

THE FUTURE ROLE OF TELEVISION: A Scenario Analysis Study of British TV

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Abstract

Few would deny that television, and the electronic media in Britain are experiencing fundamental change. Historical patterns of media consumption are mutating and new markets are developing for a variety of entertainment and information experiences. Corporate structures, strategic networks and competitor-collaborator relationships are increasingly characterised by their complexity. In this dynamic environment, the future role of television is highly uncertain.

This paper considers the role of television in Britain over the next ten years taking note of potential changes in television as an industry and as a medium. Using scenario analysis as a methodology, the paper draws on the findings of interviews and workshops with senior executives and opinion leaders from across the British television industry and related sectors. This is one of the few occasions where scenario analysis has been used at an industry level (rather than within an individual company) to bring together competitors and collaborators to develop a set of narratives about what the future might hold over the next decade.

Four different scenarios are presented including their implications for the nature and structure of the industry, and the social impact of television. In terms of television as an industry, the scenarios suggest that the television suppliers will either be increasingly pummelled by forces for convergence, leading to greater vertical and horizontal integration, or find themselves marginalised by new entrants to the industry, and by increasing peer-to-peer activity. Whichever outcome transpires, they will be involved also in processes of differentiation because of the proliferation of new media technologies, services and providers. In terms of television as a medium, depending on which scenario develops, its role will shift between contributing to social and cultural cohesion, and reflecting and promoting diversity. This will be affected to some extent by global and transnational relations.

Introduction

Despite television's historical position as the most powerful means of social communication – with a significant role in reflecting and encouraging cultural cohesion - it is no longer certain that this role will remain unchanged in the future. Over the course of the last decade, British television has been increasingly buffeted by social, political, economic and technological changes (Corner 1999). Unpredictability has characterised its operating context. If the past offers at least some inkling of how the future might play out, then on the horizon seems to be an increasingly volatile environment, where the role of television is defined by complexity and uncertainty.

What is evident today is that – worldwide - patterns of media consumption are changing, with new markets emerging for a variety of entertainment and information experiences. Many of these changes are facilitated by technological advancements and driven by changing consumer tastes and lifestyles (Hesmondhalgh 2002; Wieten, Murdock and Dahlgren 2000; Scase 2000). Corporate structures, strategic networks and competitor-collaborator relationships are increasingly characterised by their complexity (Herber, Singh and Useem

2000; Murdock 2000; Roberts and Grabowski 1996). Traditional models of revenue generation are under pressure, and there are uncertainties about what will replace them (Hesmondhalgh 2002). The economic climate of instability in 2002 and 2003, accompanied by unexpected jolts to the financial markets, promise repercussions over the longer term that are less than clear for investment in the media (ITC 2003). On the policy front, the tension between the challenges of an expanding market and the obligations of public service broadcasting (Burgelman 1997, McQuail 1998) suggest the need for an evolving regulatory framework. New contradictions are emerging such as those of globalism (Barker 1997) and the appeal of localism or even individualism (Corner 1999). At the same time as once-mass audiences are becoming increasingly characterised by fragmentation, industry dynamics are being shaped by forces for convergence (Murdock 2000, Papatassopoulos 2002). All of these have implications for the future role of television.

This paper considers the role of television in the UK over the next ten years with regard to its social impact, and the nature of the industry. This is accomplished by employing the methodology of scenario analysis (Grinyer 2000, van der Heijden 2002) to understand different versions of how the future might unfold. The paper draws on the findings of a study of the British television industry, whereby senior executives and opinion leaders from across the industrial sector collaborated in devising a set of narratives about the future. The outcomes of this research were four different scenarios of the television context in 2012. These are articulated in the paper and some conclusions are drawn about their implications for the future role of television.

First, in order to better understand possible developments in the future, it is necessary to consider why the future looks so uncertain from where British television stands today. This is explained by reference to current and historical trends in Britain as they relate to patterns of television viewing, policy and regulatory issues, as well as trends in the provision of services, content and technology. These are discussed and then contextualised within the industry changes of the last decade.

Changes in television viewing

Mass audiences are fragmenting. The rapid growth of multi-channel television in Britain has meant more choice for consumers (from a handful of channels in the early 1990s to several hundred in 2003). At the end of 2002, 41% of adults had digital television in their homes and over 1 million adults subscribed to broadband services (via ADSL¹ or cable modem) (ITC 2002a). As a result of the multiplicity of channels and services, audiences are spread across a greater number of channels. Five years ago, the five terrestrial channels (BBC1 and 2, ITV, Channel 4 and Channel 5) accounted for 88% of the total viewership. In 2002, their overall share was 78%, with the remaining audiences spread over the channels available on cable and satellite (BARB 2002a).

Despite a substantial increase in the number of alternative media sources including internet sites and news supplements, plus other forms of conventional media such

¹ ADSL is a technology to 'supercharge' a standard telephone line so that it can carry data signals at the same time as normal phone calls.

as commercial radio stations and magazines, the average number of hours of television consumed on a daily basis has remained stable since 1992 at around 3 and a half hours a day (BARB 2002b). To date, none of the other sources of media have cannibalised the time spent in watching television to a significant degree. This emphasises the important role that television currently continues to play in the lives of British viewers, but it is not certain that this role will continue.

To some extent, trends in television mirror those evident in British society as a whole. The increasing complexity and diversity of personal relations, reflected in the breakdown of traditional family forms and the rise of single person households (Office of National Statistics 2003a, 2003b), suggests that individuals in the next decade will exercise greater choices in terms of where and how they live and work (Scase 2000). There will continue to be an increase in life expectancy (Office of National Statistics 2003a) with a polarisation between those in early retirement who are 'time rich, cash rich' and those burdened by economic hardship because of the financial and health costs involved in living longer (ESRC 2000). Amongst younger people, personal identities are likely to become more mutable as a result of increased mobility and the more transient and temporary nature of work, leisure and personal relations. Therefore, society will be increasingly characterised by individualisation (Scase 2000).

However, evidence suggests that a majority of British viewers are likely to continue to retain a strong sense of British national (and sometimes regional) identity, and this will sustain a demand for some media content to express it (Curtis and Seyd 2001, Sancho 2002).

Economic and regulatory changes

Following a period of steady economic growth through the latter part of the 1990s, the early part of the 21st century was characterised by an economic slowdown, with financial implications for the British television sector. A slump in advertising revenues (Brown 2001, Curtis 2003, Milmo 2003) occurred at the same time as the decline in the market for commercial television financed solely by advertisements (Kleinstauber 2001), indicating that the television companies will need to find supplementary sources of income. Sponsorship and subscription are growth areas, as are micro-payments, such as payment to view a single programme (Papathassopoulos 2002). However, the companies operating in the sector require large sources of funding to develop the broadband and digital infrastructure, as well as deliver new services and content. Such investments are affected by the economic climate which, from the perspective of 2003, is unpredictable over the next decade.

Since the 1980s, the political climate with regard to broadcasting has shifted from an overarching regulatory framework that emphasised public service over profits to one that includes a more market-based approach which acknowledges the impact of media globalisation (Murdock 1994, Dahlgren 2000). Even the BBC, which remains licence-fee funded at its core, now has some commercial modes (primarily through exploitation of its programming and distribution technologies).

Processes of marketisation are evidenced in the focus and content of the new Communications Bill which comes into effect at the end of 2003 (DTI/DCMS

2003). Its key objectives in an era of converging communications technologies are to create a dynamic and competitive communications industry, and to safeguard consumers, by promoting competition where appropriate. The main features of the new framework include the formation of a single regulator, Ofcom (Office of Communications), created out of the five existing regulators². One of its key aims will be to provide a unified approach to regulation across the industries for the benefit of consumers. The new regime aims to be deregulatory in its stance – exemplified by the liberalisation of cross media ownership rules, the relaxation of media ownership rules within individual markets and the lifting of the ban on non-EU ownership of UK media assets to encourage foreign investment and an influx of skills into the UK market. However, there is still a strong public interest or ‘citizenship’ strand to the Bill. Public service broadcasting will be safeguarded in the context of self-regulation by the broadcasters, under clear remits, with emphasis placed on universal access to a wide range of quality services.

Despite calls for change from some quarters of the communications industry, the BBC Governors will continue to oversee the BBC’s activities, while Ofcom will be responsible for the commercial public service broadcasters. A key event on the horizon is the BBC’s next charter review which takes place in 2006. Under consideration will be the future funding of the BBC, the scale and scope of public service broadcasting and the BBC’s unique role in the broadcasting ecology.

Changes in content, services and technology

At the beginning of the 1980s, all transmissions in the UK were via the terrestrial networks. In 2003, digital television has become the fastest growing home technology and is already available to the majority of the population (in terms of coverage) (ITC 2002a). As a result of this, the UK is now the world leader in terms of consumer takeup of digital television services, ahead of the US and other European countries. Most of the major broadcasters have launched (or attempted to launch) digital channels and, prompted by falling costs in production and transmission, a large number of specialist channels have been launched by smaller providers.

The introduction of multi-channel and digital television has resulted in new content, such as enhanced television and t-commerce, and new ways of consuming content through devices such as electronic programme guides (EPGs) - which have moved beyond being simple information sources to becoming interactive schedulers - and personal video recorders (PVRs). The increasing penetration of games consoles (Towler 2002) is likely to have an impact on consumers’ means of accessing content and services offered. Games consoles such as Microsoft’s X-box with their integrated Ethernet ports allow broadband network access, and thus provide consumers with another delivery platform for accessing audio-visual content (currently online multi-player games).

In terms of broadband services, the UK market is currently dominated by two broadband platforms, ADSL and cable modems. After a slow start, broadband penetration appears to be finally taking off with around two million people

² The Independent Television Commission, The Broadcasting Standards Commission, Oftel, The Radio Authority and The Radiocommunications Agency

subscribing to the two main broadband platforms, cable modem and ADSL (Office of Telecommunications 2003), indicating a faster rate of growth than in France, Germany, Sweden and the USA.

It is uncertain how important mobile broadband will become over the next ten years. Its key differentiating factor is location-specific services using GPS technology. However, the high investment involved in obtaining the UMTS³ licences, the high cost of completing third and fourth generation networks and the difficulties faced by telecommunications operators in 2002-3 may delay the establishment of broadband mobile services for consumers.

Changes in industry structure and competition

One of the most significant changes in the UK television industry over the last decade has been the rise of multi-channel pay television. The cable, satellite and digital terrestrial platforms have intensified competition for the existing terrestrial broadcasters, capturing viewing share and hence putting pressure on advertising revenues (ITC 2003). With the exception of Channel 5, all terrestrial free-to-air broadcasters have steadily been losing audience share to the cable and satellite channels over the past few years (2002a). Further decline seems almost inevitable, although the trend might be delayed as the growth of multi-channel television begins to plateau and the platform operators face their own set of unique challenges. These include digital terrestrial television (DTT) growing its customer base (following the collapse of the commercial digital terrestrial channel, ITV Digital, in 2002) and the cable operators completing digitisation, climbing out of financial difficulties and working toward a potential merger.

Meanwhile, the non-commercial sector has witnessed a resurgent BBC which has enjoyed much success in 2001 and 2002 with the launch of new digital channels and interactive services, the re-branding and expansion of its BBCi online operations and more recently the launch of Freeview, the free-to-air digital, terrestrial service.

Internationally, the industry is becoming characterised by large, vertically integrated companies, such as News Corporation, RTL⁴ or AOL Time Warner, which own companies right across the value chain from content production through to distribution and access devices, as well as owning other forms of media which allow cross promotion and cross platform activities. Theoretically, the larger companies are able to produce, market and distribute content on a global scale in a way that less extensively integrated or smaller players find increasingly difficult to compete with. The larger, less vertically integrated UK companies, even where they operate as both broadcasters and production houses, such as Granada, may not have the global scale to exploit their content abroad to the same degree.

³ UMTS (Universal Mobile Telecommunications System) is a "third generation" (3G) mobile technology which represents an evolution in terms of services and data speeds from today's "second generation" mobile networks.

⁴ RTL is a pan-European broadcasting group, based in Luxembourg, and owned by Bertelsmann, a global media company.

In the programme production sector, some consolidation is apparent. The BBC and Granada are the largest programme producers in the UK, with content created mainly for their own broadcast networks. The independent production sector has been protected to a degree by a requirement introduced in the 1990 Broadcasting Act for the broadcasters to procure 25% of their programming from independent producers. They are beginning to form larger groupings with greater financial strength (ITC 2002b).

Such developments and uncertainties across the industry coupled with changes in the consumption of television represent the context within which this research project was carried out.

Methodology

Scenario analysis

Scenario analysis has been likened to a 'strategic conversation' (van der Heijden 1996) because it involves bringing together groups of experts with a range of different perspectives to mutually develop a set of scenarios about how the future might evolve. Scenarios are not predictions; instead they offer different, plausible versions of a possible future.

Whether scenarios are conventional or extreme in their story lines, few are likely to become reality in all their aspects. Their usefulness lies not in their accuracy but in their ability to encourage participants and users of the scenarios to think 'outside the box' about new strategic opportunities and ways of dealing with such possibilities. The processes of both developing and using the scenarios offer opportunities to develop new knowledge about the future.

Scenario analysis works well in volatile contexts, where the future terrain is unfamiliar and unpredictable. Policy makers and corporate strategists in a variety of industries and international think-tanks use it to develop and test the robustness of new strategies against different futures (Ringland 1997, 2002). This prepares them to influence the future, rather than respond to events as they arise. Despite its successful employment at national and corporate levels, scenario analysis has rarely been used at an industry level where competitors and partners in the same or related sectors have come together to jointly develop narratives of the future.

Participants and context

In line with recommendations on how to apply the scenario approach successfully (Grinyer 2000, van der Heijden et al 2002), our process of building scenarios for television was collaborative and consisted of seven different stages. Initially, participants in semi-structured interviews identified the key areas of uncertainty, trends, challenges and possible contexts that might occur over the course of the next ten years. The interviews were followed by a workshop to discuss and evaluate the major themes emerging from the interviews. A focus group followed with the aim of checking and challenging developing ideas. Through these stages, we drew upon – and presented back to participants – the results of commissioned research on audiences, consumers, technological uptake and media developments

from the Independent Television Commission (ITC)⁵, the British Screen Advisory Council, Broadcasting Standards Commission and The Henley Centre. In a second workshop, we discussed and refined some initial draft scenarios which were eventually written up as a set of four coherent and internally consistent narratives. These were then disseminated more widely to the industry through a published report and a conference presentation to 120 delegates from across the sector (Foster and Daymon 2002).

A total of 35 industry participants took part in the project plus a team of academics who facilitated the project, interpreted the results and drafted the scenarios. Sampling was purposive (Daymon and Holloway 2002), the main group consisting of senior executives and other experts from the terrestrial, satellite, cable, internet and telecommunications networks, programme production companies and interactive gaming, plus venture capitalists, market analysts, a government adviser, and representatives of the public relations, advertising and marketing sectors. A second, smaller group comprised relatively junior producers and executives from terrestrial broadcasting, independent programme making, games development and marketing.

A criticism of scenario analysis is that the scenarios are only as creative, relevant and far-seeing as the composition of the participants and project team (Shoemaker 1993). In an endeavour to overcome such limitations (as well as those of personal biases), we selected participants on the basis of a variety of backgrounds, ages and perspectives, including academics and senior and junior members from right across the industrial sector⁶.

During the course of the project, three major events occurred which, on reflection, may have implicitly affected the way participants viewed and spoke about the future. Two of these events were sudden and unpredictable, further highlighting the indeterminate nature of the television context. One of these was the September 11 tragedy which occurred in the USA midway through the interviewing process. This contributed to an undermining of already less-than-buoyant financial markets, making it more difficult for the television companies to access capital and financial investment. Arguably, September 11 also served to accelerate the general economic downturn which had been particularly notable in the advertising sector on both sides of the Atlantic since early 2001. From the end of 2001, the broadcasters struggled to reach their advertising targets. On March 27th, a few weeks before the second project workshop (which was subsequently postponed), ITV Digital, the digital terrestrial broadcaster owned by Granada and Carlton, went into administration. It ceased trading on May 1st. This was not entirely unexpected, but it did raise questions about the viability of the digital terrestrial (DTT) platform. Finally, hovering over the project throughout its twelve month gestation, was the new Communications Bill, a final draft of which was released shortly before the project report was written. This was intended to create a framework for television in a radically new future. While some

⁵ The Independent Television Commission is the UK's television regulator. From the end of 2002, this organisation will cease to exist, replaced by the new 'super' regulator, Ofcom (Office of Communications).

⁶ The complexity of the methodology means that only an overview can be presented here. A paper is currently in preparation which evaluates the research process, including participant interactions.

participants in the project were involved in contributing to the thinking behind the Bill, all participants were concerned about and implicated in its imperatives.

Building the Scenarios

We used both inductive and deductive methods to build the scenarios, basing three scenarios on various combinations of key variables which we derived from the interviews. We developed a fourth scenario intuitively through brainstorming in order to enhance the set with a more challenging, 'extreme' version. These were tested and refined in the workshops.

One criticism of this study is that only four scenarios were selected when, perhaps, others or other combinations might have been more accurate in foreseeing the future (Snoddy 2002). However, this view overlooks two factors. Scenarios are not written to be predictive but to encourage creative thinking. As long as scenarios are plausible, internally consistent and different, the process of developing and using them should be sufficient to challenge user assumptions. Second, the view ignores the long process through which the project team and participants selected and dismissed other less useful scenarios.

Four stories of the future

None of the following scenarios is likely to become reality in all its elements, and indeed some aspects of each individual scenario may also apply to others. However, the scenarios have value because they enable us to consider what might be the role of television in different circumstances, and the possible implications. The scenarios are:

- Back to Basics: risk aversion: viewers loyal to conventional media
- Global Challenge: consumer confidence; powerful, global media companies
- Digital World: the full potential of digital technologies is realised
- Goodbye TV: radical shifts in behaviour, new media replaces conventional television

In order to provide an overview of the set of scenarios, they are presented and contrasted under three headings which are based on three of the critical variables used to define the shape of each scenario: viewers and the prevailing climate, developments in content and services, and finally developments in industry structure and ownership.

Viewers and the prevailing climate

Back to Basics Scenario

By 2012, the economy has only just started to grow following a period of recession, and the country is still in a pessimistic mood. Through the decade, there has been social unrest, with parts of society badly hit by the prolonged recession. Britain has become a more inward looking and defensive society, and social divides have become more marked. A minority has continued to prosper and demands all the latest technologies. But many just cannot afford to take part in the digital/broadband world, and some feel alienated and disenfranchised.

In response to the above, government has adopted an interventionist approach to policy and regulation in order to support the television market. Digital take-up is slow and broadband also stalls. There is a significant 'digital divide', which is only partly addressed by government initiatives to fund digital and broadband connections in schools and other public places.

Global Challenge Scenario

In a period of moderate economic growth, the government is keen to support and encourage UK-based economic activity in the television sector. Consequently, it has introduced measures to attract financial and creative skills from around the world, while also ensuring that social and cultural values are protected.

Passive consumption of high quality and entertaining drama, comedy, etc. is still a big part of people's television needs. Digital TV take-up is now moving forward quickly and has overtaken broadband take-up. Hence there is a patchwork quilt of technologies around the UK - with some fully broadband capable households, while others depend largely on enhancements to their digital TV services. Around 20% of households - largely the poor and old - remain in the analogue world.

Digital World Scenario

A decade of sustained economic growth has inspired consumer confidence and driven corporate profitability. Government has helped growth in the television sector by pursuing a liberal, free-market oriented approach to policy making.

Electronic communications have grown in importance as part of people's lives and we are now in an 'all digital' environment. Everyone has digital TV and the majority has a broadband communications link. These services are used for a wide range of communications and other services, as well as for entertainment. Individuals access content at home, on the move or at work. They often seek content tailored to their own needs and tastes, rather than to the mass audience.

Goodbye TV Scenario

The economic climate has been reasonably favourable, and there is strong early consumer support for new broadband services. Society has become more individualistic with consumers increasingly sophisticated in their approach to electronic media, many of them developing and distributing content via peer-to-peer technology. PDAs and next generation mobile phones are in every pocket or briefcase.

An interventionist government continues to support the regulation of public service broadcasting. It also encourages broadband investment which has led to broadband overtaking digital television take-up. Television revenues and consumption of conventional television have declined, and the media market is fragmented and destabilised.

Developments in content and services

Back to Basics

In a stagnant advertising market, competition between the commercial networks is cut-throat although conventional network channels still account for a large share of TV consumption. Audiences are not looking for challenging content; they demand entertainment and soaps to provide relief from the stressful world in which they live. News viewing has declined and escapist content is in great demand. Betting and gambling services are popular, as consumers look for ways to escape their

difficult economic circumstances. Other new media services have struggled to survive.

Investment across all television activities has been under pressure and cut back wherever possible. Only the BBC has continued to invest, backed by a licence fee which has been set to remain flat in real terms.

Global Challenge

Over the decade, there have been no radical developments in the nature of the services delivered or in content consumption. The main networks have launched support digital channels, which allow them to extend their key programme brands across those channels and into interactive services. This has been the main use of interactivity so far, although games and gambling are generating new source of revenues for the successful players in those areas. Primetime content has a more 'global' feel, with programme investments driven by international as well as UK sales potential.

Digital World

This competitive market delivers an impressive range and volume of quality content, catering for a diverse range of tastes and preferences. The fragmentation of audiences has not in general led to lower quality programming, although less programming is made and more repeats shown.

There are four or five main commercial networks, broadcasting on all main digital platforms. Each has a portfolio of strongly branded channels and also offers on-demand content. They tap into a mix of revenues including sponsorship, advertiser-funded programming, interactive advertising and e-commerce sites. Specialist on-demand and interactive services provide material that is a cross between TV programming and the internet. This is used and re-used across different media, including new mobile services. There is some increase in the use of new broadband media to provide community based services.

Goodbye TV

Nowadays, people surf the broadband internet for information and news; they play interactive games, create and share their own electronic content and take part in online communities of interest, which reflect their own passions and obsessions. Although they stop to watch - passively - the occasional high quality drama or new comedy, this is the exception rather than the rule.

Developments in industry structure and ownership

Back to Basics

This is a market dominated by the BBC, the main public service broadcaster, and BSkyB which has consolidated its position in the satellite sector. The other commercial broadcasters have faced severe funding problems, and have declined in importance. The cable companies have merged, but offer a common carrier platform service only, and have long since given up any ambitions in content provision.

The independent production sector has been struggling throughout the decade, and it is still heavily dependent on a small number of powerful buyers. The BBC is seen as a key standards setter, especially given the risk that commercial broadcasters can no longer maintain investment in high quality programming.

Global Challenge

The market is characterised by both its 'global' nature and by moves towards vertical integration. All the main networks are owned by non-UK players, many of whom are building their production activities in the UK to make use of our creative talent base. The UK market has proved to be a lower-cost test market for new ideas and formats, which can then be launched internationally. Concerned about UK originations, however, the government has introduced tough rules to ensure that sufficient UK programming is produced and shown at peak time on the main commercial networks.

A strong BBC features in this scenario. The UK production sector is made up of a few large players and a subservient freelance sector.

Digital World

A two-tier structure exists with a few large, integrated producer/broadcasters and many smaller content producers. Most of the larger companies have some degree of foreign ownership. At the same time, content producers are thriving. They retain a degree of independence and can reach consumers directly or via alternative distributors because of the relatively open access environment.

With regard to the main public service broadcaster, the BBC, although it has retained its public service broadcasting (PSB) status, its revenues have fallen relative to the market as a whole - as the commercial sector has once more boomed - and by 2012 a much smaller publicly funded BBC has emerged.

Goodbye TV

The business models of the traditional broadcasters have collapsed and television's economic importance has sharply declined. Even those like BSkyB, who established control of the gateway as well as broadcast channels, face problems; they cannot raise prices to subscribers, their churn rate is rising, and their technology is out of date and lacking in functionality compared with the new broadband networks.

The winners are those who have invested in the network broadband infrastructure. Content producers are also experiencing some success, many becoming highly successful in the provision of high budget programming - making extensive use of co-production funding - and focusing on the international marketplace. Others have developed a real understanding and set of skills in mixed media content for online delivery. While the BBC's conventional services have haemorrhaged public support, its online and radio services are thriving, especially the high-speed broadband versions.

The four scenarios presented here provide a set of internally consistent and plausible stories – constructed from a range of different perspectives supported by secondary research – that narrate how the future of television might unfold. None of these stories is a prediction or a forecast. None has been written for accuracy. Instead, the issues, interactions and implications that they highlight are intended to challenge our present assumptions in order that we might theorise about and engage with the future – as we begin to do now through our discussion of the industry and social impact of television in the future.

Television the Industry: its future nature and structure

Depending on which future evolves over the next ten years, there will be varying degrees of change in the roles of those involved in television. These can be articulated by identifying the four stages of the business value chain: content and service creators, content and service providers, network providers, and access device providers (Rangone and Turconi 2003). While the value chain is discussed here as a linear model with discrete stages, the scenarios suggest that there is considerable overlap developing across and between the stages, despite the distinct roles associated with each stage.

Content and Service Creators

The primary role of content and service creators is to produce television content (e.g. films, sitcoms, talk shows and other television programmes). This involves procuring actors, artists and technical expertise, producing the programme format – and in some cases owning the rights for them. Indeed, in the Digital World scenario, control within the value chain has shifted to the talent and rights owners.

When digital and broadband take a hold in the UK, and distribution and compression technology advances (as in Digital World and Goodbye TV), suppliers at this stage of the value chain will increase their involvement in developing interactive and advanced television services. In the future world outlined in Goodbye TV, the gaming model is influential in how content is developed, much content being designed to straddle a number of different platforms and devices as technologies become standardised. Indeed, content creators and rights owners access consumers directly by bypassing the broadcasters and intermediaries. This version of the future also indicates that an increasing amount of content will be created by users themselves, either individually or as members of many different communities of interest.

With the exception of Back to Basics, the other scenarios indicate that there is likely to be some convergence between the first and second stages of the value chain.

Content and service providers

Content and service providers currently play a customer-oriented role, involved in aggregating different contents and services into packages that they then provide to viewers. In the conventional world of Back to Basics, control within the value chain resides here with the broadcasters, as well as upstream with the content producers. Moving into the future depicted in Digital World, content and service providers continue to be involved in bundling content into further distinctive channels (or on-demand ‘libraries’) which target well-defined audiences (e.g. BSkyB). In the Goodbye TV future, however, the output from rights owners and content creators is aggregated into portals similar to the Internet service provider model for convenient end-user (consumer) access. For example, viewers can access ‘Universal Studios Movies TV’. Indeed, in future, some programme genres may gravitate away from conventional television altogether to become established on the new media.

Network providers

Network providers distribute television services to homes over the various kinds of network: satellite, cable, fibre-to-the-home, microwave, terrestrial, telephony,

broadband. Their involvement is in access, connection, transmission, switching and network management (Whirtz 1999), with some companies acting as carriers through their provision of the physical network infrastructure (such as NTL's system of cabling⁷), and others acting as managers of transmission and encryption services.

In the world depicted in Goodbye TV, it is the network providers who have become economically dominant. They provide the infrastructure for a multitude of service providers. The future outlined in Digital World and, to a lesser extent, Global Challenge, sees the exploitation of cross-media and cross-platform services through increasing vertical integration and alliances between network providers and content/service creators. For example, the satellite service, BSkyB, is likely to become both a channel and content provider across all platforms (including terrestrial television and broadband). Similarly, Global Challenge points to the strengthening of global media groups, owners of companies right across the value chain from content creation through to distribution and ownership of the customer relationship.

Access Device Providers

Suppliers at this stage of the value chain provide viewers with the hardware and software that allows them to receive television-related services (such as television sets or set-top boxes). In one set of futures, access device providers enable all information and entertainment to be integrated into one dominant device; in another future, there is a continued proliferation of media technologies. Moving into the futures outlined in Digital World and Goodbye TV, technological advances in digital and broadband systems point to the potential for one major converged media platform - the television set or set-top-box in Digital World, or the personal computer or console in Goodbye TV. However, the latter scenario also allows for the possibility of divergence rather than integration, with information and entertainment being shared across a range of platforms mobile phones, MP3 players, games consoles and PVRs such as TiVO.

Overall, it can be said that, as in the recent past, forces for convergence - especially at the economic and technological level - will continue to shape the television industry, and these will have an impact on the role of the television suppliers at each stage of the value chain. At the same time, however, relationships and activities that straddle the value chain through vertical integration or loose alliances will also contribute to the proliferation of new communications technologies, devices and forms of end-user experience. The role of television suppliers, then, will be defined increasingly by the coexistence of forces of both integration and proliferation.

We now move on to interpret these changes for their social impact.

Television the Medium: future social impact

In the decade illustrated by Back to Basics and Global Challenge, television retains its present role in reflecting and influencing cultural cohesion. This role has eroded, however, in the Digital World and Goodbye TV futures. Having less

⁷ NTL is a UK cable operator

public impact, television is now just one of the many audio-visual vehicles which mirror and encourage cultural dissimilarities.

Contributing to the process of cultural cohesion

In the social domain outlined in *Back to Basics*, television continues to be an important agent of entertainment, with a high level of shared viewing experience among the population as a whole. This enables it to maintain a well-defined national profile. Television plays a significant role in encouraging social and cultural cohesion because it is commonly identifiable as a cultural object for appreciation, criticism and debate (Corner 1999).

However, in this future world, conventional screen-based entertainment has little content diversity and few expressions of minority voice within programmes, despite a marked social divide existing in society. Consequently, some peer-to-peer activity is taking place on a limited number of 'alternative media'; these sustain anarchic and subversive cultural identities, perhaps increasingly prominent as new forms of media develop beyond 2012.

Television's role in encouraging cultural commonalities is also evidenced in the *Global Challenge* future although there are distinctions between this and the former scenario. In *Global Challenge*, national organizations have been integrated into overarching, global communications empires, and therefore transnational and global influences are increasingly pervasive in people's everyday lives. While audiences have the capacity to construct their own meanings and thus their own local cultures and identities (Liebes and Katz 1993), 'even in the face of their virtually complete dependence on the image flows distributed by the transnational culture industries' (Ang 1990, 246), a danger in a context of this nature is that the local may be subsumed by the global, with its drive to greater consumerism and 'cultural synchronization' (Hamelink 1983).

However, taking an alternative view, television may support the co-existence of mass and micro audiences: a mass audience, satisfied with their diet of the global networks' homogeneous offerings, alongside micro-audiences consuming the insular, parochial programming of niche services. Pessimistically, this situation has the ability to create a paltry manifestation of 'cultural tribalism' (Castells 1989) set against a framework of global values that increasingly threaten to intrude into people's lives.

In the *Global Challenge* future, however, none of these projections has occurred. Instead, a proactive government has intervened with a strong regulatory framework aimed at protecting British social and cultural values. Therefore, television continues to sustain – at least partially - a distinct national profile, within a wider context of increasing global pressures, and thus contributes to processes of social and cultural integration. In this scenario, there are opportunities for British programming to play an influential cultural role on the global television stage.

A key implication for British television in *Global Challenge*, as Corner (1999) has already pointed out, derives from the interplay between government/regulators and market structures, and national and transnational institutions. If the current

role of television as a vehicle for the encouragement of national, regional and local cultural commonalities is to prevail beyond 2012, then there is a precarious balance to be sustained between:

- responsiveness to cultural and public values - including quality - and enabling corporate profitability, and
- measuring success according to either public service values or high ratings which new kinds of programming may achieve.

The complexity of this delicate balancing act is amplified by the global and transnational relations within which it occurs.

Contributing to the process of cultural differentiation

If the Digital World scenario develops over the course of the next decade, then digital television will be well embedded into the lives of British audiences. It will, however, be complemented with information and entertainment services provided via new media platforms. In this future, the 'cultural density' of television (Corner 1999, 122) as an element of national life is diminished, as is its role in highlighting and strengthening the national cultural heritage. This is due to a number of factors:

- The consumerism of choice which has led to the fragmentation of formerly mass audiences across a range of channels and platforms, many of which feature diverse, niche interests
- The 'privatisation' of television (Williams 1974; Corner 1999). This refers to the personalised use of television, such as the employment of devices (PVRs, for example) to time-shift viewing. Coupled with the proliferation of digital channels and the increasing use of television within the context of IT facilities, this reflects greater societal trends towards individualisation
- The exclusion of large sections of the population – namely the poor – from access to much content. This is primarily due to the high cost of entry, including the purchase of devices, the cost of using and maintaining them, connection charges and/or subscription costs. However, a further factor is the radical 'thinning-out' of free services (all that many can afford to access) because key areas of programming have been bought up by subscription channels and are no longer available on free-to-view services (Murdock 2000).

Therefore, television in the future outlined by Digital World remains an important leisure activity but has less public impact. This applies even in an extreme development of the scenario where digital television has emerged as the major converged media distribution form, so that the word 'television' has become aligned with what is now called 'new media' (Miller 2000). Here too, television's traditional, core identity as a cultural object has been eroded because there is still a wealth of different channels and forms of media available – even though they are now accessible through a single device, the television set.

In the future scenario of Digital World, therefore, television now finds itself involved in developing processes of differentiation, i.e. in promoting diversity – and different social identities – by giving choice, showing new lifestyle

possibilities and providing access to different ideas and information. Television no longer operates as a discrete vehicle for passive entertainment. It is now part of a larger process of both passive and interactive engagement by which individuals and loose coalitions of minorities use a range of devices – allowing access to multiple channels and platforms - to find their own way to information and entertainment that provide them with different dimensions and perspectives. The depth of engagement differs; in some cases it is passive or superficial (Hargreaves and Thomas 2002), in others it is highly participative, such as in gaming. However, the process is a collective one, enabling viewers to make sense of the modern world while also exhausting its preoccupations. Ellis (2000) likens this to the Jungian notion of ‘working through’, a process which results in bringing people together while being apart through diversity.

Yet not everyone has access to the full potential of this digital world. The emergence of a ‘digital divide’⁸ indicates that there are substantial differences in the range of services and programmes that viewers are able (or willing) to access. One group of viewers develops a sophisticated ability to apply the potential of digital television for individual and interactive usage, and has the buying power to acquire the latest technology and pay for the services. Another group does not have the purchasing power, or the will, to buy much of the pay-to-view programming and therefore is relegated to the periphery of the digital community. When the majority of television services cannot be accessed by significant sections of the population, then television’s contribution to social cohesion is seriously reduced.

In the future outlined in Digital World, therefore, television has a more nuanced role, contributing to processes of cultural differentiation while also involved, to a limited extent, in social and cultural integration through the process of ‘working through’.

Compared with the decade depicted in the Digital World scenario, the future presented in Goodbye TV notes how the ‘privatisation’ of television has become more extreme. Television’s ‘cultural density’ has diminished even further and it is no longer the dominant audio-visual medium. Mass television audiences have fragmented, but are now reassembling into new cultural clusters. Television now tends to bolster the process whereby micro-cultural identities and values are constructed.

This is explained in relation to the paradoxical nature of the future world of Goodbye TV. On the one hand, audiences have rejected television and it has lost its public impact. On the other hand, they use key television programmes to create and support communities of interest which they explore further in different media, including online and via mobile telephony. Television is a catalyst in creating an interest in the first place and driving audiences to these new forms of media. As audiences become more sophisticated in their understanding and manipulation of alternative media - and as new communities cohere - their ongoing interest in niche television offerings provides a resource for these

⁸ Rogers (2001) notes that this access-divide may eventually be replaced by other types of divide such as a learning-divide and a content-divide through which digital technologies will advantage certain individuals and disadvantage others.

communities to draw upon. Television acts in this new world as a vehicle for micro-cultural cohesion through its reflection of, and support for, cultural dissimilarities.

Conclusion

In seeking to understand the role of television over the course of the next decade, this paper has drawn on a scenario analysis approach whereby opinion leaders from across the television industry collaboratively produced four different visions of the future. These scenarios indicate that changing consumer lifestyles, coupled with the availability and accessibility of a variety of new media technologies, will determine the extent to which television as an industry will be subject to adaptation. According to some scenarios, industry dynamics will remain very similar to today. In others, the television industry will be increasingly buffeted by – paradoxically - forces for structural and device convergence together with pressures for channel and media proliferation, suggesting that the industry will be involved in processes of both integration and differentiation.

In terms of the social impact of television, three of the scenarios indicate that as television moves through the next decade, it will continue to be an important leisure activity. However, it may have less public impact. A continuum derived from the scenarios suggests at one extreme that television will be significant in highlighting and cohering the national cultural heritage. At the other extreme, this role will have eroded and television, like other forms of media, will be involved in supporting the construction of identities and values at a community, or micro-cultural, level.

However, one of the scenarios suggests that processes of globalisation will add another dimension. At one extreme, they will affect the nature of mass audience programming; at the other extreme, they will encourage the formation of communities of interest that ignore national boundaries.

Looking across the next ten years, the role of television is uncertain. This study has offered a range of different ways of gazing into the future so that, to some extent, future possibilities might be explored and made more coherent. To develop this research further, appropriate measures and indicators need to be developed that will confirm or reject the trends hypothesised in this paper.

A key area to track will be the state of the economy as this will have a major effect on consumer confidence and the profitability of the sector. This in turn will affect the rate of take-up of new technologies, willingness of companies to take risks and innovate, and consumer enthusiasm for experimenting with new content and services.

A further useful indicator will be the direction in which audiences are moving with regard to their viewing patterns. The extent to which individuals prefer passive viewing and subsequent attachment to linear channels, or desire to have complete control over their electronic media consumption will point to which scenario might develop. The viewing and usage patterns of younger audiences might also indicate future patterns.

Policy decisions and regulatory interventions will be important to monitor as these will influence the shape of the market. Key issues to track will be (1) sensitivity to the extent of standards regulation demanded by the public, (2) economic factors such as market concentration, control of the value chain, encouragement of innovation and growth, global investment and public service broadcasting obligations by commercial operators, (3) delivery of content, including positive or negative requirements, (4) digital switchover and broadband investment.

Measures which enable the tracking of the strategic decisions of companies involved in the industry will indicate how the industry is developing *vis a vis* the scenarios. Such measures might relate to programming strategies (for example, investment in cross-media content), the building of new multi-media skills, the development of global alliances and the extent of cross media and cross platform involvement.

However, indicators such as these are incomplete without the equivalent cultural content and performance measures. Chan and Moon (2002) and Pollay and Gallagher (1990) have suggested an approach that enables tracking and comparison of different societal values in relation to television commercials. As yet, there are no suitable empirical approaches or frameworks that allow national or sub-cultural change to be studied in relation to contemporary television programming. The vast array of output on the multitude of channels and platforms available in the UK is a significant contributory factor to this methodological deficit. How to develop codings that will provide adequate measurements and benchmarks, without becoming too impressionistic on the one hand, or overly detailed and too focused on minutiae on the other hand, remains a challenge for future researchers.

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