

# How will the concept of public service broadcasting evolve?

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# What is 'public service broadcasting'?

- Public service broadcasting is a means to correct '**market failure**' – it is a form of 'market intervention'.
- 'Market failure' occurs when a 'market economy', left to itself – the 'invisible hand' - does not produce as much benefit as it could.
- Public service broadcasting has the potential to be a '**merit good**' - it is supposed to make the world a better place to live in.
- Market failure means not producing as much 'merit' as it could – the media not being used to maximum effect for the public interest



## Good for people and industry..?

- Broadcasting is considered to be a potentially powerful force for the 'public interest'.
- The public interest has both an **individual** dimension (better people - citizenship, social cohesion, cultural enrichment, etc.) and an **industrial** dimension (more prosperous industry)
- Public service broadcasters have a 'contract with society'.
- They are given a 'privileged' position, so they can deliver media in the public interest.

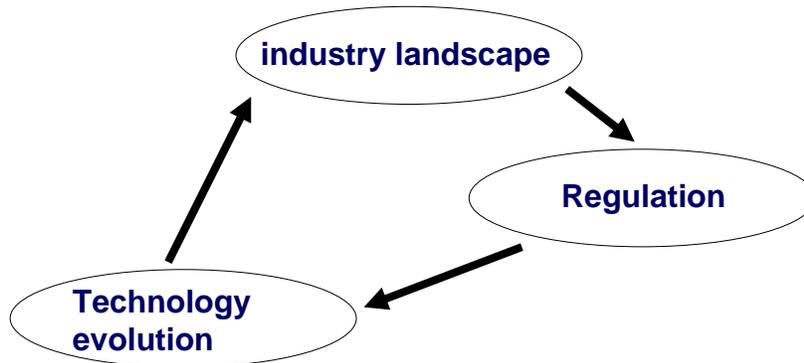


## Market intervention today...

- Public service broadcasting
- Spectrum policy (who gets what)
- Content regulation (who can show what)
- Service obligations (who has to do what)
- Ownership regulations (who can own what)



## What happens depends on complex interactions



## The case for public service broadcasting..

- Is the hypothesis true, that without PSB, there would be a degree of 'market failure'?
- Without PSB, would the world be a less good place to live?
- Would there be less 'community attachment', less 'full lives', more risk of a weak national media industry?



## How can we find out?

- Societies are subject a large number of inter-related influences, so individual circumstances are difficult to 'untangle'.
- But we could begin by examining the difference between societies and circumstances where there is public service and where there is not...
- This is by not a thorough analysis, but it is a start.....



## Does 'market failure' happen without PSB?

- In the United States, is the public as well served by the media as it could be?
- Could the US public be better informed, more intellectually stimulated, enriched, more active in society?
- PBS and PNR are small scale 'market intervention'. Public spending per capita on PSB is about 1 Euro. In Europe it is 50 times this.
- This is the 'restrict public service to broadcasting for the intellectual, and let the market do the rest' model
- What do we observe about the US?



## Does 'market failure' happen without PSB?

- The US media industry is the most prosperous in the world, but...at the level of the individual things are not quite so fine..
- Recent quotes from the Barksdale/Reed Hundt Report:
- US network television "lacks redeeming value"
- "The discussion about public issues has become increasingly partisan, sensationalised, and devoid of objective facts".
- "The coarsening of our culture"
- "Commercial television continues its race to the bottom"



## "Deal or No Deal"



## More insights...

- A telling remark from a PBS executive:
- “You know, the initials ‘PBS’ actually stand for ‘Probably BBC Shows’.
- US public service broadcasting is helped by European public service broadcasters content



## Can we conclude...?

- The US media industry prosperity is due to the large internal market, the 'clustering' of the industry, attractiveness of lifestyle portrayed, and other factors. There is no market failure at the industrial level.
- There is arguably 'market failure' at the individual level in the US market.
- The shortcoming is NOT ONLY in programmes for the intellectual, it is programmes for everybody....
- European markets are probably too small to be world leaders in the media industry. For us the issue is 'survival' not 'top of the heap'.



## And elsewhere we note.....

- The newspaper industry has no market intervention..
- It has produced a partisan industry, with many lowest common denominator elements.
- In many parts of Europe, newspapers are the least trusted media.
- “The freedom of the press is limited to those who own one”..
- Is this a degree of market failure?



## The bottom line...

- We are drawn to believe that public service broadcasting today does make the world a better place for the individual..
- It may help the national media industry to survive in smaller countries..



## The situation today...

- The value of PSB is recognised nationally, but it's a question of degree.
- Public service broadcasters are not all perceived as 'efficient'. Nor are they so.
- The 'Sword of Damocles' will always be there



## The main question for the future of PSB...

- What kind of media future can we expect?
- Will there still be 'market failure' in the coming worlds?
- Will public service media be able to correct it?



## The guru's tell us four key trends are...

- The shift from scheduled programming to “**my time, my place**”
- Channel surfing is replaced by customised **searching**, which can be tailored to the users interests
- As storage and distribution costs fall, virtual ‘**shelf space**’ becomes limitless, which can accommodate ‘**the long tail**’
- Internet becomes a platform to provide more **depth**



### **The overall guru-land picture:**

The era of broadcasting as a scheduled and one way service is ending. The 'push' of scheduled programmes will be replaced by the 'pull' of diverse consumer selected programmes.



## The tools to achieve the vision today...

- Open Internet Web services
- Broadband services including IPTV
- Enhanced Television
- Services to Handhelds
- Enhanced radio
- PVRs
- Broadcasts to handhelds
- High Definition



## The day after tomorrow?

- **Virtual reality**
- A generation or two future set top box
- Creates virtual world equivalent of real sports event.
- Viewer can '**be there**' on the field.
- **Cooperative networks**
- Connect different bearers to TV at same time.
- Use whichever needed for most efficient delivery.
- A '**total service**'.



## At last the facts

- New media will NOT replace old media. It never does.
- New media will ADD to the delivery means available.



## Will there be 'market failure' in the future?

- It will be in many respects the same situation as today.
- Fundamentally there will be more ways to deliver media.
- The same needs for profitability will apply
- The same driving forces to the lowest common denominator.
- The same pattern of industrial effects



## Globalisation of the media industry

- Industries often follow a cyclical pattern
- The company makes profit and uses it to finance growth (well, what else can they do with the money?).
- There is 'consolidation' – companies merge.
- At a certain point, they get too big to be efficiently managed, and the company is broken up into smaller parts.
- They start all over again.
- This is what will happen in the media industry too.



## Will there be 'market failure' in the future world?

- There will be a cornucopia of choice – rich and amazing.
- But the choice will be 'un-manageable'.
- There will be unknown reliability
- Who wrote/produced this? Who paid them?
- These will constitute additional elements to market failure in the new media industry.

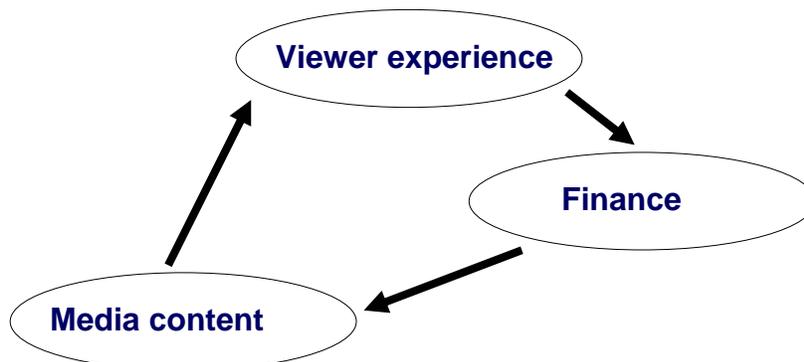


## Can Public service media help correct it?

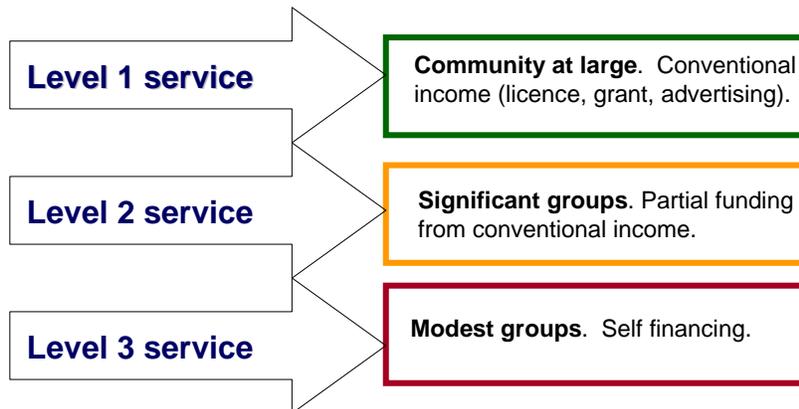
- Yes. But it will need workable financial arrangements....
- We can provide 'my time, my place' programmes which fill the same purpose as our programmes today
- We can provide guidance on 'searching'. We can be an 'Island of Trust'.
- We can provide part the long tail
- We can do justice to the depth that Internet allows.



## The new media problem: create a 'virtuous circle'



## A possible new media finance model?



## What do public service broadcasters need to do?

- Public service broadcasting needs to reconstitute itself as “**public service media**”
- If we do that the need for public service programmes from a **trusted source** can only grow.
- Broadcasters are **well placed to serve new media**, because they are creating the material for ‘scalable content’ anyway.



## What we need to do?

- Develop **strategy and positioning** for new media
- Develop **production skills and infrastructure** for the interactive environment
- Establish **rights**
- Understand **rules and regulations** for advertising
- Use the **combination** of different media if you can – cooperative content works best.



## The NHK story...so far...

- NHK is the world's largest public service broadcaster.
- It is under government review by two (yes, two) committees.
- Public perception of NHK (I have been told) is unfavourable.
- There is a perception of in-efficiency.
- The licence fee is 'optional', and the people that do pay it are annoyed.



## The NHK story....

- The 'straw' that broke the camels back was a scandal involving the NHK President.
- Now two scenarios are being discussed; privatize NHK (as done with Telco), or make the licence compulsory.
- Cuts are 'certain'. R and D (the Jewel of NHK) may included in the cuts
- This was a 'review waiting to happen'



## The lessons from NHK..

- Don't wait for a 'review waiting to happen'.
- Assess public perception and act on it... The public notices real or apparent lack of efficiency.
- Don't have a CEO who can cause a scandal...



## Conclusions.

- The future of public service broadcasting will be what we make of it.
- In the age of 'push' and 'pull' media, public service media have to provide both.
- We need new ways of making ourselves more productive.
- We may need new ways of funding public service media.
- We need to be aware that with 'strength' will come 'criticism'.
- Public service media will survive and prosper because there will be market failure, and we can help correct it.



Thank you for listening

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