11 groups¹³. The first section is dedicated to a set of 18 guiding principles such as autonomy, editorial independence, compliance with legal and established values, educational compromise, social profitability, transparency, accountability, ethical and professional criteria and so on. Particularly relevant are two of them. Principle 15 acknowledges competition vis-à-vis with other broadcasters but remarks that its cultural, citizenship and aesthetic-symbolic functions should always guide its production line. In Principle 18 it makes the case for the need to be technologically avant-garde but defining new technologies as *subordinated* to content(!?). A striking remark particularly since there are not specific mentions throughout these principles to digitization or online services.

In policy group 6.7, Internet policies are addressed where it can be read that Canal 11's mission to inform, educate, and entertain will be replicated through the Internet. The section goes further by indicating that Canal 11 will "...continuously seek new possibilities to create and adapt its contents, languages and interaction

¹³ *Políticas de Comunicación de Once Tv México*. 6.1 Contents and production; 6.2 Editorial independence and informative work; 6.3 Programming; 6.4 Management; 6.5 Relations with the audience; 6.6 Relations with society; 6.7 Internet; 6.8. Competitiveness; 6.9 Transparency and information access; 6.10 Integral development of service providers; and 6.11 Internal and external communication. The document is not dated, signed or authored.

in order to improve its services and being avant-garde (*again*) in online television". The web portal's design and innovation will "...position, strengthen, and extend the brand image of Once Tv México". Finally, this section declares that the channel "...will use and promote the Internet to attract and develop new publics." Nevertheless, references to the institutional website are made on the basis of Web 2.0 interactive features like chats, blogs, programming archives (but not audiovisual material) and so on. No particular mention is given to video streaming or video-on-demand although, as mentioned before, a limited use of this modality can be accessed on their webpage.

Regarding its advertising model, Canal 11 is not allowed to sell advertising time given its permit status. In order to round off this limitation the channel has implemented a model of sponsorship that allows some income on a program-by-program basis. Sponsorship deals are regulated by an internal code of ethics where content and scheduling of sponsor's messages is outlined. There is no mention, however, of sponsorship tariffs, income limits or availability for such deals. It was not possible to observe annual reports on this subject. Villanueva and Navarro (2008) report that from 2002 to 2007 Canal 11 celebrated 23 sponsorship deals or agreements but none of them with a higher education institution.

The case of Canal 22

Canal 22 value statement can be found on its Code of Ethics, and it basically revolves around the concepts of creativity, open criticism, diversity, honesty, impartiality, freedom, merit recognition, social responsibility, language distinctive richness and truthfulness. Its mission statement, therefore, is not different substantially from Canal 11 although the legal framework upon which the channel operates has relevant differences. The most important being the fact that Canal 22 is a concession and not a permit like Canal 11. This implies, among other things, that Canal 22 is entitled to sell air time.

According to its *Commercial Strategies Manual* (2008) from the period 2006-2008, Canal 22 commercialized 263 hours in three years with 61.15% of this time being paid in cash by advertisers, 23.46% given in courtesies and 15.39% in exchange. According to the federal Law of Radio and Television, concessionaires can only commercialize 18% of every transmission hour. Canal 22 states that they commercialized less than 2% of its airtime per hour.

Canal 22 presents a more detailed description of its programming operations (i.e. explaining how *breaks* and *carriers* are defined in relation to program length). Following Villanueva and Navarro's (2008) chart it can be observed that from 2002 to 2007 Canal 22 had 182 sponsorship deals or agreements but, like in the case of Canal 11, none of them with a higher education institution.

The institutional position before digital technologies is directly addressed in an official document called *Digital Citizenship* (2009). A controversial foreword signed by the channel's current director describes Canal 22's advantages before the French model of PSB, where advertising is not allowed, or even the Spanish or Chilean models where a self-financing scheme sentences these public channels "to produce programs not very different from those made by commercial television". And thus, according to someone directly appointed by today's president it seems that Canal 22 lives the better of two worlds. It gets the benefits of taxpayers' money and also has the chance to sell advertising time.

Politics aside, Canal 22 makes a clear distinction between analogue and digital media. It states the pressing need to conceive viewers like users and acknowledges the need to make the most of digital content and online services to make content available in a wide range of technological platforms. Moreover, the document names 10 ongoing strategies that respond to this scenario. First, digitalization is in full process with an estimated 84% of its productions been digitalized by 2010. Second, the channel is beginning to test transmission in a mirror digital frequency in order to be ready to digital switchover by 2021. Third, the

channel is currently recording a majority of new programs in High Definition. Fourth, Canal 22 will play an active role in pursuing a new communications bill that can fully address PSB challenges. Fifth, and this is the most interesting point, Canal 22 will begin changing his philosophy and instead of conceiving itself as a television channel now it will redefine itself as a "...center of production and distribution of quality audiovisual content with a cultural profile".

Given such bold statement one could remain optimistic that Canal 22 is embarking on a long-term project to adapt its model of production and distribution to a fully digitalized environment. The question remains, however, on the financial viability for this to happen and the extent to which this view is an institutional project instead of an individual statement.

Preliminary conclusions

Once the context and particularities of both state cultural television institutions there are a series of important differences and similarities that suggest a joint venture is far more appealing.

First, in terms of the possibilities to commercialize and generate content within an online media market it can be observed that Canal 11 faces more restrictions than Canal 22 to generate profits although sponsorship deals could complement this approach. It remains the question of how much money are these broadcasters getting through each scheme. Here the first transparency breach in both cases and yet a chance to share a common platform for content delivery and commercialization.

Second, conceptualizing public service broadcasters as public service media is critical to envisage a project like this. Canal 22 seems to acknowledge the challenges on this aspect but this debate could not be observed in the official documents analyzed in Canal 11. In order to devise a shared content platform for

both channels there has to be a synchronicity regarding the role of online television platforms and the function such instrument can have in light of both channels' aims and objectives.

Third, once these two PSB could design a strategic business plan that is financially sustainable and tuned-in to their core values, they will be able to compete with the commercial networks in rather new territories. This is a promissory room for opportunity for cultural television since online access in Mexico is higher in population segments with higher income and education levels. These are the type of viewers more critical of commercial television programs and represent an attractive market for advertisers. Combine this with high quality programs and David can have a chance against Goliath in a digital environment.

Fourth, cultural channels' executive profile is usually characterized by talented people from a wide range of artistic disciplines. A filmmakers and a laureate fiction writer are today's current front men. However, they are not commercially savvy and despite their best intentions projects tend to fail amid high expectations and missed business opportunities. Mexican PSB executives often lack from a 360 degrees vision regarding PSM digital media. Both companies need to professionalize their commercial departments and align venture strategies with their values.

Finally, there are a wide range of technical and political variables not dealt with in this paper. Given the novelty of such approach and the lack of local debate regarding PSM , it was decided that before addressing detailed technological questions (i.e. how best can the online platform work –P2P, video streaming etc.), it was more important to assess the real possibilities for these two channels to join in a shared project. From our initial reading it appears as if such an ambitious project could be feasible in the not-to-distant future.

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