

**Title:** The future of non-terrestrial broadcasters in the UK television industry: the shape of things to come?

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## **Abstract**

The UK television industry operates in a highly turbulent environment characterised by the rapid changes in; regulation, technology, audience behaviour and new media consumption. This competitive environment makes it difficult for television companies to identify strategies for growth and may indeed place their very survival at risk.

This paper investigates the future of the non-terrestrial television broadcasters (NTBs) in the UK and examines how they can maintain and develop their position as major outlets for television consumption over the next five years.

Empirical data was collected using a scenario planning methodology which is widely known for its value in addressing environmental uncertainty by illustrating the future as having a limited number of possible. A range of experienced industry practitioners participated in the development of four future scenarios, based on the degree of technological convergence and the number of television gatekeepers present in the industry. Having evaluated the implications of each scenario, and identified a number of early indicators that would signpost which was most likely to come about, the participants suggested three strategic options that non-terrestrial television broadcasters might adopt to compete effectively. These strategies included; investing in and owning original and exclusive content; forming strategic partnerships with other media companies; making significant investment in channel brands.

**Key Words:** UK Television Industry, Non-Terrestrial Broadcasters, Scenario Planning, Competitive Strategy.

The future of television is starting to emerge at a faster rate than previously imagined, according to the findings of this strategic research into the future of UK non-terrestrial television broadcasters (NTB). This paper argues that our previous conceptions and expectations of how television will develop in the coming years may in fact be closer than we think.

We know that the UK television industry operates in a highly turbulent environment with an uncertain future (Kung 2007; Foster 2006) and that this makes it difficult for any television company to identify strategies for growth. The key drivers for change over the past decade have primarily been technological, with multi-platform, multi-channel mobile and interactive delivery becoming the norm. This technological trend is likely to continue apace with new platforms and means of delivery emerging in the coming years. At the same time, technological convergence is changing the shape of the industry, with the basic notion of the television acting as intermediaries being challenged. As a result, television companies will have to adapt to a future in which competitors can use technology to bypass current value chains to deliver content to consumers (Goldstein, 2008).

These changes have also resulted in more fragmented audience viewing, and the decline of the mass consumption of television output (Murdoch, 2005; Walley, 2006; Kung, 2008). This fragmentation follows a long-term trend starting from the growth of multi-channel television in

the 1990s through to the uptake of broadband and the myriad of audio-visual entertainment choices currently available.

The health of the UK economy makes television companies vulnerable to cyclical fluctuations and the relative strength or weakness of the industry will be significantly influenced by the changing nature of advertising revenues (Perez Laitre, 2007; Goldstein, 2008).

A further driver for change has been the battle over programme rights. The Communications Act 2003 on the terms of trade allowed producers to retain the rights to their programmes instead of the previous practice where the broadcaster took all the rights, whilst paying the full costs of the programme, plus a fee to the producer. With the growth of video on demand, the value of on demand rights has increased, making rights an even more important asset for future revenue generation.

The aim of this research was to explore the future of television in the UK, with a focus on how NTBs would compete in the future. The objectives were to:

- Identify the driving forces that impact on NTBs.
- Identify and understand the critical uncertainties for the television industry in 2013.
- Build four scenarios for the television industry in 2013.
- Make suitable strategic recommendations for NTBs.

This paper presents the findings of a piece of strategic research into the future of television in the UK and concludes that the future appears to be emerging at a faster rate than previously imagined. Due to issues of commercial sensitivity and confidentiality, the findings of this research have been embargoed for the past 12 months, but can now be shared with the wider academic and professional communities.

## **Literature Review**

Fundamentally, strategy forms a link between an organization and its environment, and as Lynch (2006) stated, a firm's corporate strategy is centred on 'an organization's basic direction for the future' (p.2). In such a fast-moving competitive and technologically changing environment, adopting a certain strategy may result in it becoming obsolete very quickly. If this is the case, then all television companies, not just the NTBs have a problem. At best the picture of the future of television is grainy, and at worst, visibility is non-existent. As such television companies need to consider three critical questions. What is the most appropriate process to make strategy? How can some certainty be gained in an uncertain environment? How can they ensure that their strategy remains relevant in such turbulent and uncertain competitive conditions? The following discussion of the relevant literature provides us with some insight into the answers to these questions.

### **What is the most appropriate process to make strategy?**

The literature concerning the process of strategy making in turbulent and uncertain competitive environments (Quinn, 1980; Mintzberg 1987; Senge, 1990; Argyris, 2004; Rees and Porter, 2006) argued that environments are complex and unpredictable, and as such, organisations can only hope to learn from changing conditions and adapt their strategies accordingly. This emergent

approach suggests that the strategy of NTBs should favour flexibility, experimentation, learning, and incremental change in response to shifting environmental conditions (Mintzberg, 2003; Kung, 2008).

In the context of these views, Mintzberg (1987) argued that an emergent strategy making process is appropriate because continued uncertainty within the television industry makes it difficult to plan a long-term strategy. Kung (2008) supported this view, pointing out that “the volume and velocity of change makes outcomes non-linear and unpredictable” (p.128)

### **How can some certainty be gained in an uncertain environment?**

A useful tool for developing strategy in a turbulent environment is scenario planning as it addresses uncertainty head-on by acknowledging that there could be a number of forces impacting on the television industry (Linneman & Klein, 1979; Malaska et.al., 1984). It allows practitioners to step back from the ritual of strategic planning and take a broader look at their environment (Hamel, 1996).

If television companies have an understanding of the driving forces influencing their environment, they can make informed judgements about a number possible future scenarios (Wilkinson, 1995; Schwartz, 1996; Garvin & Levesque, 2006) and be prepared for a range of alternative futures which O’Brien and Dyson (2007) argues is more appropriate since a ‘single scenario, giving one view of the future, takes no account of uncertainty’ (p.211)

Given that an emergent approach would allow for adjustments to strategy in a turbulent television environment, the alternative scenarios need to establish and regularly assess ‘early indicators’ as part of this process to provide a marker of which of the alternative futures is emerging.

A key study on the UK television landscape by Foster and Daymon (2002) presented four scenarios for television in 2012 that considered the implications for public policy and the management of television. Their four futures were:

- ‘Digital world’ where the full potential of digital technologies were realised.
- ‘Back to basics’ characterised by uncertainty and resilience of conventional media.
- ‘Goodbye TV’ characterised by new media replacing conventional television.
- ‘Global challenge’ where global players dominate.

Another study on the UK Television Industry for Ofcom (2008) by Oliver and Ohlbaum Associates developed a number of scenarios for the future of public service television content production, distribution and consumption. They suggested that revenues from new platforms and services would increase, but would need to be shared with partners at the expense of other income sources. They also predicted declining investment in original programming, falling advertising revenues, and declining reach for public service broadcasters.

### **How can they ensure that any strategy remains relevant in turbulent and uncertain competitive conditions?**

The advantage of a NTB adopting an emergent approach to strategy making is that they are likely

to remain in touch with industry developments. The work of Hamel and Prahalad (1989) provided a useful platform on which to develop their idea of 'strategic intent'. They argued that organisations need to create an obsession with winning in tough, fast changing and unpredictable markets, and that, strategic intent "provides consistency to to short term action, while leaving room for interpretation as new opportunities emerge" (p.151). As such, television companies should not content themselves with simply fitting in with their current environment, but envision a future television landscape where current resources, competencies and capabilities need to be developed in order to 'stretch' the organisation into a winning position. An example of strategic intent for a NTB might to 'become the No.1 commercial broadcaster in the UK'. There is no timeframe on this objective, and offers no measureable target other than to be ahead of competitors – no matter what level of performance this might entail. A strategic intent of this sort would allow NTBs to adapt with shifts in the competitive environment, meaning that they need not settle on any one strategy.

### **Positioning this research**

There are few comparative studies that investigate the future of television in the UK. Foster and Daymon (2002) examined the implications for public policy and the management of television companies in 2012. Their findings presented four futures ranging from a fully-fledged digital world to one characterised by uncertainty and the resilience of conventional media. While their study has many similarities to this research, it differs in two ways. Firstly, they chose to look at a ten year horizon (to 2012), however, our belief is that visioning the future beyond five years in such a turbulent environment increases the risk of misjudgement and fails to recognize the speed at which the television industry is changing. Secondly, their research examined the implications of managing television companies from a regulatory point of view, this research focuses more on the implications for non-terrestrial television broadcasters, who are generally less well resourced than the main terrestrial providers. A more recent study for Ofcom (2008) undertaken by Oliver and Ohlbaum Associates concentrated on the future for public service television content in the UK. Again their findings articulated future scenarios ranging from gradual transformation to radical fragmentation.

Building on the findings of these two studies, this research sought to bring up to date the question of the future of television in the UK, and importantly, considered the strategic options available to NTBs in the UK.

### **Methods**

Scenario planning is a key tool for strategic analysis and one that provides an interpretive worldview where 'social reality' can be examined through the subjective input of research participants. This inductive approach allowed for a deeper, more holistic exploration of the future of television in the UK which Pettigrew, Thomas and Whittingham (2007) argued 'provides decision makers with the ability to address uncertainty by representing future states through a limited set of internally consistent scenarios' (p.38). This would enable a NTB to develop strategic options and manage the organisation within these future worlds (Garvin & Levesque, 2006).

Walton (2008) described this approach as 'soft futuring' where a substantial amount of dialogue, creative thinking, brainstorming and intuition are used to build alternative futures where statistical

forecasting techniques are deemed inadequate due to the extent of environmental uncertainty. These scenarios are, therefore, validated by an inherent plausibility where future scenarios are determined by how possible, credible and relevant they are (Fahey & Randall, 1998).

### **Sample**

This research was based on a non-probability, purposive sample of individuals who worked in senior positions for NTBs in order to draw on their experience and knowledge. To overcome any risk of these participants leaning towards optimistic outcomes, given their vested interest in the success of their organizations, three industry experts who acted as consultants to the television industry were recruited to provide a broader and less biased perspective on non-terrestrial television broadcasting.

The sample consisted of;

- Respondent 1 Director of Strategy, NTB 1
- Respondent 2 Planning Manager – Strategic Projects, NTB 1
- Respondent 3 Programme Director, NTB 2
- Respondent 4 Managing Director, NTB 3
- Respondent 5 Channel Head, NTB 1
- Respondent 6 Strategic Planning Manager, NTB 4
- Respondent 7 Director of Programming & Planning, NTB 5

Three television industry consultants were;

- Respondent 8 Associate Partner, Brand Consultancy
- Respondent 9 Media Research Consultant
- Respondent 10 Managing Director, Media and Television Consultancy

### **Research Process**

The scenario planning workshop took place in London on the 26<sup>th</sup> September 2008 and followed the approach suggested by Garvin and Levesque (2006). The participants were reminded that they were sitting among competitors, and were advised not to mention anything strategically sensitive to their own organization.

After summarising the nature of the research and ensuring them of confidentiality, the key focal issue was defined as:

‘How will non-terrestrial television broadcasters maintain their position as major outlets for television consumption in 2013?’

The participants were then split into two groups of five to brainstorm the Driving Forces. They generated 56 driving forces from which two ‘Critical Uncertainties’ were identified. This proved to be the most difficult part of the process as there was much discussion, and some argument, over the criticality of various forces, but ultimately, consensus was reached on;

- The number of television gatekeepers.
- The degree of technological convergence.

At this stage, the group was then asked to develop scenarios for each of the four futures;

- Many gatekeepers + Low convergence
- Few gatekeepers + Low convergence
- Many gatekeepers + High convergence
- Few gatekeepers + High convergence

The participants then generated a ‘newspaper headline’ and narrative to flesh out each scenario. Lastly, the group were asked to identify ‘early indicators’ for each scenario and the strategic options that NTBs might adopt if these future scenarios were to emerge.

### **Data Analysis**

The nature of scenario planning means that much of the data analysis took place in the workshop itself. Under each of the scenario components, e.g. driving forces and critical uncertainties, participants essentially agreed the ‘coding’ of the data by categorizing and prioritizing it. For example, duplicate driving forces were eliminated, similar forces were bracketed together, and the most important forces were highlighted as candidates for selection as critical uncertainties.

Driving forces were primarily recorded on flipcharts. Once completed, in order to code for prioritization, participants were asked to place a mark alongside the four they thought were the most significant. The marks were tallied and the top six were discussed in more detail in terms of agreeing tighter definitions. These then formed a shortlist of critical uncertainties.

After the workshop, video recordings were analysed and categorized to identify relevant thematic discourse which were placed into a coding frame.

The data was then validated using a number of key methods including; producing a reflexive statement in order to identify researcher bias; member checking, where findings were subsequently discussed with participants to provide a ‘sense-check’ of the data; searching for disconfirmation by cross-checking findings with previous comparable research; looking for ‘outliers’ where in order to overcome the tendency for group think to dominate individual perspectives.

### **Results**

The key focal issue of the research was to identify how UK non-terrestrial television broadcasters could maintain their position as major outlets for television consumption in 2013. In addressing this aim, four research objectives were examined in a scenario planning workshop which generated a range of perspectives on the future of the television industry and how NTBs might adapt their strategies to remain competitive in these different futures.

#### **Objective One: To identify the Driving Forces that will impact on NTBs**

Much of the existing literature on the driving forces of change within television industry converges on recurrent macro themes; the influence of (de)regulation (Foster and Daymon, 2002; Foster, 2006; Ofcom, 2008); changing audience behaviour and fragmentation (Murdoch, 2005; Walley, 2006); the volume and velocity of technological change (Kung, 2007, 2008); the changing nature of advertising revenue streams (Goldstein, 2008; Richards, 2008).

Our findings revealed 56 driving forces that were a mixture of macro and micro factors. For example; a lot of discussion centred around the degree of intervention by Ofcom, the UK government or the EU in regulating television in the form of advertising rules; and who controls the right to broadcast and distribute content, which substantiated the work of Withey (2005), Graham (2006) and Holmwood (2007).

As an area for discussion, technological factors proved the most fertile. There was a good deal of debate around what was meant by ‘convergence’. The group eventually agreed on this description:

*‘TV will become more intelligent. There’ll be personalised EPGs, targeting of ads, things like functionality from the PC world will arrive – [consumers are] crying out for better search functionality in TV.’*

Respondent 10, Managing Director, Media and Television Consultancy

Another factor was the number of players operating in the industry. Again, a more tightly defined version of this needed to be agreed because there was some confusion over whether ‘players’ meant platforms, channels or content providers. It was broadly agreed that:

*‘The controllers of distribution are the gatekeepers (platforms in the broadest sense, or brands) - they are the access or touch points i.e. where the consumers get it.’*

Respondent 2, Planning Manager – Strategic Projects, NTB 1

The importance of the number of gatekeepers also featured in Foster and Daymon’s (2002) list of driving forces under ‘vertical integration and consolidation’. While their respondents identified a trend towards industry consolidation, our participants appeared to be more concerned with a proliferation of new players in the market.

At micro level there was also a lot of discussion about consumer expectations of television, overload, and mobility of the viewing experience. This point is best represented in the following quote;

*“There is a lot of uncertainty about which way people’s taste is going to go. Are they going to want high end HD content, or are they going to want low-cost User Generated Content which is very cheap to make?”*

Respondent 5, Channel Head, NTB 1

## **Objective Two: Identify and understand the critical uncertainties for the television industry in 2013.**

As one would expect from an industry characterised by change, existing literature describes the key drivers as: the changing nature of business models (Goldstein, 2008; Richards, 2008); the extent of (de)regulation in the industry (Foster, 2006); rights ownership (Withey, 2005; Graham, 2006); whilst the source of ideas was suggested as being of critical importance by Goodwin

(2005); Heggessey (2005) and Bryant (2006).

The findings of this research largely reflected the diversity of views in literature. The potential effects of the nascent credit crunch and possible recession (which had not been realised) on television advertising spend was discussed and eventually aggregated into one potential critical uncertainty of 'economic/advertising growth vs. decline'. The following participant quotes illustrate this point:

*'The economic issue is also a factor – are people going to consume more TV or less TV in a credit crunch.'*

Respondent 3, Programme Director, NTB 2

*'Recession will lead to a declining ad market. This may not be the best model for monetizing content going forward.'*

Respondent 6, Strategic Planning Manager, NTB 4

However, the group settled on technological convergence as a critical uncertainty, where:

*"Highly converged implies the ability to effortlessly move content around, e.g. when you can move content from your PC to your i-Pod to your Apple TV, in a very simple way, via an intuitive interface like i-Tunes."*

Respondent 1, Director of Strategy, NTB 1

The issue of the number of gatekeepers in the industry was discussed in terms of the rise of new distribution models and new media outlets like Apple and Sony. Participants distilled this debate regarding this critical uncertainty into 'many vs few gatekeepers'. The following respondent quotes illustrate this point;

*"The 'many players' aspect means content providers. Platforms and distribution methods amount to the same thing – places you can go to get content, [as opposed to] channels or programmes."*

Respondent 5, Channel Head, NTB 1

*'From a content provider point of view, this is one of the most significant factors. If there are a lot of players that are aggregating or distributing content, then as a channel, or as a production company, you've got lots of choices. So the price goes up and your revenue shoots up.'*

Respondent 6, Strategic Planning Manager, NTB 4

### **Objective Three: Build four plausible scenarios for the television industry in 2013**

Each future scenario was characterized using an imaginary newspaper headline, and early indicators were suggested which would help identify if one future was more likely to emerge than another.

#### ***Scenario A: "1,000 Channels for Under a Pound"***

A nimble, competitive market where there are many platform brands and 150 linear free to air

channels broadcasting to set-top boxes in the living room. Video on Demand remains costly for broadcasters as no adequate revenue model has emerged. Because of the number and variety of platform operators, non-terrestrial television broadcasters have a strong negotiating position. Owning content is key as all rights are non-exclusive. Along with functionality, this becomes a key differentiator for platforms and channels alike.

**Early Indicators:** Launch of Orange TV, Kangaroo and Picnic (BSkyB's Pay TV service on Freeview).

***Scenario B: "Fewer, Bigger, Better"***

Vertical integration occurs between platforms and channels, creating fewer, more dominant channels as minnows get culled. BSkyB, Virgin Media and Freeview are the only platforms. They push for more programme exclusivity and invest in non-linear distribution. With content a key differentiator, great exclusivity means there is a 'walled garden' for Pay TV. Consumers have a deep relationship with the platform brands e.g. quad-play, and non-terrestrial broadcasters have a weak negotiating position.

**Early Indicators:** BT Vision and Top Up TV close; Kangaroo denied permission to launch.

***Scenario C: "Demise of the 30 second spot"***

A radical future where BBC's share of viewing drops to less than 10%, Google buys ITV, Apple buys Channel 4, and advertisers desert broadcast media because no one is watching traditional spot advertising. Consumers are paralysed with the range of choice of media outlets and an excess of viewing devices. Long-tail, niche services proliferate. Consolidation is necessary to ease consumer confusion.

**Early Indicators:** Deregulation, cost of new technology falls, live terrestrial broadcasts on web, increased uptake of web-enabled TV screens.

***Scenario D: "£50 per week to watch Corrie"***

Pay TV platforms dominate as the last free platform is squeezed out. Public service television is a backwater with the licence fee small to non-existent. The Competition Commission calls for a radical review as Pay TV overwhelmingly dominates the market, media costs soar, and PPV (pay-per-view) prices go through the roof. Piracy is rampant as encrypted delivery systems fail to keep ahead of ingenious hackers.

**Early Indicators:** Widespread merger and acquisition activity, companies/platforms go bust or withdraw from the market.

Interestingly, two of the future scenarios found in our research bear a striking similarity to those generated by Foster and Daymon (2002). Their *'Back to Basics'* scenario is similar to the findings generated in our *'Fewer, Bigger, Better'* scenario where consumers remain loyal to conventional media and the market would be dominated by a few vertically integrated national players. Their scenario of *'Goodbye TV'* is also similar to our *'Demise of the 30 second spot'*. Both scenarios forecast a world where broadband dominates in a fragmented market, with consumers increasingly developing and distributing their own content. New business models also emerge as traditional spot advertising disappears and where global players dominate in Foster and Daymon's *'Global Challenge'* scenario, conglomerates like Google and Apple take over UK broadcasters in our scenario *'Demise of the 30 second spot'*.

The main difference between our findings and those of Foster and Daymon (2002) was that their study focussed on the potential growth of broadband and interactive content, and an interventionist government as critical uncertainties, our research concentrated on the struggle for supremacy between platforms and channels. With our *'Many/Few Gatekeepers'* critical uncertainty, there appeared to be an assumption that *'few gatekeepers'* would mean that platforms would dominate and choice would be more limited. As a consequence, NTBs would either be integrated into a platform provider, or at least be in a weak negotiating position with them. In the *'many gatekeepers'* scenarios, negotiating power rests with channels instead of the platforms. Where *'few gatekeepers'* led to a more platform focussed world, *'many gatekeepers'* led to a more consumer focussed one.

In our *'1,000 Channels for under a Pound'* scenario, the need for a distinctive channel brand fits neatly with what Foster and Daymon (2002) commented about the need for well-branded channels in three of their scenarios. Similarly, the continuing need to produce high quality distinctive programming that enables channels to differentiate themselves, is common to both *'many gatekeepers'* scenarios, and three of Foster and Daymon's scenarios.

#### **Objective Four: To make suitable corporate and market strategy recommendations for NTBs.**

If the strategic intent is to remain a major outlet for television consumption in 2013, then NTBs may choose to adopt market strategies where products are developed or differentiated, or they could adopt corporate strategies which fundamentally change the way the organization operates. The participants considered the following strategic options are the most appropriate.

#### **Corporate Strategic Option: Invest in, and own, original and exclusive content**

A recurring theme in the data was the *'ownership of exclusive content'* in the form of original programming, and or, owning the rights to existing content. This suggests that from a corporate strategy perspective, the NTBs need to broaden their resource base and invest, through acquisition or a new set up, in original production facilities to provide high quality content and secure outright ownership in order to maximise revenues from future exploitation. The advantages of owning high quality exclusive content include: maintaining distinctiveness; creating greater leverage in carriage negotiations; having a built-in consumer demand for content that cannot be found elsewhere.

This acquisition of production capability would create additional overheads, but would have the

benefit of bypassing the usual costs in purchasing from a supplier. The flexibility of tailoring content to various distribution outlets, for example, short-form content for online consumption, would also allow NTBs to control more of the value chain.

### **Corporate Strategic Option: Strategic partnerships with other television and media companies**

This strategic option could take the form of one-off licensing agreements to fully-fledged mergers. Depending on the status of the broadcaster and its existing relationships with platform providers, independent producers, distributors and other broadcasters, partnerships should be made to fit the current strategic intent of the NTB. In this way, they could develop partnerships with new media production or distribution companies; or negotiate long-term output deals or revenue sharing arrangements with independent producers for new content; or acquire an existing distribution company and its associated rights.

### **Marketing Strategic Option: Invest in channel brands**

In future scenarios where channels proliferate or where platform providers dominate, the importance of having a strong channel brand is essential. There is likely to be a consumer requirement for trusted gatekeepers to provide clear navigation, unlocking the paralysis of choice consumers face when confronted with an overwhelming range of content. Again, NTBs may adopt a number of market based strategies that include: investing in research to identify under-served audiences; investing in developing distinctive channel brand identities; or launching new channels or repositioning old ones.

In a world where global media brands like Google and Apple are increasingly seen as media gatekeepers, traditional broadcasters with at least some brand awareness have an opportunity to become 'destination' services, that is, trusted ports of call for consumers. Cementing this bond with consumers through a distinctive brand identity could ultimately create long-term loyalty, subject to regular refreshing of content.

### **Conclusions**

The aim of this research was to investigate the future of television and specifically how non-terrestrial television broadcasters could maintain their position as major outlets for television consumption in 2013. In consideration of this, we posed three questions, the answers to which identified that: emergent strategy making was the most appropriate process to make competitive strategies; scenario planning can provide decision makers with the ability to address uncertainty by representing the future through a limited number of plausible scenarios for which NTBs can be prepared; by adopting a position of strategic intent, NTBs can place themselves in a winning position by having a long term vision for success that stretches their current capabilities, whilst remaining flexible enough to take advantage of short term market opportunities.

As mentioned earlier, this research has been embargoed for the past 12 months, however, this provides us with a unique opportunity to assess whether any of the four scenarios presented has started to emerge. We have reviewed the 'early indicators' for each scenario and have found that one scenario in particular has started to materialize at a faster rate than the others.

The "Fewer, Bigger, Better" scenario identified the launch of Project Kangaroo as an early

indicator that this scenario would emerge. This online TV service has subsequently been blocked by the UK's Competition Commission which was thought that competition would threaten the nascent video-on-demand market.

In addition to this, the global economic recession has put the survival of many television companies at risk following cut backs in advertising revenues. Many companies are being forced to consider merger and acquisition, thus edging the industry closer toward consolidation. For example, there have been discussions regarding a merger between Channel 4 and BBC Worldwide, and whilst this was considered unacceptable to the BBC, Channel 4's survival is in serious doubt with a substantial funding gap of £150m from 2012. A merger deal with Channel Five now looks a viable option as they continue to experience from a lack of strategic direction and a continued decline in advertising revenues. Leadership succession problems and falling revenues has also made ITV a takeover target for RTL, the pan-European broadcaster.

Interestingly, Foster and Daymon (2002) identified the health of the economy as a critical uncertainty, perhaps as their participants had recently experienced an economic downturn, post dot.com bubble, and the effects of falling advertising revenues being fresh in their minds. In the intervening six years, the participants in our research had been more familiar with economic growth and an upward trend in advertising revenues stimulated by the growth in broadband penetration and audiences migrating online. The global economic recession was not visible at the time this research was conducted and its effects may or may not last into 2013. Certainly the Credit Crunch will continue to restrict the finance needed for television companies to fund expansion and take advantage of any growth opportunities. This consolidation process may ultimately benefit the consumer by easing confusion over the number of channels and viewing devices, and ultimately, create a television industry of *Fewer, Bigger, and Better* television companies.

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