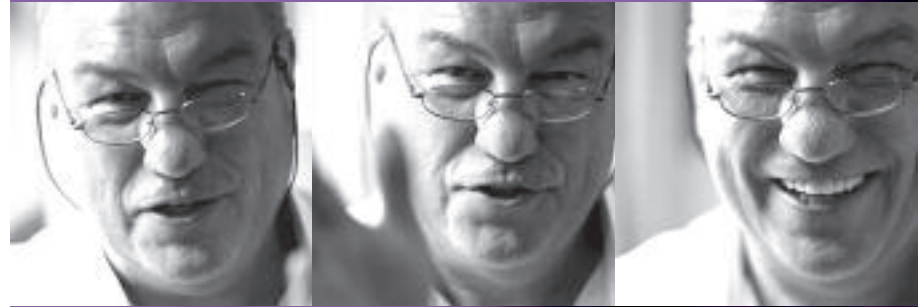


Foreword
Dick Emery



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Television likes to think of itself as a fast-moving industry, quick to respond to change. We expect The Next Big Thing to be round the next corner. Those who are caught looking back instead of forward will be turned to pillars of salt, like Lot's wife.

In my experience, it doesn't actually work that way. What interests me about predicting the future of television is not so much which predictions turn out to be right or wrong, but that change often takes longer to come about than people anticipate. We have plenty of time to prepare: the equivalent of giving Lot's wife time to pack, change her mind several times about what to put in the suitcase, and bid a fond farewell to the old place, before taking the next camel out of Sodom with her eyes firmly fixed on the future.

This, then, is part of the rationale for this book - a reasoned discussion of what may come to pass, not necessarily today, perhaps not even tomorrow, but at some point over the next few years. It is a study, from many different points of view, of the kind of trends we see in television today and what they might mean for our future.

We have seen over the past decade or so how technology itself has driven change. Few predicted the growth of satellite being as rapid as it has been. Sky proved far-sighted in harnessing digital technology and moving the whole world forward. At first, people shrugged their shoulders: it seemed inconceivable that significant numbers of viewers would pay £40 a month to get more television, when they had been receiving it for free. To have over 50 per cent of the population doing that seemed out of the question. But what Sky identified brilliantly was that consumers *do* want choice: something I think few broadcasters have yet really understood. Only now, relatively late in the day, are

terrestrial broadcasters accepting that there has been a shift in control; that viewers themselves, not broadcasters, are driving forward the development of television in the twenty-first century.

Take, for example, the success of Freeview. I always felt certain it could be an immense hit, because although multi-channel was already working for those who love television enough to want more and more of it, it was also clear there were many people who found the idea of paying for TV outrageous. They had always had it free, so why would they start to pay for it now? These 'absolute rejecters' were an important and sizeable group. Research told us that if a means was found to give them more TV without having to pay a subscription, it would sell extremely well. Once that came together with the promotional power of the BBC, Freeview was inevitably destined to be a winner. The only surprise was how slow some broadcasters were to embrace it. Although ITV has now launched additional channels on Freeview to stem its losses, they could have done so much earlier.

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Our own journey as a broadcasting organisation mirrors some of the changes that are already beginning to take place in television. UKTV started as a supply-driven entity. We simply took streams of content that were coming out of the BBC. We had identified that there was a market for what we provided, but it has become clearer over time that if we are heading towards the viewer being absolutely in command, then it is the job of the broadcaster to *organise* content in such a way that consumers can easily find what they want to view, when they want to view it. Ultimately, the answer to that would be Video on Demand (VoD), but clearly identified channels are a step towards it. Our job, in a sense, is packaging and labelling. UKTV has looked for ways of clustering content so that it makes sense to the viewer. Food was one of the most obvious. Not everybody is interested in cooking, but there is a defined group of viewers who are. They may not watch food programmes all the time, in the way that viewers used to sit down for an evening and stick with a single terrestrial channel, but they will come to a food channel and dip in and out, because they know what it offers them. This is a model that will apply more and more in the future. You need to be able to direct people to the right place so that they can find what they want, as if browsing through shelves in a vast bookshop.

Discovering what kind of channels will do well is a matter of capturing the zeitgeist. We had a remarkable success when we launched UKTV History, because we had analysed what the market lacked. We were looking at whether to launch a channel on Freeview, and research suggested that the digital rejecters tended to be up-market males - grumpy old men, if you like - who often happen to have a greater interest in history. These are the sort of people who take that peculiarly British position of claiming that more television is bad for you - unless it happens to be what that particular group consider to be 'quality' television, something that is seen to inform and educate in the old Reithian way. We realised that if we provided a channel dedicated to one kind of 'quality' television, history programmes, these people would watch it and indeed *own up* to watching it, thereby spreading the word.

So more than ever, success in the new world of television will depend on understanding what it is advertisers really want, and making sure they can easily get at it.

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All of the people who have contributed to this book have been chosen because they either know some aspect of the television business inside out, or have a reputation for inspired and visionary thinking in their own field. We have asked them to speculate on how they see the future shaping up, and between them they have made a pretty good job of outlining the concerns all of us - broadcasters, programme-makers and viewers - should address in the coming years.

We have divided the book into four different perspectives - four different camera angles, if you will - on the future.

In the first section, we hear from three 'creatives' who between them have done a great deal to drive forward innovative programming over the last few years: Daisy Goodwin, who has just launched her own independent production company, Silver River; Lorraine Heggessy, former Controller of BBC One and now CEO of talkbackTHAMES, and Elisabeth Murdoch of Shine.

In the second section we examine some possibilities for the finance of production, and how that will affect the independent sector, with Conrad Withey of the Rights Company, Mick Pilsworth, the founder of Chrysalis TV and now Chairman of Motive Television and Ben Silverman of Reveille, who gives us an American perspective.

The third section presents views from outside the industry. Sir Alan Sugar of Amstrad, Tony Hall of the Royal Opera House and Simon Woodroffe, the founder of Yo! Sushi, offer three idiosyncratic visions of television in the future.

In the final section, we round off with what might be described as the '360-degree view': former government minister Andrew McIntosh discusses the likely direction of public policy on broadcasting, and why government should continue to be involved.

The essays

What do we learn from these essays? Common threads run through them, especially in the area of technology. As **Sir Alan Sugar** rightly points out, 'It is vital to stay one step ahead of the technology and the market. You must be prepared to evolve or die.'

We imagine ourselves to be an industry driven by technology. Yet once again, it comes down not so much to the technology itself as to the viewer - in other words, how the consumer market responds to the latest development. Technology only drives our industry in as much as people enjoy or are prepared to use it. This was really the lesson of the old VHS versus Betamax debate. Betamax was by far the better technology, but VHS won out because it was the technology the consumers bought. Today, Personal Video Recorders (PVRs) are the current buzz. Those who already have them swear they couldn't now live without them; most people already understand what they are and what they do, so increasingly our industry must adapt to their existence.

Consequently, there is a general view in the essays that technology will increasingly reflect an on-demand world, very different from the scheduled view of broadcasting we have all grown up with. 'We must confront a world where consumers increasingly demand and pay for immediate and total access for their personal use of our product,' writes **Elisabeth Murdoch**, envisaging a future where there will be the equivalent of an iTunes facility for downloading TV programmes. She even imagines indies becoming 'competitors to broadcasters' with the possibility of creating their own 'virtual broadcast facility' through the use of broadband.

Daisy Goodwin argues that viewers don't want more choice. 'What audiences will increasingly want is *edited* choice... People want the televisual equivalent of Amazon where your Electronic Programme Guide (EPG) could be programmed to learn your viewing tastes.' In other words, the idea of having a server with hundreds of programmes on is plain crazy, because too much to choose from paralyses decision-making. Perhaps the key idea here is to 'pick and choose' - to *pick* a broad category, according to their mood, then *choose* from options within that.

Will channels ever disappear entirely? I think not. As **Lorraine Heggessey** points out, a channel is often a way of 'kite-marking' the type of TV you will be attracted to as a viewer. The BBC has become a kite mark for high quality. Channel 4, in a different way, has managed to create from the very start a clear image of what it is and what watching it says about you, the viewer. It seems to me that even if other channels do not manage to kite-mark their identity so strongly, when you sit down and begin to flick through the EPG you might not know what you are looking for at first, but you will easily recognise what you *don't* want. You will eventually alight on something that matches your attitude and mood at that particular moment. At the extreme end of this line of thinking, **Simon Woodroffe** looks forward to a world where he will be able to watch and indeed broadcast 'the Simon Woodroffe channel', a personalised TV channel created to reflect his own tastes and interests.

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Could we really move into a world where people have their own individual television channels programmed for them? It seems to me highly debatable. My own view is that there must always be a place for broadcast, real-time TV watching, or we will be culturally and socially the poorer. We do not want to lose the sense that television has given us over the years of being *part of an audience*, as opposed to being an isolated viewer, and the question that **Tony Hall** poses is an important one: 'Can television still somehow bring us together in the multi-channel future?' Recently, I came home from a trip abroad where I had been unable to watch anything but Sky News. It is excellent, and I frequently choose to watch it at home too, but when I returned this time, I found myself deliberately waiting 15 minutes in order to watch BBC national news, simply to know I was sharing that experience with millions of others just like me. I think we underestimate how powerful the sense of a shared experience can be in television, and although it may be possible in the future to tailor and refine the individual viewing experience to the nth degree, people will continue to value the idea that they are sitting watching something at the same time as everyone else.

What about mobile technology? Will we all be watching TV at the bus stop, or dipping into the latest episode of EastEnders between business meetings?

Many of these essays were written during a summer which saw the horror of the London bombings, as well as the glory of England winning the Ashes. These are the kind of events which create the desire to be able to watch events unfolding on the move. I would love to have

watched the wickets fall on my mobile, and I would have been perfectly happy to have gone into a dark corner and squinted to see it; but we still have a way to go before the technology can deliver what is promised.

Mobile broadcasting will not take off until we make it easy and convenient, which may mean being inventive in tailoring content specifically for mobile devices. Trailers, updates, mini-episodes: programme-makers will find ways of adapting content for mobile viewing, which will in its turn provide new vehicles for advertising. At UKTV we are already looking at how we might adapt some of our food programming for mobile consumption, so that people can tap into it as they walk round the supermarket, for instance.

But at the end of the day, how much television can people physically take? Mobile TV is like sex in the open air - a jolly exciting idea but not always practical. Most of us still like to flop down on a comfortable sofa and watch telly at home.

However, there is no question or doubt that on-demand technology and PVRs will have an immense impact, not least on the spending power of television. If a viewer has a finite amount of time to view, and the ability to choose from a wider pool of programming, inevitably they will pick the programme that most reflects their particular mood at that particular moment, rather than limiting their choice to what is available in real time. We have to understand the enormous implications of this increasing fragmentation of the audience. The question we have to solve as broadcasters is who pays for the content? How can production be funded in the future?

Perhaps before looking for solutions, we should first reflect on the assertion in several of the essays that British television is still thought of as the best there is: 'the UK is still the television laboratory for the world', as **Lorraine Heggessey** puts it. The reason we can make this claim is because we have in the past been able to rely on two secure methods of funding production: one for the BBC, in the shape of the licence fee, and one for ITV, in the form of advertising revenue. Sky has now come in with a third source, in the shape of subscription revenue. But in a world where viewers can download programmes on demand, how can a commercial model of funding be made to work?

The danger is that the more people vying for a slice of the pie, the smaller the slices become: thus, the less money broadcasters can afford to put into production. As production values fall, so do audiences. We could find ourselves in the dilemma faced by many other countries, where a decision has been taken to go for lowest common denominator television in order to pull in volume audiences; something which has begun to happen at ITV. Already it shows signs of being a self-defeating

policy. If you decide to milk formats to death in order to win audiences, the viewer becomes worn out and bored, and you lose equity value.

So how can we fund production as audiences fragment and PVRs enable viewers to skip the ad breaks? Is **Sir Alan Sugar** right when he says that television advertising is dead, and we should all start looking for jobs at the BBC? Of course there will be an impact, and very likely a significant one, but if television advertising were just being invented now, companies would surely be beating down doors to get it. However much the audience fragments, advertising on TV will still be infinitely more effective than press advertising or posters. Perhaps we simply have to accept that the glory days of television advertising are gone, when ITV's monopoly enabled advertisers to reach 90 per cent of the population in a week. But though TV advertising will never again reach such dizzy heights, it can still be an effective tool, and I believe the advertisers will not desert the medium.

Simon Woodroffe is right, though, to suggest advertisers will have to think in different ways, so that 'advertising will be integrated into the fabric of television itself'. He theorises that 'we are all begging to be advertised to, because we enjoy finding the products that define us, goods and services that make us part of our particular club... The brands we are drawn to can become part of the programmes we are attracted to.'

As we look at solutions such as product placement and advertiser-funded programming, we have to bear in mind that this takes us into a world significantly different from the one we have known in the past. We are no longer looking at mass-market advertising; now advertisers will have to define a market sector that suits their product, and discover which channels or programmes that sector will be watching. It remains unproven in television that you can actually *segment* in that way, as opposed to fragment; it may be possible but only if advertisers themselves approach their research and their creative solutions in a different way. They may find they have to ask advice from broadcasters. The balance of power will shift from agencies to television people, and there will have to be closer collaboration between the two.

We can also ask ourselves what do consumers want, and what might they be prepared to pay for? I am fascinated by **Tony Hall's** vision of niche channels, offering high culture on a subscription or pay-per-view basis. Opera as a programme product has never really worked in a broadcast environment, except on rare occasions via public service broadcasting. It simply cannot deliver large enough audiences for advertisers. But Tony makes the interesting calculation that if there are people who will pay £100 a ticket and travel from all over the country to fill the Royal Opera House, there must be many more throughout the

world who would pay £15 to see their performances in high definition television. These audiences could possibly provide a targeted segment for advertisers, but the easiest way to make it work economically would be pay-per-view, perhaps via a pre-paid card. It will not necessarily be only the arts that prove winners in this kind of market. As **Lorraine Heggessey** points out: 'Big networks no longer point the way, with niche channels such as Poker TV finding fresh audiences.'

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Where does the independent production sector stand in all this? If the nature of commercial funding alters, so that advertisers work more closely with programme-makers to identify and target particular segments of the audience, the question arises of who should retain the rights in what may become effectively self-financing programmes.

If indies want to take more rights, they have to take more risk - financial risk - which will put them under pressure. So is the revenue they could raise from rights a blessing or a curse?

We have asked **Mick Pilsworth** from Motive TV and **Conrad Withey** of the Rights Company to consider the finance of independent production. Conrad argues that producers now rightly think of themselves as entertainment brand creators. Thus, the next big thing for indies is not simply a matter of finding new hits; it will be finding ways to shape your business to suit the changing marketplace. He offers us, in effect, a potted masterclass for indies who are looking to exploit their rights.

Mick's essay presents an interesting analysis of the pros and cons of floating an independent production company. As he points out, the majority of independent production companies have a relatively short lifespan; a shelf life of only ten years or so. A few creative people set up a company to make programmes they care about, with passion and energy. When they become successful, they will be taken over and swallowed by the big guys; the creative people take their money away and enjoy it, while the company they created becomes part of a big conglomerate.

I believe there are already signs that the bigger an indie becomes, the more it too will be forced to put its creative energies into making lowest common denominator television, in order to deliver audience volume and thus generate more revenue for shareholders. Not only could that tarnish the UK's reputation for providing innovative television that leads

the world, thereby inhibiting the economic vitality of our indie sector, but it could also be damaging from a social point of view. Quality broadcasting has defined the UK. Over the last 50 years, television has had a huge influence on what people find acceptable or not acceptable, and how society develops - for good or bad.

It is always interesting to get an American perspective on such questions, and **Ben Silverman** of Reveille argues that indies need considerable experience in the US market to fully maximise their intellectual property rights.

Finally, what future direction could government policy take in respect of broadcasting? 'New technologies reinforce the need for public intervention in support of public service broadcasting,' writes **Andrew McIntosh**, in the essay which concludes the book. He is a strong advocate for government intervention in both digital switchover and the continuation of the licence fee.

Most controversially, he argues for a 'plurality' of public service providers: 'Spectrum scarcity has now been supplanted by product famine... more public funding should be available to meet the high costs of production of high quality programmes... Public service broadcasting is too important for it be limited to the BBC.'

This is a fundamental issue, and for me the *quality* of the television we provide in the future is the central question that emerges from this book. Too much television goes wrong because it becomes too formulaic. Both **Daisy Goodwin** and **Simon Woodroffe** argue that what makes something a success is not formula, but passion. 'Creativity... is about following your heart and doing what you believe in.'

Television is not about business plans or focus groups. It is about an idea that comes to life. This is what draws people to watch: we should do well to remember that as we look to the future.