VISION 2020
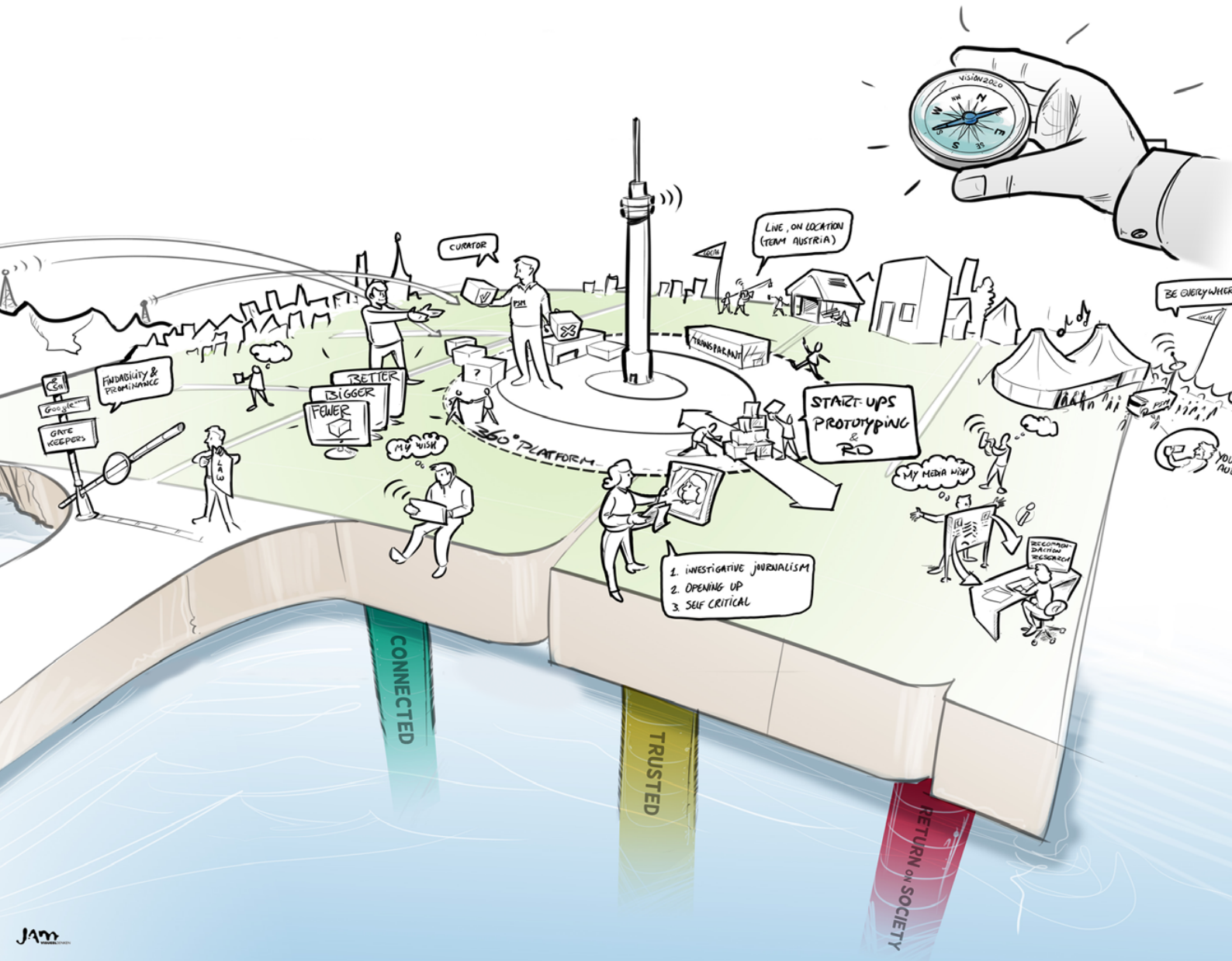
AN EBU PROJECT

CONNECTING TO A NETWORKED SOCIETY

FULL REPORT

CONTINUOUS IMPROVEMENT OF TRUST AND RETURN ON SOCIETY

VISION 2020

CONNECTING
TO A
NETWORKED
SOCIETY

CONTINUOUS
IMPROVEMENT OF TRUST
AND RETURN-ON-SOCIETY

FULL REPORT

VISION 2020
AN EBU PROJECT
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EXECUTIVE SUMMARY

VISION2020
AN EBU PROJECT

INTRODUCTION

How should we respond to fundamental and on-going changes in audience behaviour, technologies, media markets and societies – challenges faced by every member of the EBU community?

To help public service media (PSM) plan for these changes, in October 2012 the European Broadcasting Union (EBU) launched VISION2020. The goal of this ambitious project is to identify how PSM can remain indispensable to audiences and stakeholders in the years ahead. It was also the logical next step in defining the future of PSM, following the adoption of an EBU declaration in Strasbourg 2012 that identified the core values shared by Europe's public service media.

From the outset, VISION2020 has been a collaborative process. We have tapped into the shared knowledge of the EBU community and organized debates among Members on how best to face the challenges ahead; we have used market research and other means to analyse trends in media consumption and media markets, and to identify and interpret challenges, opportunities and strategic dilemmas for PSM; we have gathered insights from interviews with PSM management and external experts. These findings were debated and assessed by three experts groups made up of 60 EBU delegates who met three times in the course of 2013. More than 150 Members of the EBU community participated in crafting strategies at the Trends Conference in Brussels on 31 May 2013.

This document integrates and summarizes the main findings of the project and included the top 10 recommendations. Following the agreement with these findings at the winter General Assembly December 2013, the document has been developed into a full eReport, including underlying trends analysis and supplementary support materials. A visually attractive version, including more than 100 examples and cases that illustrate the recommendations is available in the separate VISION2020 App (for consumption on iOS devices and in a HTML5 version). This app is a living document, especially the cases will be updated regularly. Although the number of cases is already substantial, this selection needs expansion and updating. We invite you to keep sending cases to the EBU via this link.

This eReport, together with the app and the material stored on vision2020. ebu.ch, offers a source of inspiration for Members as they craft their individual strategies. It will be a digital catalogue of ideas and examples that Members can use for self-assessment and change, according to their priorities, context and pace.

VISION 2020

A VISION ON 2020

EXECUTIVE SUMMARY

1.1 A CALL FOR ACTION

Every day we search for fresh answers to fundamental questions: what makes PSM 'indispensable' in the eyes and ears of their audiences and stakeholders? How do we win their hearts and minds in the run-up to 2020?

Although being indispensable is an unachievable aspiration for almost everything in life, in this report we present recommendations that offer inspiration for EBU Members seeking relevance to the lives of European citizens and stakeholders.

Once, PSM were taken for granted; their services were regarded as 'guaranteed and essential' components of European societies. From the other side, PSM at times considered themselves and their position of privilege with a sense of entitlement. Nowadays, nothing can be taken for granted. Many of us are under pressure in terms of editorial independence, budget constraints, remit, or all three. Although Greece represents an extreme example, a number of countries including the Netherlands, Spain, Portugal, Ireland, Iceland, Rumania and Belgium have also suffered painful financial cuts.

The future of PSM is unfolding against a backdrop of turbulence. Forecasts about Europe's future predict massive change. Some social scientists foresee a radical transformation of society. Whether this turns out to be the case, we are already experiencing some big trends: globalization, worldwide financial pressures, climate change, a shift in global economic power away from the

developed G7 economies towards the developing BRIC countries – Brazil, Russia, India and China; the aftermath of the Arab Spring; a hike in the cost of commodities; the rise of individualization; an erosion of democratic trust; and technological innovations such as the 'internet of things'.[1]

The media world is experiencing its own seismic shift: fragmented audiences, an explosion of content on new platforms, convergence, competition from 'the new kids on the media block', new gatekeepers, media concentration, commercialization of services, tabloidization and the decline of newspapers, deregulation, and neo-liberal policies for media.

For many Members, such trends represent more a threat than an opportunity. However, these trends also offer promise for PSM, although it may not appear so at first sight. We have the chance to serve audiences better and to be recognized as a trusted source in an even more confusing world; to be an important driver for the European creative industry and (co)producer of culture; to deliver a bigger return on society and to offer greater proof of our *raison d'être.*

VISION2020 is about these chances and the call for action they entail. New opportunities for PSM are realistic if we treat the call seriously and do our homework. In the spirit expressed by one of our Members at the Brussels Trends Conference: "It's easy to change if you know who you are!"

1.2. DIVERSITY OF EUROPEAN PSM AND THE PHILOSOPHY BEHIND THE PROJECT

The key questions posed in this project are:
- How should PSM respond to changes in media consumption?
- How do we define the PSM portfolio and content in an increasingly competitive, content-driven market?
- How do we remain accessible and prominent in a crowded platform market?

- What should be our future role?

What we have learned from this process:
- EBU Members are very committed to the debate concerning future PSM.
- As a community, we possess a mountain of knowledge that we are only now beginning to exploit and share. The

[1] A global network infrastructure, linking physical and virtual objects through the exploitation of data capture and communication capabilities.
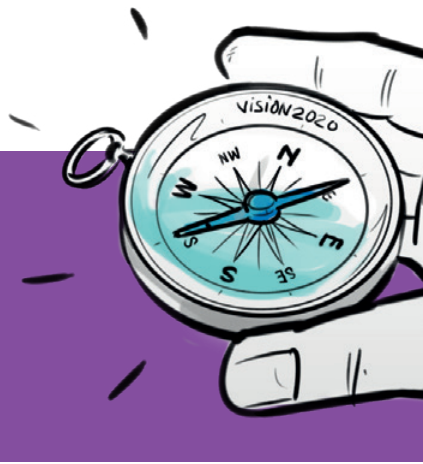
deeper value of VISION2020 is not only in the results summarized in this report. It also lies in the process it has initiated: bringing Members together and establishing a framework to improve strategy development and knowledge sharing between Members in the years to come.

- Despite individual differences between Members (in terms of legal base, market position, funding, culture, etc.) we share more than anticipated: many of us face similar challenges and share similar ambitions.
- It is not optimal to formulate a one-size-fits-all future strategy for European PSM –nor is it in the scope of this

project or even that of the EBU to formulate models for each Member. From the material collected, however, there has emerged a number of ideas about the future direction PSM should take. The key is to open our organizations and connect with a networked society by continuously building trust and Return on Society (RoS).[2]

In this summary we examine the direction our journey will take in the next decade and define the key recommendations for action.

1.3 THE NETWORKED SOCIETY AND THE ROLE OF PSM

The most pressing and fundamental change facing PSM amid the social and cultural development of European societies is the ongoing emergence of a networked society. This is due to the combination of two major trends: fragmentation and digitization.

Fragmentation stems from a combination of factors: the rise of individualization, globalization and urbanization combined with an erosion of fixed and long-lasting bonds enshrined in traditional institutions such as the family and belief systems relating to religion, democracy, and labour relations. Looser and temporary networks emerge.

The best metaphor for this trend is 'free jazz' – a fluid and constantly changing 'composition', hallmarked by improvisation within certain rules and tacit agreements. Communities and ad hoc groups congregate around values, tastes, lifestyles, interests, issues, and opinions,

propelled by the possibilities offered by digitization and fast broadband to connect, share and interact via (social) media, anytime and anywhere and to jointly create content. These communities are increasingly diverse, plural, loosely organized – if at all. The unifying factor may be nothing more than a trending topic on Twitter.

Although linear radio and TV will remain strong for the foreseeable future, and a substantial part of audiences will still be off line, we must prepare for a gradual shift towards a networked society with substantial numbers of digitally empowered citizens.

For EBU Members, these developments in themselves raise huge immediate challenges. Additionally, we must face other important changes with potentially disruptive effects:
- The shift towards more personalized and on-demand media content.[3]

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[2] We use the term Return-on-Society (RoS) to describe the various positive effects PSM can have on society. It is the social equivalent of the economic term return-on-investment (RoI), that measures the revenues weighed against a company's investments. Return-on-society is not yet well defined, but can encompass various dimensions. The proposal is to develop this concept and coin (an equivalent of) this term in order to make the case for PSM.

[3] Trends in audience behaviour in general show a dual development. On the one hand a growing active use of online platforms and services, on the other hand resilient linear viewing and listening habits. Linear TV viewing time is expected to decline slightly until 2020. At the same time, the total viewing time is rising, as well as the share of non-linear viewing in total viewing time. However, the shift to on-demand seems bigger in countries where Netflix has launched its online video services and among specific audience segments, such as young people. The average total radio listening time is expected to decline gradually as well, mainly because people will spend more time on the internet. Among young people, the decline in viewing and listening time will be more marked, and their use of mobile devices for media consumption will increase.

[4] Increasing competition for content and talent comes from large, mainly US-based media, telecom and internet companies. Information and communication technologies (ICT) and telecom companies in particular will increasingly operate as gatekeepers between audiences and PSM content, affecting the prominence of PSM services on opening screens, in electronic programme guides, search engines and recommendations.
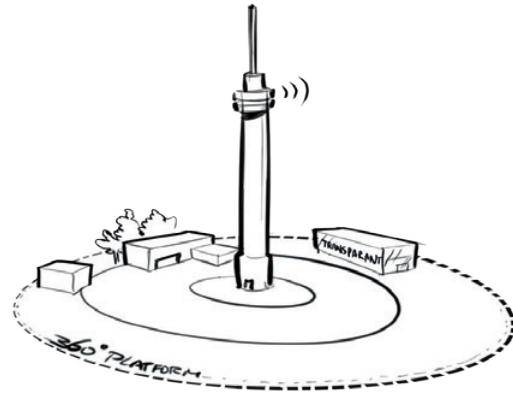
- The arrival of new global media players, increasing competition for content and talent and/or threatening to disrupt the direct bond between PSM and their audiences.[4]
- Pressures on public spending including PSM budgets are unlikely to lessen; PSM will be expected to deliver more value for money.
- Institutional trust is eroding, potentially undermining the legitimacy of PSM.

In this environment PSM, as a media organization and cultural institution, can play an even more critical role: to provide a market square where every level of society can meet and exchange and where national and regional identities are reflected. PSM embody one of the (few) uniting and integrating forces in a fragmented, complex, and sometimes polarized society.

With their broad remit – a mission based on the agreed core values and a wide reach – PSM fulfil this role, provided that they evolve into a networked organization. We must reinvent PSM, in the sense that we translate the values and

the remit to inform, educate and entertain, within the new context of a networked society. We must develop new roles, we must empower, curate and share, and connect with audiences, public institutions, cultural industries and areas of civic society that deliver public value.

Future scenarios for PSM based on preserving the status quo or on developing a complementary position to a dominating commercial media market are not an option.

In a scenario, whereby we continue down the pathway of classic PSM, we miss out on the opportunities a networked society has to offer.

In a scenario, in which we deliver targeted content to niche audiences, societies will lose the 'common town square' advantages PSM offer – 'of everyone and for everyone',

CONNECTING TO THE NETWORKED SOCIETY: CONTINUOUS IMPROVEMENT OF TRUST & RETURN ON SOCIETY
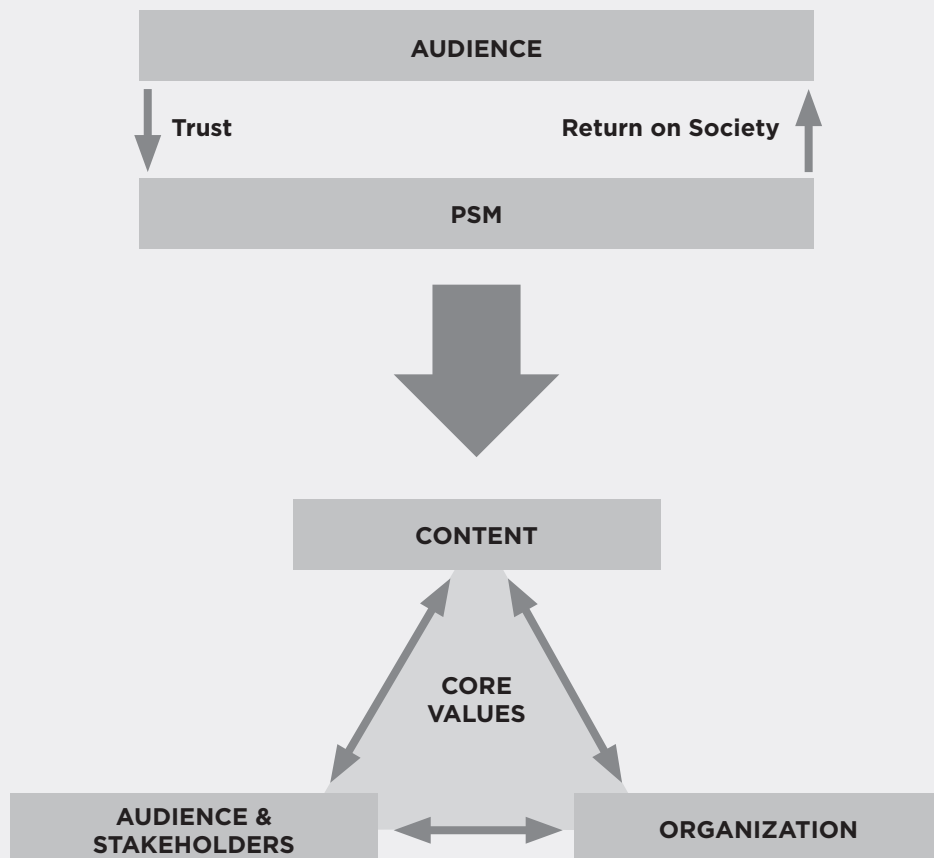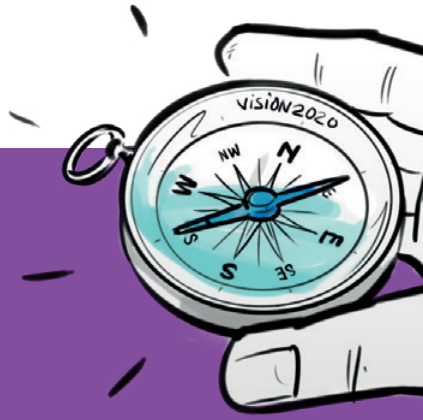
to balance the impact of fragmentation, polarization and consumerism.

The choice for developing into a networked organization is not a clear-cut scenario or strategy. It is a direction that we must explore, step by step, with trial and error, continuous innovations, grappling with the risks and the constraints imposed, for example, by present regulations. The key words that indicate the direction of the transition into a networked organization are 'Connecting, Trust and Return on Society.'

1.4. CONNECTING WITH A NETWORKED SOCIETY

In this transition the focus shifts:
- from an emphasis on PSM as a 'deliverer' to a two-way approach that fosters dialogue and interaction
- from 'one-to-many' to a more personalized approach that satisfies a wider range of needs for varied quality in a diversified society
- from a closed, or fortress-like institution to one that is open and connected to networks of people, communities, cultural organizations and civic society
- from exclusive, professional production to joint creation, curation, sharing and partnerships embedded in the national creative industry
- from standardized workflows to more emphasis on innovation and flexibility
- from a focus on law and institutions as the main sources of legitimacy to engagement with the audience – in the knowledge that, in the end, legitimacy always needs to be 'institutionalized' in regulations and public funding

The intention is that PSM not only strive to have the audience engage with their services, but also that they themselves strive to engage with the audience.

1.5. TRUST

The most important element in the relationship between PSM and their audiences is trust. Public trust is the key currency, and goes beyond being 'loved' or 'liked'. Ultimately, the licence to operate must come from the audience. Being trustworthy and reliable must shape every aspect of our approach, from content to organization. Extreme measures may be required.

The need for trusted sources of information will only grow. Global issues are increasingly complex. Guidance is required to help put international developments in perspective at national and local level, where links to additional sources are based on editorial integrity, and become a matter of curation, not algorithms. At a time when quality journalism is increasingly at risk, the obligations and opportunities for PSM are tremendous.

1.6. RETURN ON SOCIETY (ROS)

The term Return on Society relates to the various positive effects that PSM deliver to a specific society, group and individual: the idea that PSM is much more than a bunch of broadcasters delivering content to a wide audience measured in terms of market share and reach.
It relates to our *raison d'être,* i.e. to the positive impact of content and services on:
- Societies – by offering a platform for information and democratic debate, reflecting the diversity of national and cultural identities, supporting social cohesion, providing a guarantee for plurality, producing and promoting European and local cultural productions, and preserving cultural heritage
- Individuals – by supporting citizenship (information, representation, participation)
- Cultural organizations, other public institutions, the media eco-system, the economy, and employment

When we connect to the networked society we create more opportunities to deliver public value – to empower citizens, to enable communities to deal with social issues, to bridge the digital divide, and liaise with other parts of society that create public value.

Developing the concept of RoS offers a strong instrument for measuring success and defining priorities in our programmes and services. It allows us to focus more on fundamental issues, relating to the lives of citizens and the future of humankind.

It can also strengthen the legitimacy of our activities. In an increasingly competitive environment, we have to be more distinctive, deliver greater value for money, and perform more effectively.

1.7. CONTINUOUS IMPROVEMENT AND DEVELOPMENT

To connect with the networked society, we need to continuously and consistently strive to deliver trust and RoS. It is a step-by-step process, and we must learn along the way. Over time, we will achieve significant results and improvements, though it is evident that the pace and scope of change will differ for every EBU Member.

This transition to a networked PSM organization has an impact on multiple levels: our content, our relationship with audiences and stakeholders, and our internal processes. Members are invited to select those recommendations that provide them with a source of inspiration for crafting their individual strategies.

TOP 10 RECOMMENDATIONS

CONTENT

RECOMMENDATION 1
Better understand your audiences

RECOMMENDATION 2
Increase engagement and diversity

RECOMMENDATION 3
Set priorities in your portfolio

RECOMMENDATION 4
Be the most relevant and trusted source of information

AUDIENCE & STAKEHOLDERS

RECOMMENDATION 5
Be more relevant to younger audiences

RECOMMENDATION 6
Empower, curate and share

RECOMMENDATION 7
Accelerate innovation and development

RECOMMENDATION 8
Ensure prominence

ORGANIZATION

RECOMMENDATION 9
Transform organizational culture and leadership style

RECOMMENDATION 10
Make the case for PSM

TOP 10 RECOMMENDATIONS

1 BETTER UNDERSTAND YOUR AUDIENCES
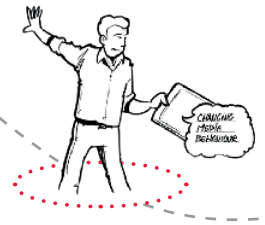
Creating a mutual relationship with audiences and developing a more personalized media offer requires a much deeper knowledge of audiences.

Expand audience research to gain insight into the composition of your society and audiences (lifestyles, communities, interest groups, themes), media behaviour and needs (motives, type of content, when, where, devices, personalization, interactivity).
Include research on (perceived) social and cultural exclusion and barriers to people's participation in the online world.

Access audience feedback and user data from your digital services so that you can better shape your content. Where data are in the possession of third parties or gatekeepers, develop negotiating power through cooperation nationally (e.g. via a joint industry committee) and internationally (with support from the EBU). As PSM, we will treat user data differently. While there is growing concern over how governments and companies treat personal data, we guarantee user privacy. Our purpose is to serve audiences better (e.g. in navigation), without regard to commercial gain.

CASES

VRT / Mediamomenten.
SVT / Diversity.

Exploring the psychology of media moments: weekdays

Getting up, pre-breakfast   Breakfast   On the way to school/work   At school/work   Lunch break

Getting home from school/work   Dinner   After dinner   The evening   Before bed time
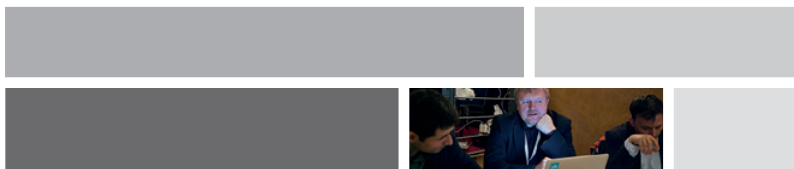
2 INCREASE ENGAGEMENT AND DIVERSITY

If we want audiences to engage with us, we need to engage with audiences. This requires a diversity strategy and new ways of communicating. Diversity is viewed in a broad sense (age, social/cultural, ethnicity, plurality, gender, lifestyle, region, religion, etc.).

Develop a systematic approach to making your content and staff more diverse, based on a deeper knowledge of your society and your audiences.

Experiment with the boundaries of mass media in a fragmenting society. Make conscious decisions about content to target specific groups. Be flexible and use the concept of 'innoversity' (diversity as a source of content innovation to develop new formats).

Shape internal recruitment methods accordingly, establishing new criteria for selection. Train employees to be more service-oriented and editorial staff to foster dialogue and engage in greater plurality and diversity.

Engage audiences through social radio, social TV, and audience networks. Treat audience reactions as an opportunity. Encourage editors to use social media, and support them with training and advice.
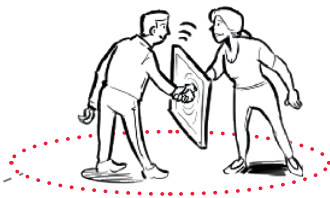
CASES

Channel4 / Make Bradford British.
NTR-NPO / Innoversity.
CBC / Metro Morning Show. RAI / Parla con Noi.
SR / Social Media Handbook.
ARD / Türkisch für Anfänger.
SR / Audience panels and networks.
EBU / Diversity Toolkit.
ORF / Radio Eins Open Innovations
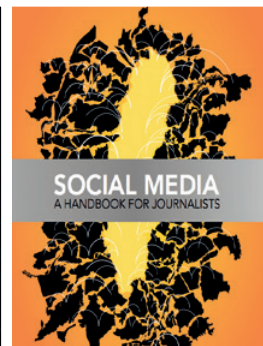
TOP 10 RECOMMENDATIONS

3 SET PRIORITIES IN YOUR PORTFOLIO

We need to continuously improve and develop our programmes and services in terms of quality, diversity, interaction, personalization and context, while responding to budget pressures.

Balance the increasing need to be distinctive with the necessity for substantial size, market share and reach, which are conditional to being universal, inclusive and relevant as a connector for audiences and a partner for stakeholders.

Apply the idea of 'Fewer, Bigger, Better' to the portfolio, programmes and services. This implies tough choices and careful prioritization based on criteria that improve trust and RoS. The overall result: becoming more distinctive and achieving greater impact.

Develop cross-genre formats based on the notion 'Making good programmes popular, and popular programmes good', allowing greater focus on value-based content and distinctive genres without losing attractiveness. Develop new inclusive formats that reach different audience groups. Create internal competition to boost creativity.

Aim to be the market leader in local production and in outstanding programmes. Increase the amount of Wow! moments in the home. Invest in being excellent at defining moments (national events, crises) and in landmark programming, at the cost of mediocre programmes. Reduce the amount of different programme titles.

Develop courageous programme concepts that deal with the big issues in our lives and societies in a high-profile manner; it's possible to attract substantial audiences using this method.

Invest in owning your content (intellectual property) by for instance, talent-scouting and developing formats with value-based content. Set aside a fixed percentage of your yearly budget (consider 5% or more) for content innovation.

Experience proves that size is not a determiner. Smaller EBU Members offer examples as centres of excellence. Speed up the learning curve, exchanging experiences between Members on formats, presentation, multi-layered storytelling, 360-degree content production, marketing,
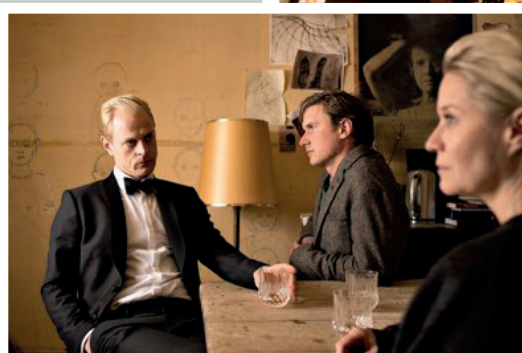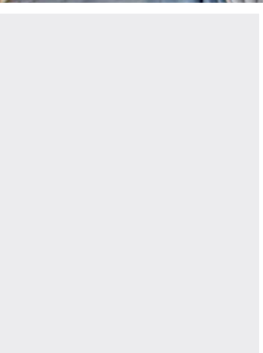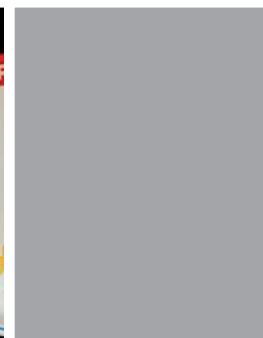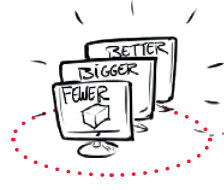
coproduction and exchange, based on regional interests and taste. Launch a joint format factory for each region. Co-create with audiences and industry in format labs.

Apply the 'Fewer, Bigger, Better' concept also to your role as producer of culture, in order to focus on excellence, agenda setting, cultural innovation, diversity and talent discovery.

Liaise with cultural organizations. Make your orchestras and choirs more self-supporting, and/or shift from in-house music maker to cultural facilitator.
Revitalize 'high' culture (classical music, ballet, literature) with cross-genre formats.

Gradually shift the balance in your dual portfolio strategy:
- Increase step-by-step resources for 'liquid' content (suitable for multi-platform use and personalization from the outset) and hybrid services with new ways of storytelling, within an overall branding strategy.
- Develop targeted services based on audience knowledge and structured prioritization.
- Involve the audience in creating content. Splitting content into bite-size segments to facilitate peer recommendations via social media. Use 'internet first' to develop and promote linear programmes (such as comedy and drama).
- Focus on 'urgency and live' as the drivers for linear channels to enhance shared experiences. Develop social radio and TV on these channels to engage the audience directly.

Focus on acquiring the rights for live free-to-air sports events that create public value, news and social cohesion. Develop a structured, consistent, long-term approach in collaboration with the EBU to strengthen our position in the rights market, taking the various needs of groups of Members as starting point.

CASES

BBC / World War One.
DR / Drama (Borgen, The Legacy).
BBC / Connected Studio + In Our Time.
ZDF / Unsere Mütter, unsere Väter.
SWR / Alpha 07 - The Enemy Within You.
VARA-NPO / Serious Request.
NRK / Hurtigruten.
ORF / Long Night at the Museum.
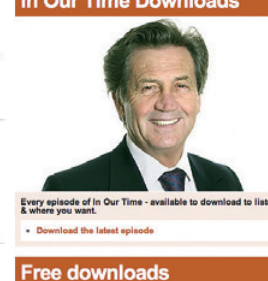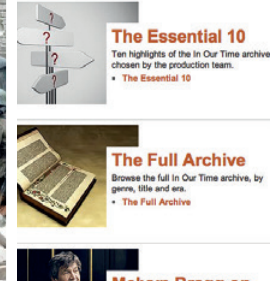
4 BE THE MOST RELEVANT AND TRUSTED SOURCE OF INFORMATION

Agenda-setting journalism (in news, current affairs, documentaries, consumer information, etc.) should consistently be the number-one priority.

Transform your journalistic services, to include mobile, social networks, 24/7 real time, and personalization.

Adopt an 'internet first' strategy to remain the first source that audiences turn to for news. This entails updating news throughout the day, outside primetime bulletins. This 'internet first' strategy involves different workflows, fresh mindsets and developing new ways of storytelling.

News on general interest channels will focus on flagship primetime bulletins (emphasizing interpretation and background), live news events and summaries.

Aspire above all to be accurate and reliable. The increasing speed of the news cycle challenges PSM's reputation as a trusted editorial source. Although 'being first' should remain the natural assumption in the newsroom, ultimately it's about 'being right'.
Be clear about the reliability of information; be open when mistakes occur. If necessary, correct and apologize wholeheartedly.

Counter the trend of superficial journalism, and invest in agenda-setting investigations, specialization, data journalism, and correspondents. Provide greater context, offer more angles, and provide deeper analysis. Avoid hype, scoreboard journalism and scapegoating.
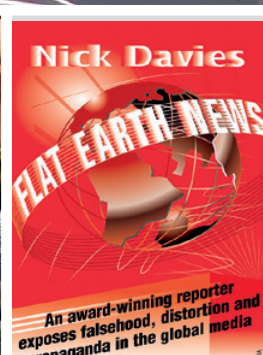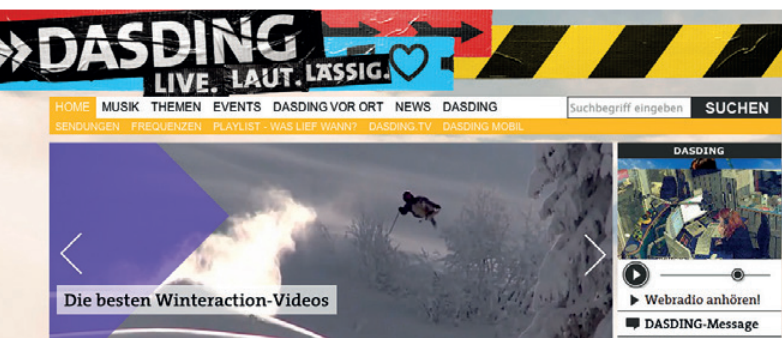
Raise qualifications and the recruitment standards of editorial staff. Invest in 'awareness' and foster the diversity and plurality skills of editorial staff.

Open up your newsrooms; be transparent and involve audiences in journalistic processes from the outset.

Be self-critical on air; investigate and report in a journalistic way on your own journalistic output and on issues relating to your own organization. Collaborate with Members of the EBU community on topics of investigative journalism and current affairs (more and more issues have cross-border implications, increasing their complexity).

Collaborate with regional and local media (e.g. CIRCOM members), to enrich global stories with local perspectives.

Apply journalistic standards to sports programmes (reports, background stories, investigations).

CASES

SR / Journalism 3.0, Investigative Journalism.
Book Nick Davies / Flat Earth News.
BBC / BBC Newsbeat.
HUMAN-NPO / Medialogica.
NCRV-NPO / Altijd Wat Monitor.
NOS-NPO / Video first.
ARD / Das Ding.
NRK / News on mobile.
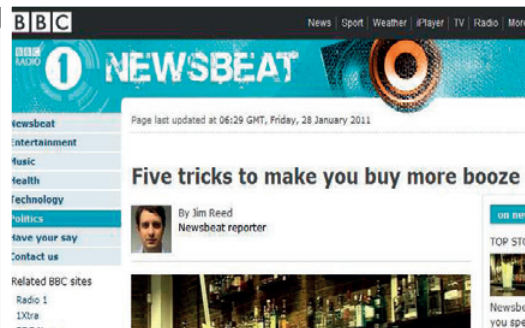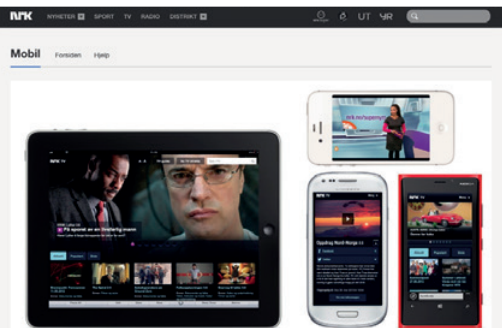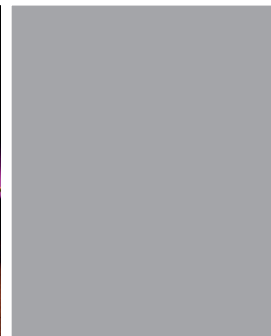
5 BE MORE RELEVANT TO YOUNGER AUDIENCES

Although young people represent a relatively small part of our audience, they require a special strategic focus. Firstly, it's part of our remit; secondly, programming for these highly connected people will speed up PSM's progression towards becoming networked; thirdly, they are our future.

Stay authentic, true to your values and quality, but adapt to their needs and media behaviour. Conduct in-depth research into the diversity of their needs and behaviour; compare the results with those of other PSM. Develop specific portfolio strategies per age group (3–6, 6–12, 12–18, 18–34) and lifestyle.

Deliver your content on the platforms and services that young people use.
Invest in: targeted online content, suitable for mobile and sharing; all kinds of short forms (clips, fragments); 'liquid' content formats; attractive storytelling (based on speed, immediacy, entertainment value, special angles, gaming). Facilitate dialogue, self-expression, peer-approval and interactivity.
Develop specific and credible cross-media branding.
Monitor consumer cost of broadband connectivity, as one of the criteria for deciding on specific investments in (mobile) audiovisual online content.

Build 360-degree cross-media brands around your
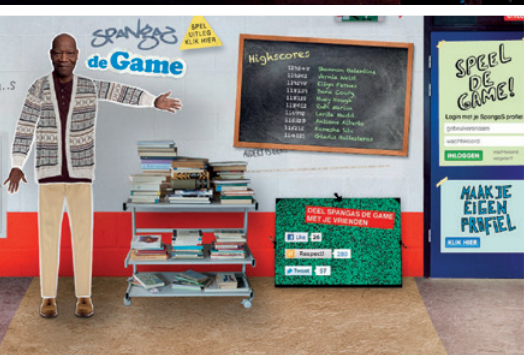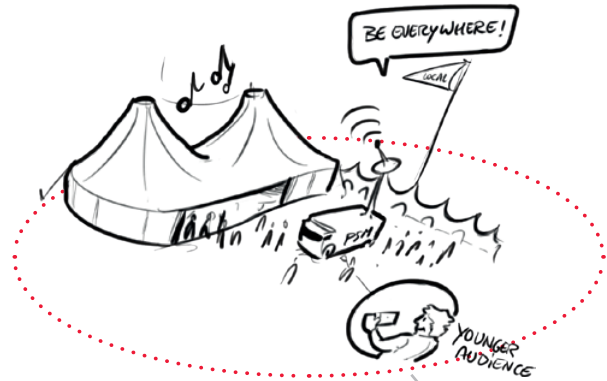
radio stations aimed at younger audiences and extend to other platforms. Be present at music festivals. Develop awards and special events. Be a guide to music discovery and foster talent. Journalism and serious information require new formats, with age-group-related angles, direct rewards (feedback, linking, sharing), suitable for peer-sharing.

Expand linear channels with social radio and TV. Develop inclusive and cross-genre formats on linear channels with multi-layered storytelling, targeting both younger and older audiences. Develop knowledgeable subcultures within your organization. Choose credible presenters that double as ambassadors and role models.

CASES

Yle / Lovemilla.
VRT / Basta, Ninjas.
RTE / Rubber Bandits.
SR / P3 Musikguiden.
NCRV-NPO / Spangas.
NTR-NPO / De Dino Show.
BBC / Glastonbury.
AVRO-NPO / De Tiende van Tijl.

TOP 10 RECOMMENDATIONS

6 EMPOWER, CURATE AND SHARE

PSM have huge opportunities to create added-value and RoS for audiences in a networked society. Through experimentation, we will redefine what 'public service' is to PSM.

Be open (in principle) to sharing content, in the knowledge that there are many issues to be solved (rights, market distortion, exploitation, itemizing, abuse, cost). Digitize and open up archives as much as possible. Differentiate between business models (tariff setting in relation to genres, timing, signal quality, rights, platforms, partnerships), where needed.

Play a positive role in the media ecosystem. Advocate cooperation with newspapers (e.g. by offering your embedded player). Cooperate with the (local) creative industry (e.g. by opening up your premises).

Develop your role as trusted curator, while being aware that more and more public value content is available online, and that audiences need to be guided through a plethora of information. Be prepared to create links outside your domain, e.g. to newspapers and other creators of public value content

Empower your audiences. PSM have a tradition of supporting communities, for example by helping them to cope with natural disasters, social problems and other issues of public interest (such as literacy), on an ad hoc basis. These are areas in which PSM are supremely qualified.

Structure these activities and prioritize issues and communities, based on intensive audience research.
Help to bridge the digital divide.

Build partnerships, alliances and coalitions with universities, sports unions, cultural organizations, publishers, consumer organizations and creative industries wherever feasible and relevant, while taking adequate measures to secure editorial independence. Support 'digital commons' to create greater public value.

CASES

RTE / Local Heroes.
RTS / Notre Histoire.
Channel 4 / Media Literacy Event.
BBC / iCreate.
CT / Open Archive.
BBC / The Space.
Yle / Cultural Fitness.
ORF / Team Austria.

7 ACCELERATE INNOVATION AND DEVELOPMENT

We need to adapt our infrastructure to the new media environment and become (one of the key) pathfinders in value-based innovation.

Develop an organization-wide strategy and road map for multi-platform production and delivery, including the smart use of standards, metadata and algorithms.

Define a limited number of areas where we as PSM are willing and able to be at the forefront of innovation and technological development; intensify cooperation within the EBU in these areas. Accept to be a follower of the market in other areas.

Set aside a substantial portion of your yearly budget for innovation at the crossroads of content development, production and distribution (e.g.

3% or more, not including fixed costs), based on a flexible project plan. Encourage initiatives, involve outside creatives and communities.

Use start-ups and prototyping. Involve audiences from the outset. Accept failure and cannibalization. Speed up learning processes, step by step. Share successes and failures with the EBU community.

Invest in higher technical picture and sound quality, but only where it makes sense (such as for sports, drama, live events). In other areas (such as in radio, news) adopt production techniques that are flexible, fast, mobile and cheap(er); this
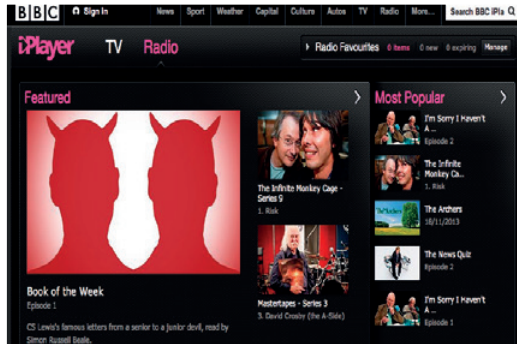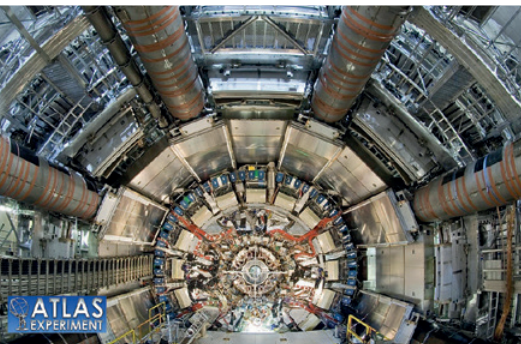
facilitates the production of content without the need for studios, on the spot, close to the action and the audience.
Embrace interactive radio features, such as RadioDNS.

Intensify cooperation on standards to make innovation more effective and reduce costs. On a European level, PSM can substantially influence the industry.

Combine R&D activities of European PSM as much as possible, and share knowledge with others in the media industry to ensure economies of scale and impact. Compete on content, not technology.

Closely monitor new technologies, such as 'the internet of things', to assess their impact on content production, distribution and consumption. Make the case for reducing restrictions on our remit, whenever they slow down innovation. Strengthen the arguments for a short(er) time to market new services.

CASES

BBC / Playlister Guerilla.
BBC / Connected Studio.
BNR / Radio Binar.
NPO / Hackaton.
VPRO-NPO / Film It Yourself.
CERN / Atlas.
BBC / Spark.
VPRO-NPO / Collapsus.

film it yourself

DI-RECT - Holiday, live op Paaspop 2012

FAZELEY STUDIOS

www.hackdeoverheid.nl
Publieke Omroep
HACKATHON
09.11.2013
Hilversum/Mediapark

Ten products

BBC

News
Sport
Search
Home
Weather
Radio
CBBC
TV
CBeebies
K&L

8 ENSURE PROMINENCE

Maintain universal coverage, meaning that our main linear channels are available for all and free at the point of reception. Follow our audiences, by being available and prominent across all relevant platforms.

Redesign distribution strategies, balancing the need to be easily accessible and findable on relevant new platforms against the extra costs involved.

Seek and maintain direct independent access to audiences (e.g. through digital terrestrial television, content delivery networks and the open internet). This will improve the negotiation position with distribution partners and allow you to know your audience better (user and usage data).

Consider a nationwide over-the-top (OTT) service (together with all broadcasters in your country). Investigate a European OTT player for PSM-owned content, supported by automatically translated subtitles.

Fight for an adjustment of spectrum that takes full account of media policy objectives and for the integration of broadcast receivers into mobile devices (Euro-chip and DAB+ for radio reception).

If free-to-air digital radio broadcasting is part of your distribution strategy, develop a migration policy involving government support for a mandatory switch-over. Create new services and support marketing campaigns.

Adopt an open attitude towards partnerships with
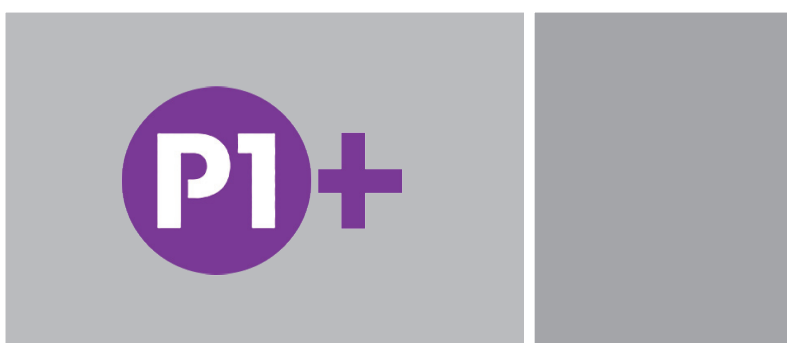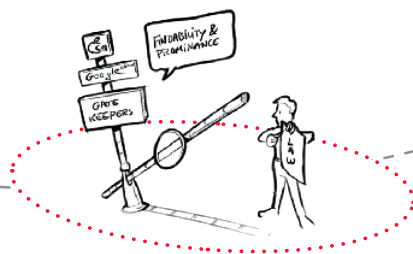
third parties. Try to influence the design of new platforms, allow trial and error, and react fast.

Explore opportunities to negotiate income from redistribution. Investigate and experiment in compensating extra cost of delivery and rights with subscription video-on-demand (where possible in the local context).

Seek to maintain regulatory safeguards: for signal and content integrity in the distribution chain, net neutrality, access to platforms, and due prominence on user interfaces, portals, electronic programme guides, etc. of services that are of particular value for society.

Make the case for modernizing and simplifying the copyright licensing framework, ensuring that PSM can offer and expand their services on all platforms.

Invest in research & development, where it concerns production tools, user interfaces, recommendation algorithms, automated audience tracking, and other tools for personalization and navigation. Cooperate within the EBU community, to achieve standardization and economies of scale.

CASES

VRT / Stievie.
Yle / Teevee.fi.
NRK / P1 Plus, digital radio.
SR / P3 on Spotify.
CT / Hbb TV.
RAI / Tivu Sat.
BBC / iPlayer.
Radio France/Le Mouv.
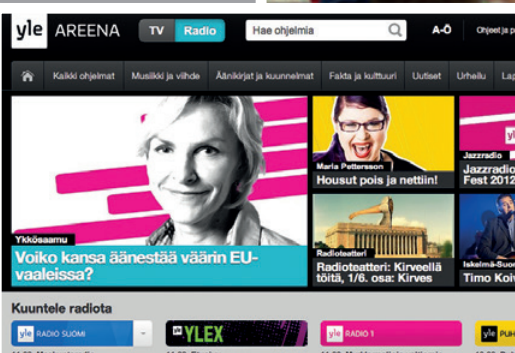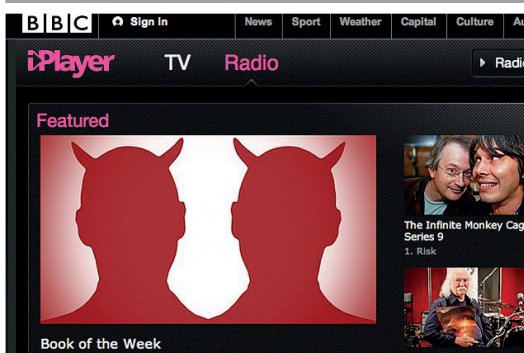
9 TRANSFORM ORGANISATIONAL CULTURE AND LEADERSHIP STYLE

The transition to a networked organization entails a gradual yet fundamental shift in the corporate structure and culture of PSM.

Develop a corporate culture that supports public values, interaction, and partnerships. Invest in changing mindsets and training your employees to become more flexible, agile, communicative and service-oriented.

Apply the principles of independence, responsiveness and effectiveness courageously. Adopt the highest possible standards in your governance.

Be ready to act, be open to development and innovation, addressing the unconscious fears of the unknown among programme staff and management. Replace fear with curiosity and a spirit of trial and error.
Open up your premises, be part of a media campus. Share your knowledge and skills.

Raise trustworthiness at every level of your activities, continuously and consistently.

Improve effectiveness and operational excellence, in the knowledge that this is one of the main drivers for trust. Plan internal cooperation to
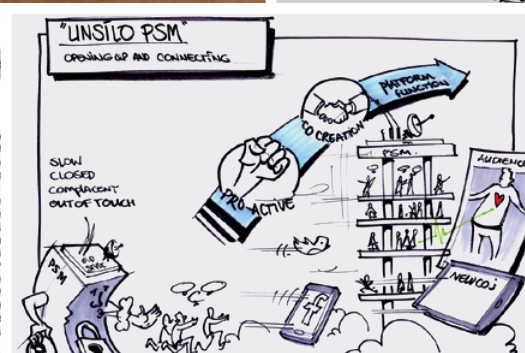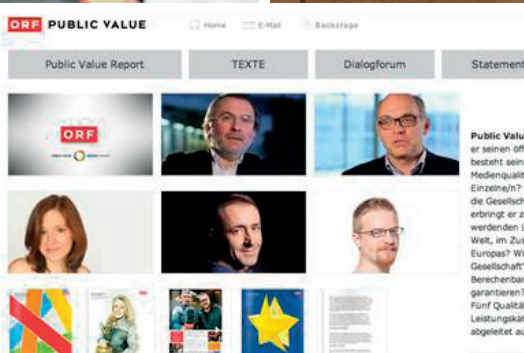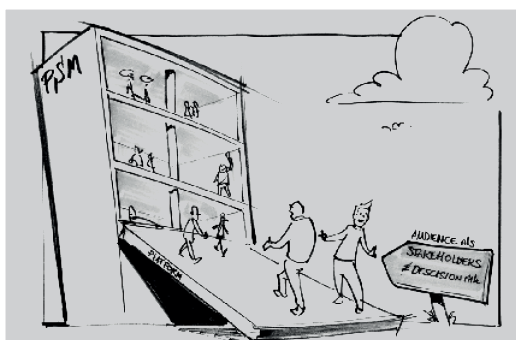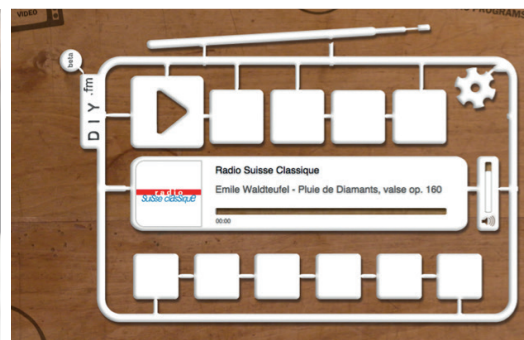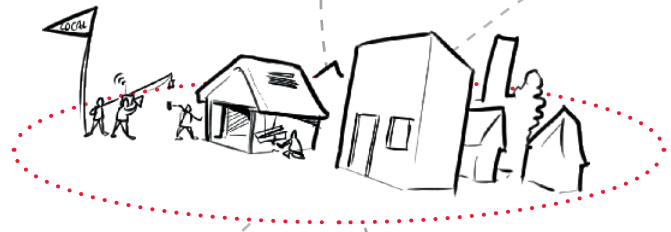
support convergence, 'unsilo' your staff and programme departments.

Give proof of effectiveness. Be the best in class in your local institutional environment for financial transparency. Use benchmarks for publications on financial priorities in platforms and genres.

Shift the focus of leadership from control to inspiration, delegation, diversity and the management of paradoxes. 'Walk the talk' as an

organization, and as leaders (motivate your staff to achieve excellence through your own example).

CASES

ORF / Code of Conduct & Ethics Committee.
Yle / Mediapolis and Pasila Studios.

10 MAKE
THE CASE FOR PSM

As with other public organizations, PSM are subject to changing views on the relationship between governments, markets and society. PSM management needs to adapt their legitimacy to the emerging new context.

Develop more tools for measuring Return on Society. Use the results to prioritize within your portfolio, content production, innovation and distribution strategies.

Develop a long-term view on the positioning of public organizations within the government-market-society triangle, and the unique potential of PSM as a distinctive media organization and an important producer and promoter of culture.

Develop soft advocacy to raise awareness that Return on Society and the production of local quality content are worth support. Advocate stable funding, while laying the groundwork for transforming your organization. Support the claim that the success of a networked PSM delivering RoS and trust requires a substantial level of financing, with regard to the limits of concepts like 'Fewer, Bigger, Better' and cost management.
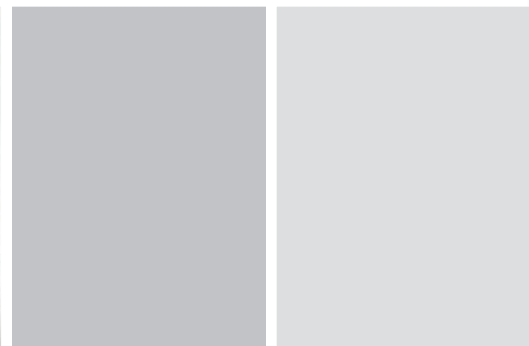
Promote better curriculums in schools and universities on media education, including the role of PSM.

Invest in 'audience ownership' by involving audiences in events, format development, off-air meetings, and the support of communities.

CASES

ORF / Public Value Report.
Channel4 / Online Annual Report.
CT / Evaluation of Public Czech TV's service.
RAI / Trust Rai, Annual Report.
Radiotjänst / The Hero.
German funding model.
Swedish governance model.
BBC / Star Gazing.

BBC STARGAZING LIVE

Rai 2016
Why the audience trusts Rai
Some key findings of "Rai Corporate Reputation" survey // Spring 2013
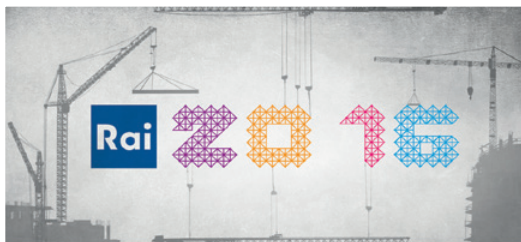
SWEDEN: SAFEGUARDS FOR INDEPENDENCE

The Administrative Foundation
All parliamentary parties are represented – chairman + 12 board members

Board | Board | Board
SR | SVT | UR

Parliament | Government
Decides on the overall mission | The Government grants permission for broadcasting

The Swedish Broadcasting Commission
Makes general statements about the programming and suggests changes and improvements. "Professionalised" commission

1. INTRODUCTION

How should we respond to fundamental and on-going changes in audience behaviour, technologies, media markets, and societies – challenges faced by every Member of the EBU community?

To help public service media (PSM) plan for these changes, in October 2012 the European Broadcasting Union (EBU) launched VISION2020. The goal of this ambitious project is to identify how PSM can remain indispensable to audiences and stakeholders in the years ahead. It was also the logical next step in defining the future of PSM, following the adoption of an EBU declaration in Strasbourg in 2012 that identified the core values shared by Europe's public service media. The results of this quest are summarized in this eReport and in a separate App.
Together with the material stored on
http://vision2020.ebu.ch, this report and the App offer a digital catalogue with trends, recommendations, ideas and examples that Members can use for self-assessment and change, according to their priorities, context and pace. It is a source of inspiration for Members as they craft their individual strategies.

In Chapter 2 the process is described that has led to this report and the top ten recommendations. Chapter 3 analyses the main socio-economic trends, the trends in media consumption patterns, media distribution and media markets and the trends in role, remit, governance, funding. Chapter 4 provides the analysis that links the trends to the top 10 recommendations.

2. THE PROCESS

From the outset, VISION2020 has been a collaborative process. We have tapped into the shared knowledge of the EBU community and organized debates among Members on how best to face the challenges ahead; we have used market research and other tools to analyse trends in media consumption and media markets, and to identify and interpret challenges, opportunities and strategic dilemmas for PSM; we have gathered insights from interviews with PSM management and external experts.

These findings were debated and assessed by three experts groups made up of 60 EBU delegates who met three times in the course of 2013. Experts Group 1 dealt with content and audiences, Experts Group 2 dealt with technologies and distribution, and Experts Group 3 with governance, funding, role and remit.

Preliminary findings were also discussed in meetings of EBU Committees and Assemblies, academic conferences and seminars, including the annual International Association of Media & Communication Research conference in Dublin and a workshop on PSM funded by the European Science Foundation in Warsaw.

More than 150 Members of the EBU community participated in crafting strategies at the Trends Conference in Brussels on 31 May 2013.

The project was led by Ruurd Bierman, former board member of the Dutch PSM, assisted by Andra Leurdijk (forallmedia.nl). Together with a group from the EBU, they formed the Vision2020 Project Team. The EBU's MIS research unit provided most data for the trends analysis, partly from its Members' database, partly based on IHS forecasts, Members' data and other external sources. A strategic advisory group of EBU staff and EBU Members advised the project management and project team.

Vision2020 Project Team

Pictures, video clips, presentations and other material collected during our journey are available on the Vision2020 website: http://vision2020.ebu.ch.
Members were informed during the journey through this website and in the bi-monthly Vision2020 newsletter, which included blogs, messages from the Experts Groups Chairs, news on the project's proceedings and future visions from various other contributors.

'The proof of the pudding is in the eating' – Vision2020 should be more than just words. Therefore all recommendations are illustrated with examples, cases or best practices from EBU Members. Members were, and are invited still, to contribute by submitting examples of forward-looking content formats, portfolio or distribution strategies, governance practices or ways to better communicate with audiences. These examples make the recommendations more concrete and inspirational, indicate the direction of improvement and illustrate the beginning, not the end of developments.

Not all recommendations will be equally valid for all EBU Members. But all Members should be able to find recommendations and good practices that inspire them to improve their strategies and performance.

Collecting best practices related to the recommendations will become a continuous effort of the EBU. If your company has interesting examples to add, please use this form to submit additional information and your case will be included in the database.

The results of the project were presented at the EBU General Assembly in December 2013. They were unanimously embraced as a direction for Members' future strategies and as an important source of inspiration.
The project gives rise to new wishes and requirements regarding the EBU Permanent Services. An evaluation of their current services and a strategic sketch for their future will be presented at the General Assembly in June 2014, when the project will come to its conclusion.

3. TRENDS

3.1 FUNDAMENTAL CHANGES

In this chapter we will sketch out the main trends that will affect the future position of PSM. We combine the main demographic, social and economic trends in European societies with trends in media technologies, consumption, content, distribution and markets. Individually these developments might not be game changers, but taken together they are likely to cause fundamental changes for the future of PSM. They present challenges and threats, but also many new opportunities for PSM.

3.1.1 Forecasts

We have tried to include forecasts, where possible, to make the report a forward-looking document. Forecasts are partly based on an extrapolation of current trends, and partly on an identification of the main drivers for change in media consumption and markets. We must however treat those forecasts with care, as they are not and can never be certainties. Changes sometimes come fast and unexpected. Five years ago for instance, no one had heard of Facebook, and now many people trust their whole life to this social network. It has become a major platform for sharing media content and it is a worldwide, multi-billion media company with great social and sometimes even political impact. Equally, the economic, social and political developments that affect media consumption and the position of PSM are hard to predict, and not completely identical in Members' countries.

Despite these reservations, we do think that insight into the main trends, supported by quantitative data and an open eye for potential future developments, form the basis for the future strategy of any company.

3.1.2 A living document

Given the uncertainties in future developments, it is crucial to regularly update and adapt PSM strategies to recent developments. The report is therefore meant to become a 'living' document, which will be updated and improved periodically, with new data and new cases and examples.

In this way we hope it will not just be a snapshot of the current state of affairs, and soon out-dated, but that it will become an inspiration, an evolving data source for EBU Members' strategy processes and a toolkit for concrete improvements in programmes and operations.

There are of course many differences between countries, for instance in economic growth, in digital network penetration, in PSM market shares, funding, public and political support and in many other aspects. Notwithstanding these large differences, all PSM recognize that a lot of trends are likely to affect all of them at some point in time and require strategic choices in many aspects of their work and organizations. Which choices individual PSM will subsequently (need to) make, when they need to make them and what their future organizations will look like may, of course, still vary.

3.1.3 Reading instructions

Chapter 3 contains an analysis of the overarching main trends. More detail and figures, and in some cases country level data, can be found in Annexes 1–4. Annexe 5 contains a list of the members of all three experts groups, the strategic advisory group and the project team. Annexe 6 contains a list of the people we interviewed in the course of the project. Annexes 7–9 are the summaries of the three experts groups reports. These annexes include the links to the full reports of experts groups 2 and 3. There is no separate experts group 1 report. The general trends, challenges and opportunities identified in experts group 1 are included in the main report.

Overall the sub-recommendations in the experts group reports are in line with the top 10 recommendations. They can be considered as further elaborations of the top 10 recommendations, but often provide more technical or legal detail.

3.2 SOCIO-ECONOMIC TRENDS

3.2.1 Social fabric becoming more complex

The social fabric of European societies is becoming more complex. Traditional socio-demographic divisions, such as class, age, gender, religion and education, are cut across and sometimes altered by globalization, migration and urbanization.

By 2020 three-quarters of the total EU population will live in urban areas.

FIGURE 3.1 EUROPE'S POPULATION: URBAN VS RURAL, IN MILLIONS

669 m.

227 m.

2020

614 m.

237 m.

2005
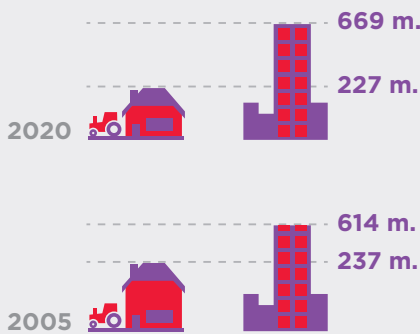
Source: IHS Electronics & Media, from country national statistics

Almost 20% of the EU population will have parents that were both born abroad, making European societies even more culturally diverse than they are today.

FIGURE 3.2 SHARE OF EUROPEAN POPULATION WITH FOREIGN BACKGROUND

2011   **2021**

19.2 %

14.8 %
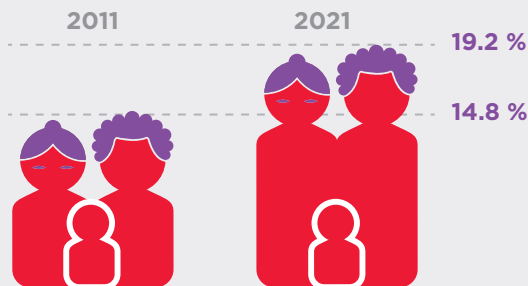
Population with foreign background is defined as people whose both parents were born abroad

Source: EBU based on UN data / Eurostat data

In many European societies traditional, social arrangements, such as family, church, place of birth and labour relations, no longer provide the self-evident and life-long bonds, both positive and negative, that they used to provide. People are less likely to live their whole life in the same place and have the same job during their working life. Even though these 'anchors' are still important in many people's lives, increasing mobility, urbanization, migration and individualization have undermined their role as a guiding force that accompanies people from cradle to grave. The average household size is decreasing: approximately 40% of all households by 2025 will be occupied by a single person. These trends are likely to contribute to a growing individualization.

FIGURE 3.3 AVERAGE HOUSEHOLD SIZE IN EUROPE

2020   **2.46**

2005   **2.67**

Source: IHS Electronics & Media, from country national statistics

However, people will still want a feeling of togetherness and belonging. They use modern technologies for numerous new ways of bonding. New technologies enable people to stay in touch and communicate throughout the day. They support the creation of communities of shared interests or beliefs. These new forms of bonding and communicating are a defining characteristic of what is often termed the networked society. Generally speaking these bonds are looser, more volatile and more temporary than traditional social arrangements used to be.

3.2.2 A rich area losing leadership

Europe is still one of the richest parts of the world, and average GDP is expected to rise (by 1–2%, according to IHS based on national statistical data).

FIGURE 3.4 GDP PER CAPITA IN 2018 (BASED ON PPP)

	GDP per capita
United States	63,676
Canada	51,913
Japan	44,804
Korea	44,167
Euro Area	40,881
European Union	38,710
Central eastern Europe	20,797
Latin America and the Caribbean	16,265
Middle East and North Africa	13,811
Developing Asia	10,071
Sub-Saharan Africa	3,324
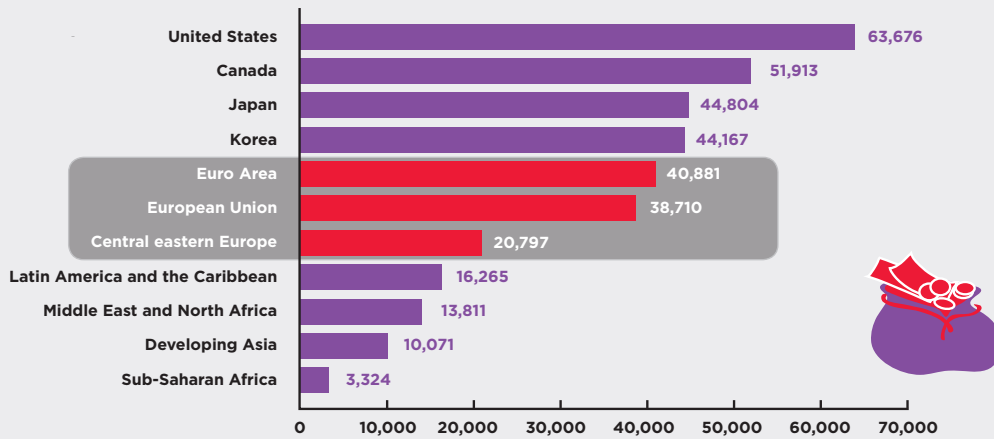
Source: EBU based on IMF data

However, there are large inequalities between European countries. Some countries, such as Germany and Belgium, are showing growth or slow recovery from the economic recession that started in 2008 with the financial crisis. Other countries, such as Greece, Spain and Portugal, will be facing severe unemployment, huge State deficits and little or no growth for many years to come. Compared to upcoming nations (BRIC), Europe is losing its position of economic frontrunner, though in some BRIC countries growth is also stabilizing. In 2011, GDP in Europe represented 25% of world GDP; this is expected to drop to only 20% in 2020 and continue dropping after 2020.

FIGURE 3.5 CONTRIBUTION TO WORLD GDP BY AREA (IN %)

Legend: Europe, USA, Japan, Rest of the world

	2011	2020
Europe	44.8%	51.6%
USA	8.6%	6.8%
Japan	21.5%	21.1%
Rest of the world	25.2%	20.4%
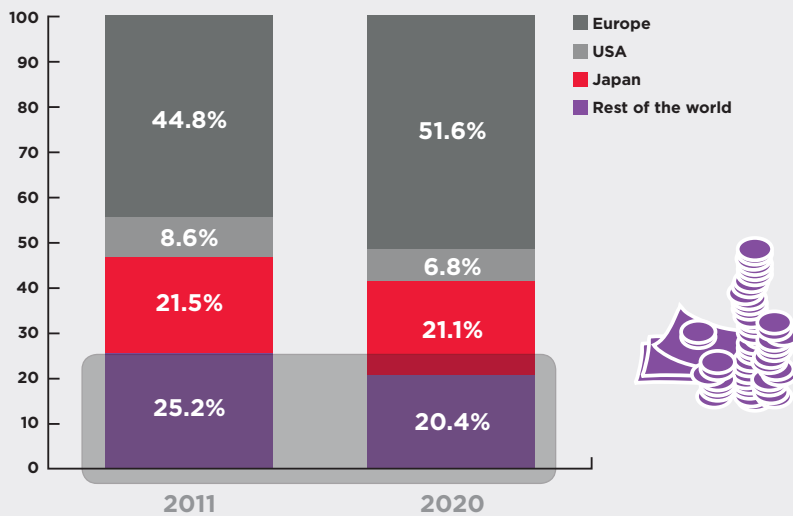
Source: EBU based on Belgian Federal Planning Bureau data

Another development that will have a large impact on European economies and societies is their greying population. In 2020, 16.5% of an estimated total of 930 million European inhabitants will be senior citizens (> 65 years old). This percentage will continue to grow after 2020. At the same time the proportion of people under 34 years old in the population will diminish. This is expected to cause fundamental problems for the labour market and the systems for social care based on solidarity, such as our pensions and healthcare. This is different for EBU Members in MENA countries, as – unlike the populations in European countries – their populations are relatively young.

FIGURE 3.6 EUROPE'S POPULATION BY AGE BRACKET (% OF TOTAL POPULATION)

59+	
40-59	
20-39	
0-19	
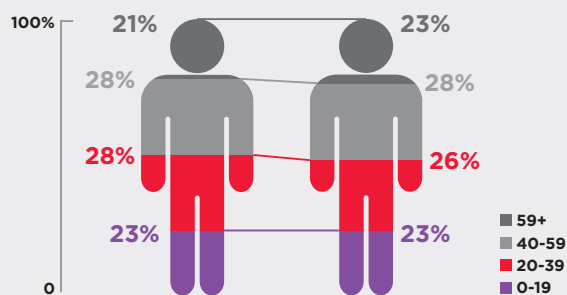
While change is relatively slow, the over-40s will outnumber the under-40s by 2020

Source: IHS Electronics and Media, from country national statistics

Combined, these developments are likely to lead to less public spending, austerity policies and a decline in public consumption. The latter is expected to show an average negative trend from 2012 to 2020 in western Europe and almost flat average growth rate in central and eastern EU countries.

Many feel that the current economic and financial crises have deeper underlying causes and are interlinked with environmental and social problems.

3.2.3 Declining trust in public institutions and new participation modes

Economic crisis and growing inequalities between different regions in the world, as well as within European societies, are leading to discontent in substantial parts of the population. Many people no longer think that the traditional social and political institutions and arrangements will be able to solve the problems facing their societies. Trust in institutions, such as parliaments and the courts, is declining. This leads to alienation of parts of society. It can also lead to polarization and the rise of extremist and populist parties and movements.

In many countries the authority of traditional organizations is at stake: labour unions and political parties are losing members, support for the social welfare state and solidarity are eroding. In countries suffering from the financial and economic crisis, a return to a stronger reliance on family bonds might offer temporary relief. But if whole families are affected by the economic crisis, these will not offer the safety net that people need.

In some places people try to create alternative, more bottom-up ways of organizing networks of mutual support, on the level of neighbourhoods, among like-minded people or people with common interests. However, these are still embryonic and often very fragile. It is hard to predict to what extent they can grow into viable alternatives for State-organized solidarity systems.

These developments are the broader context in which PSM operate. They will affect PSM in many ways. Firstly, a declining trust in traditional institutions is likely to affect PSM as well. In some countries, because PSM are considered to be part of a distrusted political system, in others because they are seen as inert, unwieldy and inward-looking companies that have difficulties in adopting to a fast-changing environment. Secondly, the fragmentation of the population will also affect people's media consumption patterns and what they expect of the PSM content offer. And thirdly, PSM will need to respond to the fundamental changes affecting our societies; they need to inform their audiences about these changes, but possibly they can also offer them ways to understand and cope with them, to create a new sense of community and contribute to new ways of bonding. The changes offer PSM new chances to function as an enabler, partner and a point of reference (See also EG3 report in Annexe 9).

3.3 MEDIA CONSUMPTION TRENDS: PERSONALIZED, FRAGMENTED AND NETWORKED

Social and economic trends have led to a large variety of lifestyles and a growing diversity of media consumption patterns. Technological trends both stimulate and enable this growing diversity. Digitization and the internet have enabled an increasing content offer, available on an increasing number of digital channels and online services and consumed on an increasing number of mobile and connected devices. They also enable more individual and personalized media consumption. These trends are likely to continue in the next decade.

3.3.1 Europe almost fully connected to digital networks

Digital broadcast networks continue to expand and will reach almost all European households in the next five to ten years. Penetration (on primary TV sets) of digital TV is currently 71% in Europe (85% for EU-only countries) and is foreseen to reach 90% among European households by 2017 (93% for EU-only countries). Figure 3.7 shows that by 2020 almost all European households will have access to digital TV services.

FIGURE 3.7 DIGITAL TV PENETRATION IN EUROPE (% OF TV HOUSEHOLDS)

Western Europe
Central and Eastern Europe
Europe
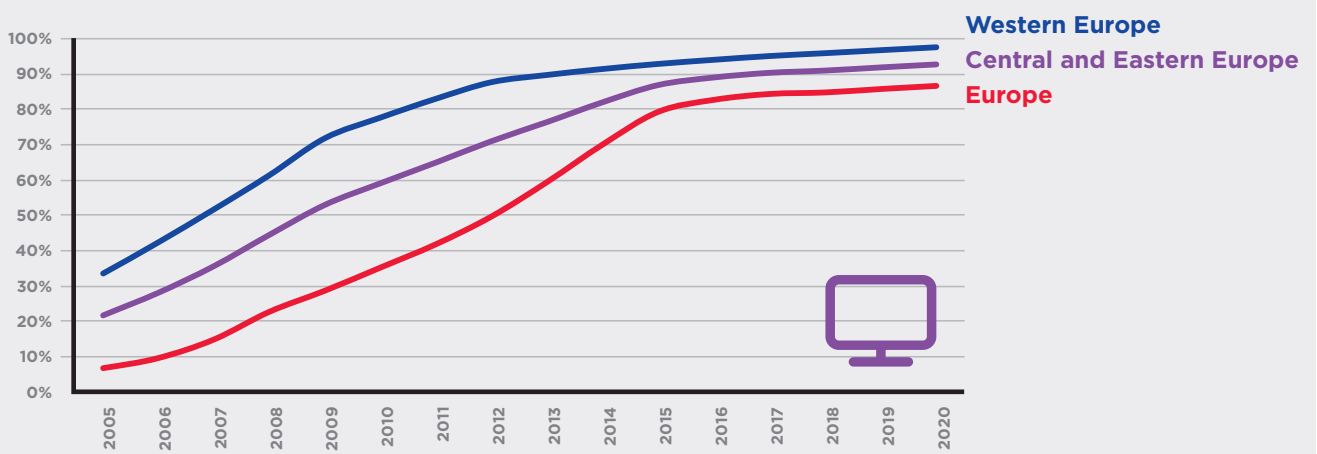
By 2020, TV will be digitized in 98% of western Europe and 87% of eastern Europe.

Source: IHS Electronics & Media

BOX 1: COMPETITION BETWEEN NETWORKS: DTT, SATELLITE, CABLE, XDSL, FIBRE-TO-THE-HOME

In Europe terrestrial broadcast is still by far the most popular distribution platform. Almost half of the audience receives television through terrestrial networks. The digital switch-over to digital terrestrial broadcast (DTT) is almost complete in western Europe. The use of cable and satellite has been relatively constant over the past few years. They are used respectively by almost one-third and one-fifth of the total television viewing audience. IHS expects that by 2017 as many as 27% of households will rely on DTT for their primary TV viewing.

By 2017, satellite is expected to be the first means of access to TV services on European primary TV sets (38%, compared with 34% in 2012). Cable and DTT will be the main access to TV services for about 27% of European households each, while IPTV will grow to 10% by 2017. Apart from Romania, all EU countries had switched off analogue terrestrial transmission by the end of 2013.

These data hide the great variety among European countries. Nordic and Baltic countries, Benelux and Germany will remain highly cabled countries whereas southern Europe will rely far more on terrestrial TV services. IPTV will become the first TV distribution method in France, Portugal and Slovenia by 2017.
In some countries a particular distribution network is and will remain dominant (for instance terrestrial TV in Spain, cable in Belgium or satellite in Turkey); but in most countries the distribution method will tend to become more balanced between terrestrial, cable, satellite and IPTV (see Annexe 3).

Source: EBU based on IHS Electronic Media Digest
Data in the *Special Eurobarometer 396. E-Communications Household Survey* of November 2013, show a slightly different picture. In particular they indicate a lower share of satellite households, possibly due to different measurement methods (e.g. different geographical scope). As the Eurobarometer does not provide forecasts, we followed the IHS data.

The growth of digital broadcast networks will also lead to an increase in the number of households that have access to digital programmes and channel packages. Currently, most European households already have access to a large number of digital programmes and channel packages, including those of international broadcasters, interactive services and broadband internet. Already by 2017, all European TV households will have access to multichannel packages (Figure 3.8).

Although general interest channels still have the largest audience share, it has decreased over the past decade and the shares of targeted and special interest TV channels have grown.

In addition, almost two-thirds of European households will have access to broadband in 2020, compared with 53% in 2012 (Figure 3.9). An estimated one-third of all homes in Europe will still not be connected to broadband internet in 2020, either because in some remote areas broadband networks are not available, or because they can't afford it or are not interested. Within Europe there are also large differences between countries, with a considerably lower penetration rate in central and eastern European countries than in western European countries.

FIGURE 3.8 MULTICHANNEL TV PENETRATION IN TV HOUSEHOLDS

2005 — 53%

> 2016 — 100%
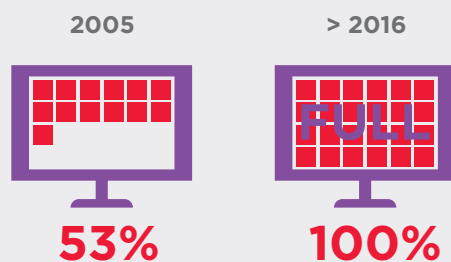
Source: EBU, based on IHS Electronics & Media

FIGURE 3.9 BROADBAND PENETRATION IN % OF HOUSEHOLDS

2005	2020	2005	2020	2005	2020
35%	55%	49%	73%	16%	33%
Europe Total		Western Europe		Central and eastern Europe	
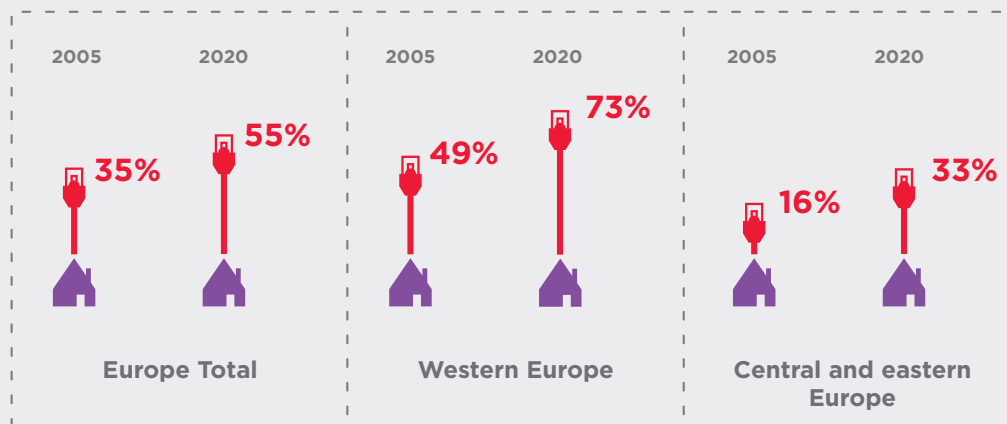
Source: IHS Electronics & Media

In the foreseeable future broadband is unlikely to achieve universal reach and offer a substitute for broadcast networks as the main deliverable method for TV (see Box 2). For radio, digitization has had different consequences.

BOX 2: BROADBAND NO FEASIBLE ALTERNATIVE FOR UNIVERSAL REACH OF BROADCAST

Internet services will be convenient and available in urban areas and sometimes also in less populated areas. However, there will be wide variation in what 'broadband internet' actually means in terms of bandwidth and speed. It is unlikely that PSM's public service goal of universal coverage (> 95%) will ever be reached with broadband internet, all over Europe. Moreover, broadband internet cannot always ensure good reception of audiovisual content when many people use the network simultaneously. Its capacity to consistently provide high-definition or ultra-high-definition video to everyone at the same time is even less sufficient. Broadband internet will therefore not be a feasible replacement of broadcast networks in the foreseeable future. Broadcast networks are, and will remain, the most efficient way to deliver high-quality video to large numbers of viewers at the same time.

Nevertheless the use of broadband internet for consuming audiovisual content will increase in importance for many people, as will the use of mobile internet and personalized media offers.

Another major related question is who will bear the future costs of increased bandwidth use. Will the widely offered flat-fee model be sustainable in the future, when the use of mobile and online audiovisual content increases? Will ISPs impose data caps on internet traffic or will they charge users according to their data use or will the costs be transferred to content providers (e.g. broadcasters)? Will broadcasters then need to charge (more) for access to content? All three options might create new inequalities regarding access to networks and content. These developments will have an impact on PSM's considerations regarding the extent of their online activities and/or their shift from broadcast to broadband content distribution, especially because their remit includes the principle of universal access.

Radio production turned digital well before television but its consumption has remained almost exclusively analogue (FM and AM together cover 95% of radio consumption) making it a shrinking analogue island in a growing digital ocean. FM remains the most used means of delivery in Europe, and unless there are national policies to switch it off FM, it may remain so. It may be that (digital) broadcast radio capability will be included in some tablets and smart-phones (a digital radio chip), and we may therefore see a progressively greater use of digital broadcast radio.

So far, there has been no large-scale adoption of DAB receivers. It will only happen when extra services and con-venience are offered and when the migration is supported by government policies.

3.3.2 Enormous growth spurts in mobile devices and second screens

The rollout of digital networks and the growth in digital devices have gone hand in hand. Between 2007 and 2012 the number of internet-connected devices more than doubled, from 406 million connected devices in 2007 to 888 million in 2012 (figure 3.10). In 2020 there will be almost two billion connected devices in European homes, most of them being smartphones (948 million) and PCs (419 million). This represents around 8 connected devices per broadband household. This is yet another indication of the growing potential of individual use of audiovisual content.

BOX 3: TERRESTRIAL DIGITAL RADIO / DAB+

Analogue FM broadcast is still by far the dominant distribution medium for radio. While in the television sector national governmental programmes have regulated the switch-over from analogue terrestrial broadcasts to digital, this has not happened with radio. Only some countries have digital radio via DAB(+) in addition to FM radio distribution. DAB(+) is less expensive in transmission costs for the broadcaster, could offer higher-quality audio, a greater number of channels, additional services and potentially make it easier for the user to find stations. However, FM has a vast existing base of receivers, and so far consumers have found little incentive to buy digital radio tuners. While we can expect that analogue television broadcasting will be history by 2020, it remains to be seen whether radio broadcasting over the air will have a full digital footprint. But in the long run, all media will be digital and sooner or later radio over the air will need to transition to digital. This will only happen, however, with the support of regulation, a government plan for switchover, additional services and a large-scale public campaign.

FIGURE 3.10 INSTALLED CONNECTED DEVICES IN EUROPE (IN MILLIONS)

Digital media adapters
Pay TV set-top boxes
FTA set-top boxes
BD players
Smart TVs
PCs
Game consoles
Tablets
Smartphones
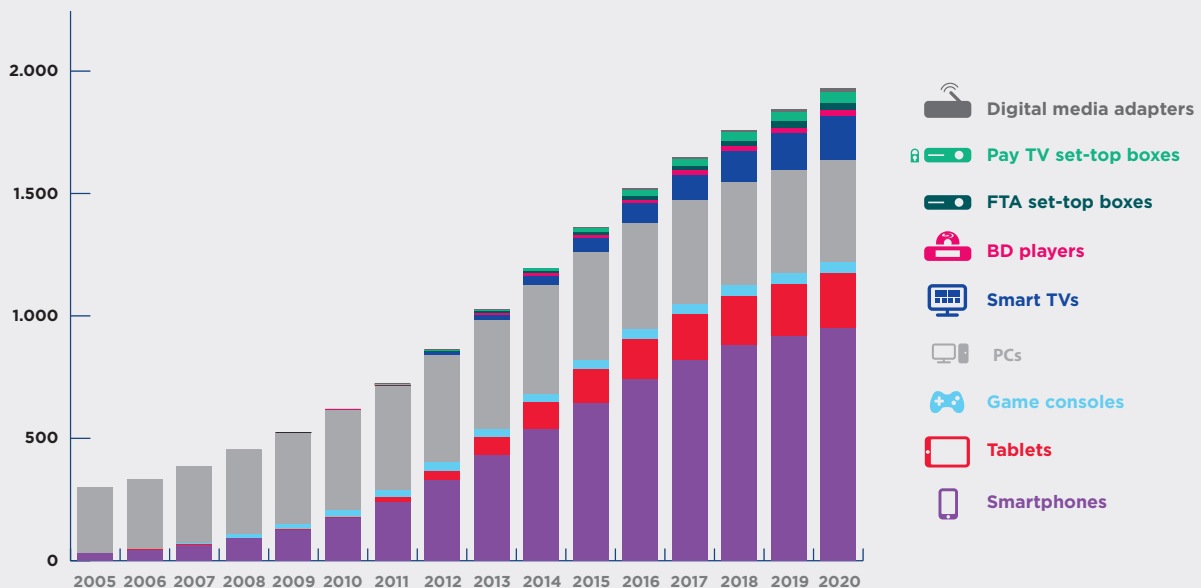
By 2020 there will be around 2 bn connected devices across Europe. More than 8 connected per broadband household.
Source: IHS Electronics & Media

In particular, ownership and use of smartphones have shown impressive growth spurts over the past few years. In Sweden, for instance, only 7% of 16 year-olds had used a smartphone in 2010, compared to 94% in 2013. It is predicted that in Britain by 2017 between 94 and 98% of mobile phone users aged 12 to 44 will have a smartphone[1]. In Denmark almost half of young people aged 25–39 now use the internet almost daily from their mobile phones. They spend a full 75 minutes a day using their phones for things other than voice calls[2]. In Europe as a whole, smartphone penetration (in % of total subscriptions to mobile phones) will reach 81% by 2017 and there will be more smartphones than people. The growth in the number of tablets is also spectacular, it took off in 2005 when there were 5 million tablets, in 2013 there were 74 million and in 2020 there will be an estimated 225 million tablets (Figure 3.10).

Mobile screen devices (i.e. smartphones and tablets) are thus becoming ubiquitous and enable a multitude of functions, such as surfing, texting, phoning, reading, chatting and drawing. They are also increasingly used for watching TV, films and video clips and for listening to music or radio programmes, live or on-demand. In some situations people will watch full-length programmes and films on second screens. In other situations (while standing on the bus stop or during other 'time-killing' moments) they are more likely to select short clips. In households, second screens will enable private viewing and listening. Broadcasters will have to offer their content in different lengths, for consumption in different situations and at different moments throughout the day. They need to ensure that their channels are easily available as apps on these mobile devices.

Mobile screen devices are not only used as play-out devices for regular broadcast content though: they also offer numerous options to enrich the TV viewing and radio listening experience, with additional information, programme extensions, and participation options. TV viewing and radio listening, even when linear, will in this way become much more diversified experiences. Second screens can distract people's attention from the TV screen to other activities, such as chatting with Facebook friends, answering e-mails or making online purchases. But they can also increase the impact of programmes or function as marketing tools for TV viewing and radio listening.

Frequent use of second screens for interacting with radio programmes might be less likely. Radio listening is often combined with other activities, such as housekeeping, working, driving or making homework, which makes it more difficult to simultaneously operate a second device. Another obstacle to second screen use in combination with radio listening, is that smart phones and tablets currently do not have an in-built radio receiver.

However, once systems like RadioDNS become more widely implemented or once more mobile devices have radio receivers, more and new options for enriching radio programmes with online content and interactivity will open up. Radio DNS connects the possibilities of the internet, such as interactivity and personalization, with broadcast radio, and thus enables the development of a hybrid content strategy. Options for interactivity and enriched content are also likely to grow with the increased use of apps for mobile radio listening.

3.3.3 Linear and live radio and TV relatively resilient
Technological innovations offer new and enlarged options for media consumption, but the ubiquitous availability of digital networks and connected devices in itself does not mean that people actually use all their functionalities and switch from broadcast radio and TV to new online audio and video services. Research data show that linear TV viewing especially has been quite resilient.
So far new technologies and content offers have not grown at the expense of traditional TV viewing. Live listening to broadcast radio has also remained relatively strong, although music radio has already been affected more fundamentally by on-demand services. Figures on the distribution of time spent on various media shows that the growth of time spent on the internet has impacted the use of print media strongest, and to a lesser extent, radio. However, the impact of on-demand services will continue to grow. For 2020 it is expected that, even though linear, live TV viewing will remain the dominant viewing mode, an increasing proportion of it will have been replaced by on-demand TV viewing.
Figure 3.12 shows that in the five largest European countries (UK, Germany, France, Spain, Italy) up to 2012 both linear and non-linear or on-demand TV viewing increased. After 2012, the total viewing time is expected to continue to increase, but on-demand will grow faster and at the expense of linear TV viewing. In 2020, 48 minutes out of 273 minutes per day is expected to be viewed as non-linear (i.e. 17.5% of total viewing time). With 225 minutes per day, live, linear TV viewing will then be back at the level of 2010.

[1] Source: www.newmediatrendwatch.com
[2] Source: DR research department, Media Development 2012

FIGURE 3.12 EVOLUTION OF LINEAR AND NON-LINEAR TV VIEWING

0,5   10,2   29,1   48

Non Linear   **Linear**

218   226   231   225

2005   2010   2015   2020

Minutes per person per day average in EU big 5

Non linear = on-demand, PVR & timeshifted TV

Source: IHS: Cross-platform Television Viewing Time FY 2012
Note: Forecast from 2012 // * 2020 forecast by EBU
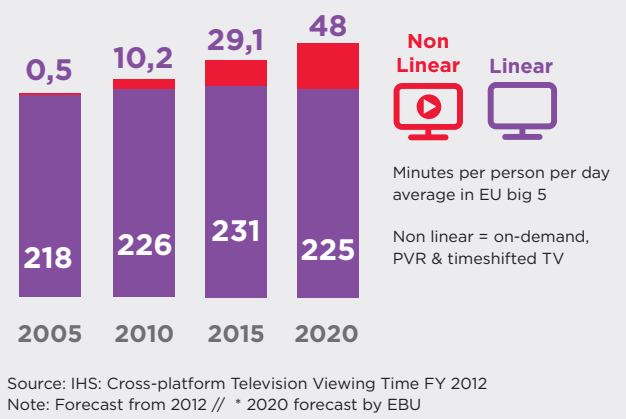
On-demand viewing is expected to grow especially for genres like drama, comedy, film, and documentary. For breaking news, major events, sports matches, daily talk shows, game shows, contests and all other live programmes, an important part of the viewing pleasure derives from the urgency, from watching simultaneously with others and the feeling of being part of the event. These genres will therefore still predominantly be watched live by many people simultaneously.

Viewing behaviour can change more rapidly when even more people have their TV sets connected to the internet and on-demand services become more easily available and accessible, and offer a more attractive catalogue of high-quality and popular national and international content. This is illustrated by the launch of Netflix in Denmark. While general TV viewing dropped by 8% between 2012

and 2013, among the users of online streaming services this was already 25%. Although other factors, such as the underperforming of the main commercial channel TV2, might have contributed to this drop, according to DR, an estimated one-third of the decline can be attributed to people starting to use streaming services, of which Netflix is currently the largest.[3]

FIGURE 3.13 THE NETFLIX MOMENT

NETFLIX

General TV Viewing **8% drop**
Among people using online streaming services **25%**

Source: DR

3.3.4 Radio listening: a mixed picture

The growing use of the internet has had more impact on radio listening. Radio's overall weekly reach has declined on average by almost 1.7% over the past decade. It is still high in most countries (84.4% on average in 2012), but a slow decline is expected to continue (Figure 3.14).

FIGURE 3.14 RADIO WEEKLY REACH IN 16 EBU MEMBERS' COUNTRIES

2003   2012   2020

86,1%   84,4%   ?

The dotted line after 2012 is an estimate based on the extrapolation of the trend between 2003 and 2012 (in workshop with NRK, SR, BBC research departments, November 2013)

Source: EBU, based on Members' Data from 16 countries
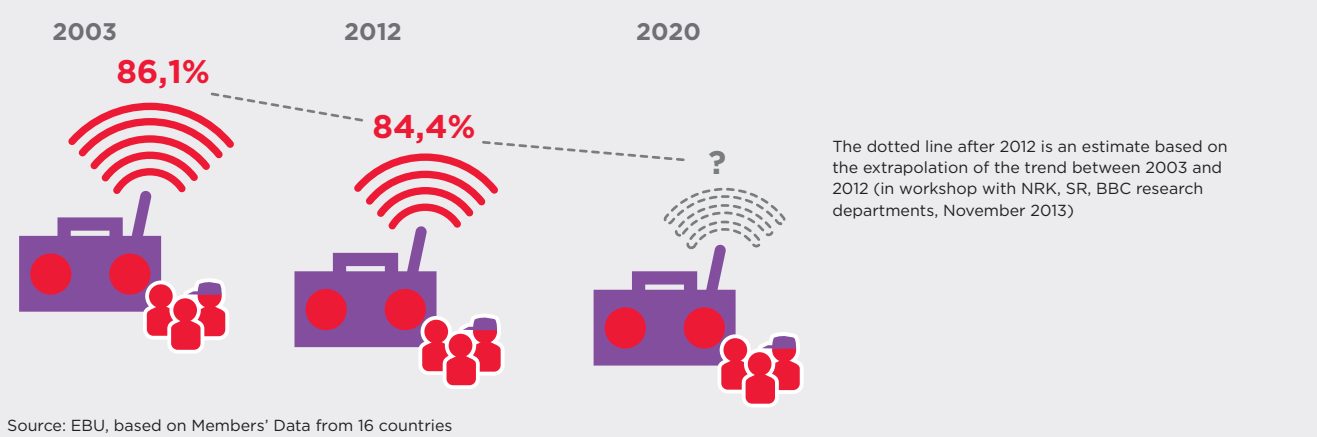
[3] Figures from DR Audience Research Department

While radio reach is slowly declining, average radio consumption time per listener is falling more sharply. Figure 3.15 shows how average daily radio listening time in European countries has been declining, by almost 5% between 2003 and 2012. It is expected that this decline in radio listening hours per day will continue towards 2020.

The decline in traditional radio listening across Europe can be attributed to the availability of an increasing choice of alternative (on-line) audio content. This trend is more marked for younger people, among whom radio reach declined more sharply and whose radio consumption time dropped 16% between 2003 and 2012, and even more sharply in advanced media markets, such as Denmark.
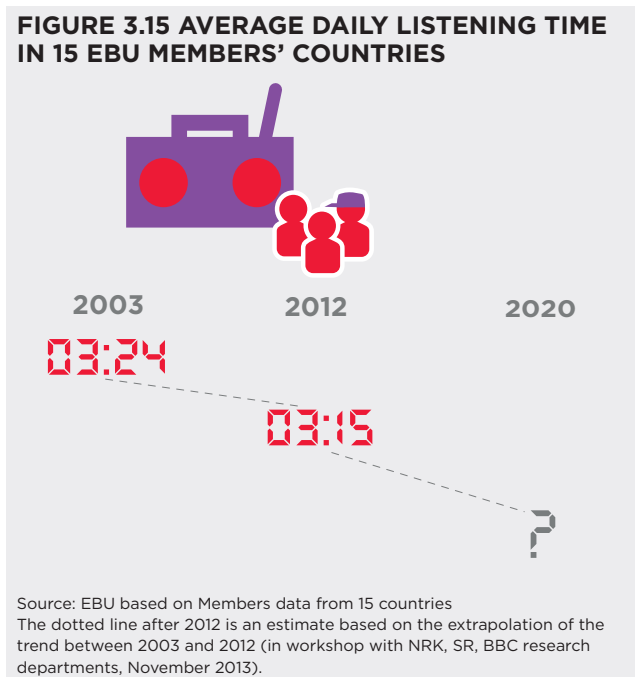
Figure 3.16 shows how the average daily listening time dropped more sharply among younger people in Denmark compared to the general population and is expected to continue to drop in the coming years.

FIGURE 3.15 AVERAGE DAILY LISTENING TIME IN 15 EBU MEMBERS' COUNTRIES

2003   2012   2020

03:24

03:15

?

Source: EBU based on Members data from 15 countries
The dotted line after 2012 is an estimate based on the extrapolation of the trend between 2003 and 2012 (in workshop with NRK, SR, BBC research departments, November 2013).

FIGURE 3.16 AVERAGE DAILY LISTENING TIME – ALL RADIO DENMARK

2003   2012   2020

all   02:11

01:59

?

young   01:24

01:06

?

Source: EBU based on Members Data

For the younger age groups, music radio has been partly replaced by TV music channels and new online music services, such as YouTube, Spotify, Deezer, Pandora and iTunes. However, the relation between a decline in radio listening and the growth in online music services is not as clear-cut as one might expect. Research from Swedish Radio showed for instance that the most avid Spotify users were also heavy radio listeners.

Similar data come from BBC research. The BBC expects that radio will still be a core medium in 2020, but some of the total time spent on radio, will have moved to listening and browsing on mobile devices.

In Sweden daily radio reach declined by 14% between 1998 and 2013.[4] However, the public broadcaster Swedish Radio managed to reverse the trend and its declining listening figures came to a halt five years ago, while the decline in reach of commercial radio continued. This shows that a decline in reach is not necessarily irreversible and can be affected by changing one's programming strategy. There are also substantial differences between demographic groups and radio channels, with the largest decline among young people and SR's regional channels (P4). However, SR expects that overall radio reach, as well as the public radio channels' reach will also show a slow decline in Sweden in the next decade.

As a share of the total listening time, on-demand listening is still relatively small, but likely to grow, especially among young people. According to data from Swedish Radio's research department, broadcast radio still accounts for more than half of youth music listening in Europe, but YouTube and other streaming and on-demand services are gaining ground.

Figure 3.17 shows how 77% of Danes listened to music on public radio in 2012, remaining the most common way of listening to music in Denmark. A third of Danes use online music services. This rises to 49% for 15–29 year-olds. Spotify became available in Denmark in autumn 2011. It is now the most commonly used online music service, with 58% using it in 2012. This incredibly fast growth is due to an effective marketing campaign and the possibility to have a free version, which 81% use.

FIGURE 3.17 WHEN AND WHERE DO YOU LISTEN TO MUSIC?

Radio listening on public radio	77%
Own music at home	73%
Music on YouTube	51%
Music on MP3 player or mobile phone	48%
Online music services	31%
Radio listening via a computer or tablet	31%
Music programmes on TV	24%
Radio listening on a mobile phone	23%
Websites that offer listening of single songs	11%
None of these	1%
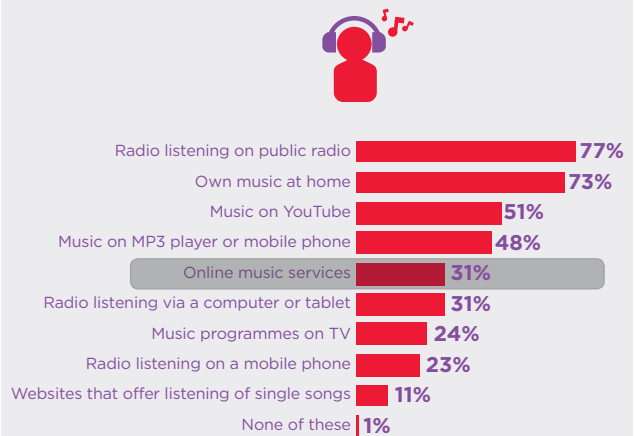
Source: EBU, based on Epinion for DR Audience Research 2012 / 15–60 year-olds

Despite the availability of mobile devices, traditional radio sets (fixed and in cars) are still the preferred option for most listeners. People also listen to radio on TV sets, computers, MP3 players, and mobile radios. In addition, smartphones are becoming more important as radio apps are fast becoming the preferred way of listening to radio. Apps offer many benefits to broadcasters, but perhaps most importantly they allow radio listening to be accurately tracked, which is particularly important for commercial broadcasters, as it enables targeted advertising. PSM can aim for a guiding role in the market for radio apps. In the UK for instance, the BBC radio iPlayer is the most used radio app, replicating its leadership in broadcast media.

So far, most smartphones lack FM or terrestrial digital tuners (DAB+), owing to IT and telecom companies' policies. Radio broadcasters thus lack the opportunity to reach their audiences directly through their free-to-air channels. This weakens the position of radio on mobile devices. Future developments in radio consumption will strongly be affected by the availability of (public) radio on mobile devices, both in apps as well as through broadcast receivers / FM tuners on mobile devices.

3.3.5 Linear and non-linear media consumption converging
In the future the distinction between watching live, linear TV or listening to radio and on-demand watching or listening, is likely to become blurred as connected TVs, radios, tablets and smartphones will enable people to easily

[4] Figures from SR Audience Research Department

switch between both modes (live and on-demand), even on the same screen. From a user's perspective the distinction between on-demand and linear media consumption will therefore become less relevant. It will become more common to compose – automatically updated – personal playlists, not just for music, but also for talk radio and TV programmes. On demand (non-live) content will then start to feel like linear TV viewing or radio listening, but with more options to control and personalize the content. Delivery of content will become more context aware and will be delivered on the platform and device that is most appropriate in a particular context, e.g. on the alarm clock in the morning, on the car radio while driving to work, on the computer in the office, on the smart phone while jogging. Devices will become smart devices and will learn automatically about the person using them.

Blurring boundaries between different media types leads to what is sometimes called 'liquid media': the same or similar content being produced, edited and packaged for different platforms and devices.

3.3.6 Young people's media behaviour as predictor for the future?

Young people's current media behaviour provides us with some clues about what future media behaviour will look like. Young people spend a lot of time on the internet and consume a great deal of media content in a non-linear way, but they combine this with traditional media use. However, some research points to a more fundamental shift. BBC Media Market Insider, for instance, reports a continuous decline in the average number of hours per radio listener (15–24 year-olds) of 4% per annum between 2004 and 2011 (BBC, 2012). BBC data in figure 3.18 also shows a slight decline in TV viewing time among younger age groups, and also among some of the older age groups.

FIGURE 3.18 TV VIEWING FORECAST

Daily hours of broadcast TV viewing per age group (UK) (# hours/person/day)

Declines in TV viewing time are starting to become noticeable in younger demographic groups
Source: IHS Electronics & Media based on BARB
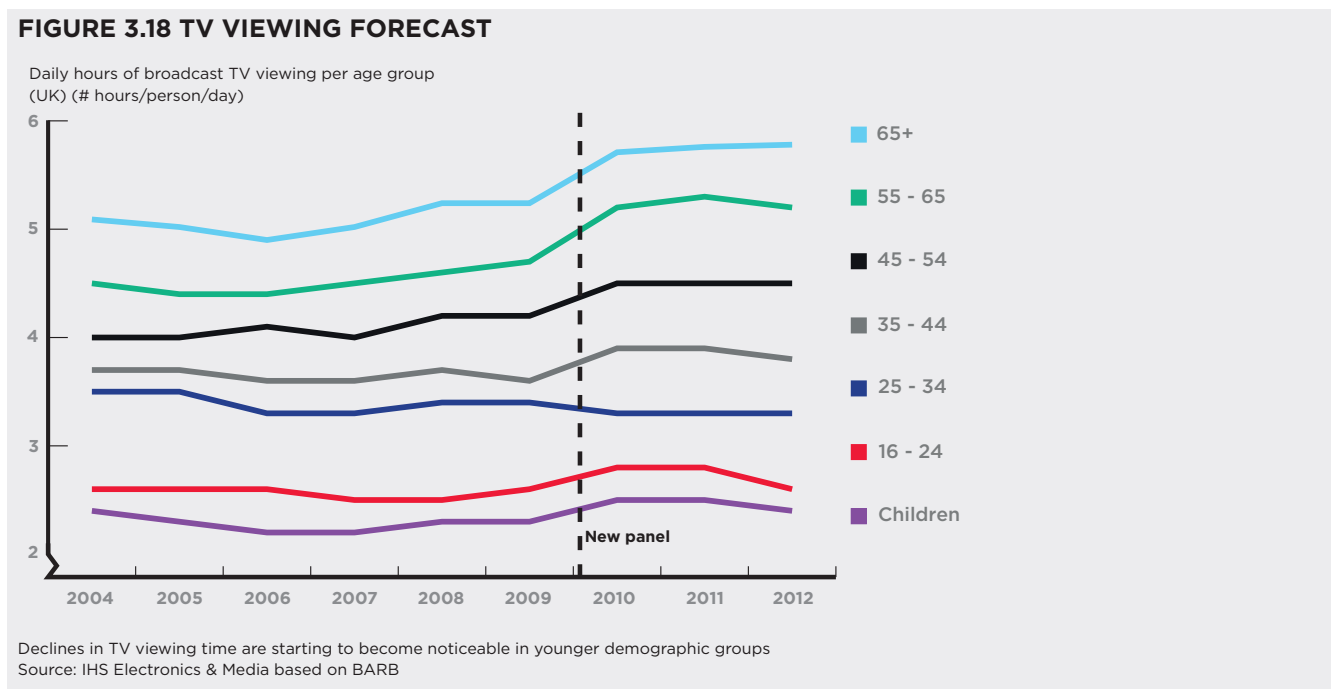
In many markets young adults now spend more time on the internet and on mobile (internet-connected) devices than on TV, radio and newspapers. However, there are notable differences between countries. Although for instance young people both in Denmark and Hungary spend a lot of time on the internet, young people in an advanced market such as Denmark spend more time on the internet than on TV viewing, whereas this is not the case in Hungary, where young people still spend more time watching TV than using the internet.

So far the increase in internet use has only slightly affected the total viewing time of young people in some countries. One likely explanation for this seemingly contradictory development is that many people, and especially younger people, are very skilled in multi-tasking and watch TV while checking their e-mail or visiting Facebook, but also responding to radio and TV programmes on Twitter. Young people are adding their use of new media platforms to traditional TV and radio consumption, increasing the overall time they spent on the use of media (by means of a broad

array of different devices and platforms). The internet is very important for them; according to a survey of under-25 year-olds, four out of five young people feel 'lost' without the internet . In a research project of the Dutch PSM, young people indicated that they still watch a lot of TV, but when asked what medium they would miss most, a large majority said they could not live without the internet and social media.[6]

Social media and options to share content with peers are also very important for young people. IAB found that 82% of young people use social media weekly and 70% daily, compared to an average of 62% and 40% respectively for all internet users.[7]

Some research has focused in particular on young people's news consumption. VRT has, for instance, conducted research that follows the use of media and devices throughout the day for people in different life phases. They find that young people in Flanders already consume 50% of their news online.[8]

Sites like Buzzfeed and Vice are popular news sites among younger audiences. Social media also play an important role in news consumption: in Europe 43% of young people, aged 16–24, find their news on social media rather than through traditional radio, television or newspapers.[9]

US data show a considerable decline in TV news consumption over the past few years. When asked whether they viewed the news on TV the previous night only 34% answered affirmatively in a 2012 survey, compared to 49% in 2006 (see Figure 3.19).

FIGURE 3.19 TV NEWS CONSUMPTION YOUNG PEOPLE 18 - 29, USA

49% → **34%**

-15%

2006 — 2012
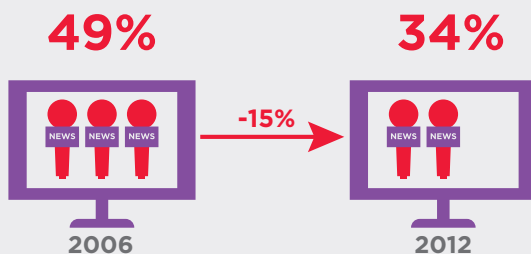
Source: PEW Research Centre 2012 News Consumption Survey. Q13.

[5] Source: The Telegraph, 2012
[6] Source: NPO/KLO, 2013
[7] Source: IAB Mediascope, see also Annexe 2
[8] Source: Mediamomenten, VRT, 2013
[9] Source: European Journalism Observatory, 2013
[10] Eurostat data 2009–2012, See Annexe 2

Usually media consumption habits change when young people become adults. Their daily life rhythm and media consumption will often change, especially if they settle down and have more regular working lives and/or families. They will then spend more time, for instance, around the home and watch TV together. Even so, the current younger generation have grown up with computers, smartphones, tablets and other digital devices, and are used to the convenience of having 24/7 access to (personalized) media on all these devices. Their content preferences and ways of using the devices might change to some extent, due to changing daily schedules, responsibilities and information needs. But they are likely to stick to the habit of being continuously connected and to access news and other types of content on mobile devices, as they grow older.

3.3.7 Social media explosion
The use of social media platforms has exploded over the past 5–8 years. But there are substantial differences between countries, with the highest share of the population using social media in Iceland and the Netherlands (both 65% in 2012) and the lowest shares in Romania and Italy (22% and 29% respectively).[10]

BOX 4: SOCIAL MEDIA USE

Research from Pew among US adults (>18) presents a number of socio-demographic data on social media users. Men and women use social media more or less in equal proportions, however they partly use different social networks, with women being more active on Facebook, and men more on LinkedIn and YouTube. Of all social media users, 21% are between 18 and 29 years old, 33% between 30 and 49, 37% between 50 and 64, and 18% older than 65. Social media are also used to consume and exchange news. This happens in particular on the largest social network Facebook, where almost half of the users consume news. This is also true for Twitter, although it is a much smaller social network. On other social networks, such as LinkedIn, Google+, Instagram and Pinterest news consumption is much lower.

Source: Holcomb, J, J. Gottfried an A. Mitchell, (2013). News Use Across Social Media Platforms. Pew Research Journalism Project, 14 November 2013. http://www.journalism.org/2013/11/14/news-use-across-social-media-platforms/

There is some evidence that users have also become more active and that the 90–9–1% rule is shifting. This 'rule' states that only 1% of the audience actively contribute to online content and initiates conversations, 9% occasionally respond with a small comment to online discussions, while the vast majority, 90%, only passively follow what is going on. The BBC has conducted research that shows that currently only 23% remain passive, while 60% participate in easy ways on social media platforms (liking, sharing, posting short comments, etc.) and 17% are very active (Figure 3.20).

FIGURE 3.20 PARTICIPATION LEVEL IN 2006 AND 2012

2006	**90%** PASSIVE	**9%** EASY	**1%** INTENSE
2012	**23%** PASSIVE	**60%** EASY	**17%** INTENSE

Source: BBC Online Spring Briefing, May 2012
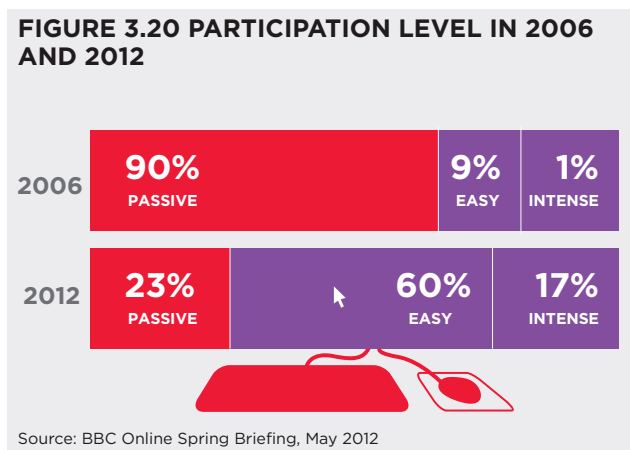
Social media also affect how – especially younger – people use traditional media, in particular how people find and select content, as many people use these platforms to share and recommend TV or radio programmes to their peers.[11]

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[11] Source: *Multiplatform content and services 2012,* Horowitz Associates, Inc. Market and multicultural research

3.4 PRESENT PSM PERFORMANCE IN A DIGITAL WORLD

3.4.1 Online and mobile PSM services today

Following the trend towards a converging media land-scape, public service broadcasters have diversified and expanded their activities to the digital online and mobile domain, and have become public service media companies. They have launched specialized, digital channels, catch-up and on-demand services, and have expanded their offer into the online and mobile domain.[12] In 2013 they broadcast 275 national and international TV channels in the EU, more than 180 national and international radio services, hundreds of regional and local services (EBU) and already more than 400 on-demand services (European Audiovisual Observa-tory, 2013).

Some PSM have launched extra digital channels to reach younger audiences, which they find difficult to reach with their general interest channels. Examples are the digital TV channels BBC Three and BBC Four, the announced ZDF/ARD Jugendkanal, BBC's Radio1Xtra, NPO's FunX and youth channels of RTE, SVT, DR, and others].

By launching a variety of services, often already in the early phases of the world wide web, PSM opened up new markets by introducing audiences to the potential of these new services. This was for instance the case with the online players for on-demand radio and TV services launched by PSM (BBC iPlayer, BBC news, Yle player, NPO player). Some PSM also offer their on-demand services in digital TV packages. They have made their radio and TV channels available as live streams on the internet and – more recently - through apps on mobile devices. Increasingly they provide hybrid services, combining linear and on-demand services for connected devices.

PSM run online streaming radio channels and radio apps. They also make their programmes and channels available in third party online music services. SR for instance offers a selection of 4-minute radio clips (comedy, sex advice) on the Spotify platform. In the online domain PSM face competition from many other radio and online music services. When making their radio channels available on line, PSM depend to a larger degree on gatekeepers, such as the device owners, network operators, car manufacturers and online music services.

Still, on-demand and time-shifted radio listening are rel-atively small compared to live listening. PSM report that most radio content is not really suitable for 'catch-up' listening and most broadcasters do not have the rights to offer on-demand music, although several broadcasters are seeking additional content rights, particularly for music.

In non-music genres there are more opportunities for catch-up and on-demand radio services (for instance podcasts). The most popular and suitable content for on-demand services appears to be spoken content such as drama episodes, comedy and factual or non-fiction programmes. Some broadcasters are experiencing high numbers of downloads for these types of content. In this domain serious talk radio is in competition, for instance, with: TED talks, newspapers producing podcasts, such as the Guardian and the Economist, universities, etc.

Radio broadcasters are experimenting with interactivity and personalization. However, the overall view is that the majority of listeners will always want to listen to radio, either passively – i.e. in a lean-back mode – or while doing something else. At the same time some social radio formats have become relatively well developed and popular. In these formats social networks are used to build communities around popular programmes and DJs. Youth radio channels in particular often have an extensive community of followers on social media platforms with whom they interact.

In the commercial sector, there are several examples of playlists that are generated automatically, based on listeners voting online or via mobile phones. Public broadcasters are also experimenting with these types of services. For example, BBC6 Music in the UK is allowing listeners to interact digitally in various ways on its Now Playing show. This enables listeners to interact and shape playlists via Facebook, Twitter, etc. The end decision on which tracks will be played next remains in the hands of the studio DJ or studio guests.

There are more and more options to enrich the radio experience with metadata, visuals, videos, social/interactive functionalities and other new value-added services. Digital radios may have small screens that allow radio programmes to be illustrated by multimedia additions. They could be delivered in the radio channel itself, or via an internet link. There is great potential for PSM to bring content from the internet to the radio experience. If screens with higher capability, such as those on tablets, display the content, the experience can be even better. It remains to be seen whether this potential is realized. The lack of national policies for radio in many countries, and the slow penetration of digital radio make it difficult to predict.

3.4.2 PSM audience share development between 2005–2012

The average TV audience share for PSM (based on data from almost all EBU Members) has declined. Figure 3.21

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[12] Suàrez Candel, R. (2012). *Adapting Public Service Media to the multiplatform scenario: challenges, opportunities and risks.* Hamburg: Hans Bredow Institute for Media Research.

shows how between 2005 and 2012 there has been an average decline of almost 20%, from 26.7% to 21.5%.

There is a large variation between countries. PSM in Flanders, Finland, Italy and Germany have audience shares of 40% or more, while Slovakia, Hungary and Spain had a market share of under 20% in 2012.

FIGURE 3.21 EVOLUTION OF EBU PSM AVERAGE TV MARKET SHARE

Average TV market share evolution of EBU PSM Members' organizations
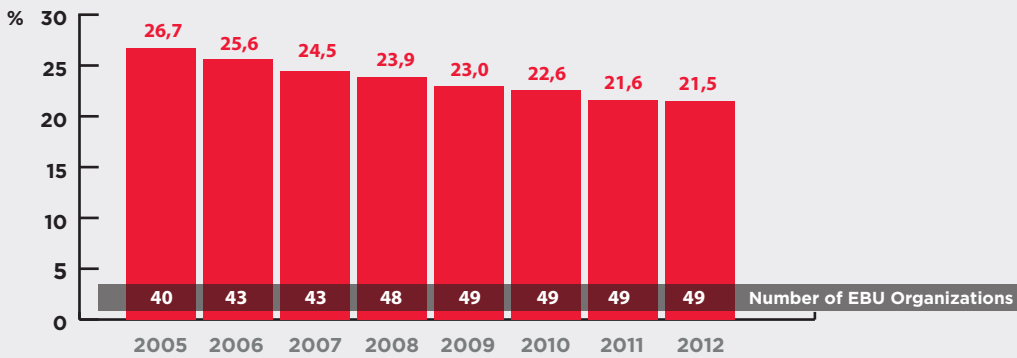
EBU PSM Members 2012 average market share was at the same level as in 2011, but compared with 2005 they have experience a decline of -19%, from 26.7% to 21.5%

Total number of measured TV channels
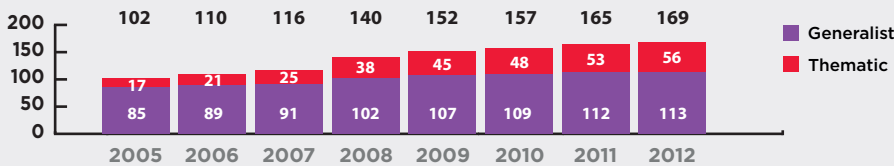
Source: EBU, based on Members' Data and Eurodata TV Worldwide / Relevant Partners

Almost all PSM suffer from a narrowing demographical reach. They have greying audiences, whose proportion in the PSM audience exceeds their proportion in the population. At the same time, PSM in general have a relatively low reach among younger and ethnic minority viewers and listeners and among less educated sectors of the population.

Figures based on the TV audience share for a smaller selection of 16 EBU Members show that, while the average market (TV audience) share for PSM in 2012 in the EBU is 27.9%, it is only 18.2% for young adults. In addition, the decline in audience share has been sharper among younger people. Between 2003 and 2012 the average audience share declined by 13%, but for the younger audience by twice as much (27%).

There is only scattered evidence available of PSM market shares among ethnic minorities. Most audience research

departments do not distinguish between different ethnic groups in their results, either because they object in principal to ethnic categorization and/or because survey agencies are for various reasons unable to incorporate sufficient representation of ethnic minorities in their audience panels. In general PSM do not have a very good track record regarding their reach and popularity among ethnic minorities. Some PSM manage to produce successful culturally diverse or inclusive programmes, which are equally successful among mainstream audiences and ethnic minority audiences. And some PSM have launched radio channels that successfully target a culturally diverse, usually younger audience, with a mixture of urban and 'world' music styles (for instance: FunX/NPO, BBC Radio1Xtra).

Overall, though, PSM's reach among ethnic minorities remains low. This can partly be explained by the fact that

ethnic minorities are often among the lower educated groups in European societies, who in general consume more entertainment and other popular genres (film), which are usually offered more by commercial channels than by PSM channels. Increased availability of satellite TV, cable TV and online video has also greater opportunity for ethnic minorities to watch TV channels from their 'home' countries in their native languages. Another part of the explanation for the low reach of PSM among ethnic minorities is that PSM content insufficiently reflects the interests of different ethnic minority groups or is not sufficiently culturally diverse.

The relatively low audience share for PSM among younger people, ethnic minorities and less educated audiences could present a problem for PSM's future legitimation, as they may become less important or even irrelevant to substantial parts of the population that no longer recognize PSM as being a valuable or indispensable part of their media menu.

In the digital domain the reach of PSM's online and mobile services is becoming increasingly important. Although most PSM measure their online and mobile reach in their national markets, EBU or Europe-wide figures are not (or not yet) available for the reach of PSM's on-demand and (mobile) online services. Part of the explanation for this is that there is not yet any standard measurement that is generally accepted by the market.

What is known is that in many countries PSM online news sites are among the top 10 most popular news websites, measured in the number of unique visitors and/or page views. PSM and other broadcasters are also working on more advanced audience measurement tools that take into account the reach of programmes across platforms (for instance NPO, NRK, VRT and FT).

3.5 AUDIOVISUAL MARKETS

3.5.1 A more complex value network

Compared to 20 years ago, the roles and relationships between different companies operating on media markets have drastically changed. Traditionally the activities of content production, aggregation and distribution were relatively separate and were performed by different companies, as represented in the value chain at the top of Figure 3.22. The new media ecosystem is characterized by a much more complicated chain or network, as represented at the bottom of Figure 3.22.

Firstly, new players have entered the market, in particular online companies that offer media services and broadband operators (mobile and fixed) offering new transmission networks and platforms. Secondly, players are taking up more, sometimes new roles in different parts of the

value chain, creating processes of horizontal and vertical integration (represented by the light blue arrows in the Figure). Examples are distributors who increasingly play a role in the acquisition of content and content rights, independent producers who can now reach their customers directly through the internet, without having to rely exclusively on broadcasters. But also viewers and listeners who have become more active as recommenders of content on social networks or as contributors to and sometimes even producers of media content. Consequently, there is more competition in different parts of the value chain, with more national and international players competing for the audiences' attention, as well as for advertising revenues, talent and content rights.

FIGURE 3.22 FROM A SIMPLE TO A MORE COMPLEX VALUE NETWORK
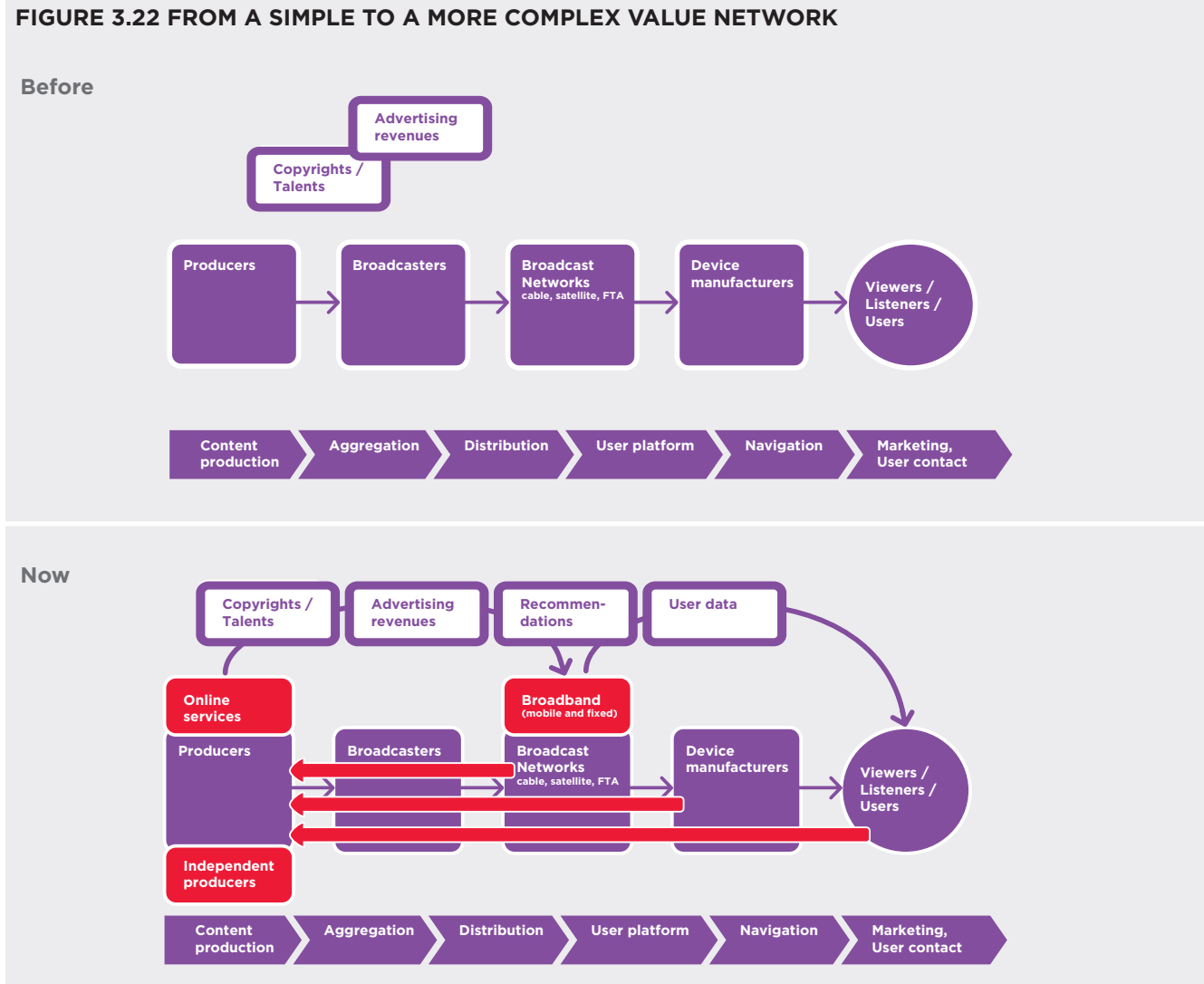
BOX 5: WHAT CAN PSM LEARN FROM DEVELOPMENTS IN OTHER MEDIA INDUSTRIES?

The growth of the internet and internet use has had a considerable effect on many traditional media markets and companies. From a market and industry perspective, the newspaper and music industries have been hit hardest. The growing availability of online news has reinforced the trend that already started earlier, of decreasing time spent on newspaper reading and decreasing newspaper circulation. This trend has been aggravated by a sharp decline in advertising revenues, as advertisers have moved to the internet. Classifieds, employment and real estate advertisements especially have now almost entirely moved online, where contact and purchases can more easily and more directly be accommodated. Everywhere in the western world we are currently witnessing a downward spiral of declining readership and revenues, the need to reduce staff, to merge newspaper titles and editions and sometimes to shut down newspapers completely. Although there are also many new news services emerging, especially on the internet, there are still only very few viable business models for new online news services.
Newspapers are suffering from a loss in readers and advertisers.

For music, the internet and especially peer-to-peer networks have made (illegal) music sharing very easy. The market for CD sales was already saturated by the mid-nineties, as most people had by that time replaced their vinyl collection with CDs. But music sharing on the internet definitely reinforced the strong decline in CD sales. So far this decline has not recovered through increasing sales of digital music, even though in 2012, for the first time in many years, the combined revenues from digital and physical sales are showing a small increase again, as paid-music services gain in popularity.

What broadcasting can learn from these two examples is that changes can come very quickly and very unexpectedly and can cause disruptive developments. Traditional industries are often ill prepared to respond to these changes. Innovation in both the news and music industry has been slow and only happened as a result of outside pressure. Innovations mainly came from new market players that invented new ways to offer news and music and developed personalized and easy ways to access and consume news and music.

Sources: Leurdijk, A. (2013). 'Funding Models for Online News' In: M. Golwacki and L. Jackson (eds.) *Public media management for the twenty first century. Creativity, innovation and interaction*. London, New York: Routledge; Leurdijk, A. Nieuwenhuis, O and M. Poel (2014, forthcoming). The Music Industry and The News Industry. In: Prato, G. de, E. Sanz and J.P. Simon (eds) (2014). *Digital Media Worlds, The New Media Economy*. Houndmills, Basingstoke and Hampshire: Palgrave

3.5.2 More competition for premium content

In the coming years PSM will be confronted with increasing competition for premium content, due to the growing number of content providers. Indicative of this growth is the number of TV channels in Europe (35 countries), which increased within 10 years from about 4,600 in 2002 to almost 11,000 in 2012. The majority of these are regional and local channels. National and international channels rose from 1,180 in 2002 to 5,299 in 2012.[13]

More recently, digitization has again increased competition. National and international broadcasters have launched many targeted and thematic TV channels and a range of video-on-demand and online audiovisual content providers have entered the market. These include so-called 'over the

top' (OTT) services that offer their content over broadband networks directly to customers. In April 2013, the European Audiovisual Observatory identified at least 2,472 on-demand services established in the EU-28. There were only 644 at the end of 2008. Of these, the majority are catch-up TV services, video-on-demand services and branded channels on open video platforms, such as YouTube and DailyMotion (see Figure 3.23). In the years to come it is expected that the number of digital linear channels and on-demand TV services will continue to grow, although the former will no longer show the same growth spurts as at the beginning of broadcast digitization.

[13] Source: EBU based on European Audiavisual Observatory

FIGURE 3.23 GENRE OF ON-DEMAND AV SERVICES IN THE EU28, UNITS, 2013

Sport
42

Archives
22

Others
105

Trailers
43

News/portal
92

YouTube
branded channel

on open platforms
573

Catch-up TV
864
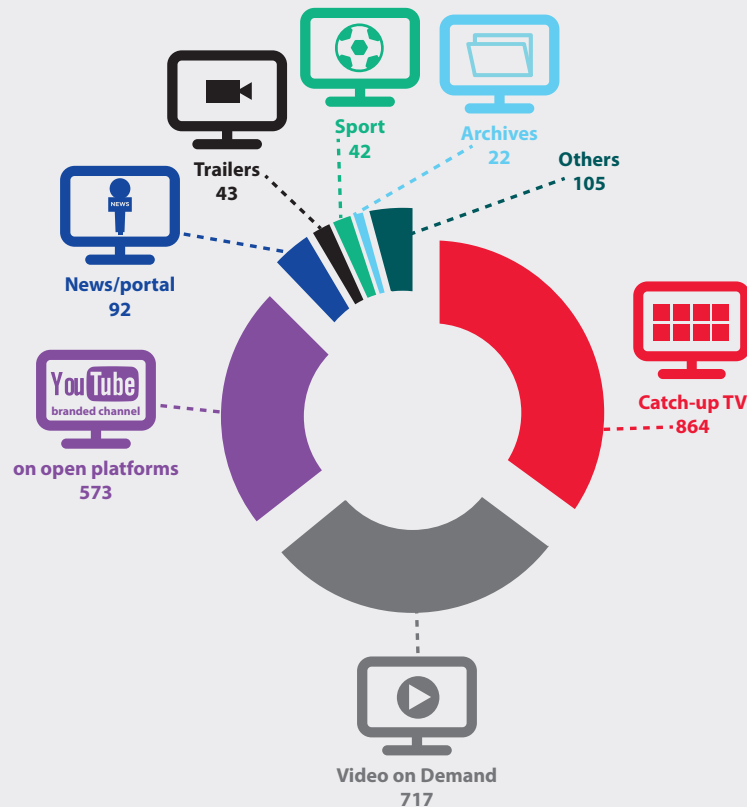
Video on Demand
717

Source: EBU, based on European Audiovisual Observatory

Of the online VoD services, the growth of Netflix has been particularly remarkable. It could lead to a further shift from broadcast to on-demand TV consumption, at least for genres like drama, comedy and film. By June 2013 as many as 29.8 million households had subscribed to Netflix in the USA for USD 8 per month.[14] In 2012 Netflix launched its services in the UK, Ireland and the Scandinavian countries and in 2013 in the Netherlands. Outside the USA, in Europe, Canada and Latin America, Netflix has another 7.8 million subscribers. Netflix is already responsible for one-third of all broadband traffic in the USA at night[15] and has caused shifts in TV viewing, for instance in Denmark (cf. section 3.3.3).

The largest of these players are often international media conglomerates that own large content libraries and are also active on local markets, buying content rights. Competition is particularly strong in markets for film,

drama and sports rights. In the UK, BSkyB owns the rights to the most important sports fixtures. In the Netherlands, Fox has bought the national football competition rights and combines its pay-TV services with a free-to-air sports channel. These competitors impact upon the potential for national broadcasters, including PSM, to gain the rights to popular and high-quality content.

3.5.3 European markets dominated by large, international media groups

Despite the multiplication of TV services, and the apparent fragmentation of the market, ownership remains concentrated in the hands of a limited number of media groups. This is illustrated in Figure 3.24, which shows how in a considerable amount of countries, the four leading groups have a cumulated audience share of more than 80% of the national market.[16]

[14] http://news.yahoo.com/numbers-netflix-subscribers-205626746.html

[15] See: http://appleinsider.com/articles/13/05/14/netflix-accounts-for-13-of-nightly-home-internet-traffic-apples-itunes-takes-2

[16] PSM are included in the measurement, but do not belong to the top 4 media groups in all countries.

FIGURE 3.24 AUDIENCE MARKET SHARE OF THE 4 LEADING MEDIA GROUPS IN EUROPE, 2011, IN %

Four leading groups' cumulated market share

> 80%
65-80%
50-65%
No data
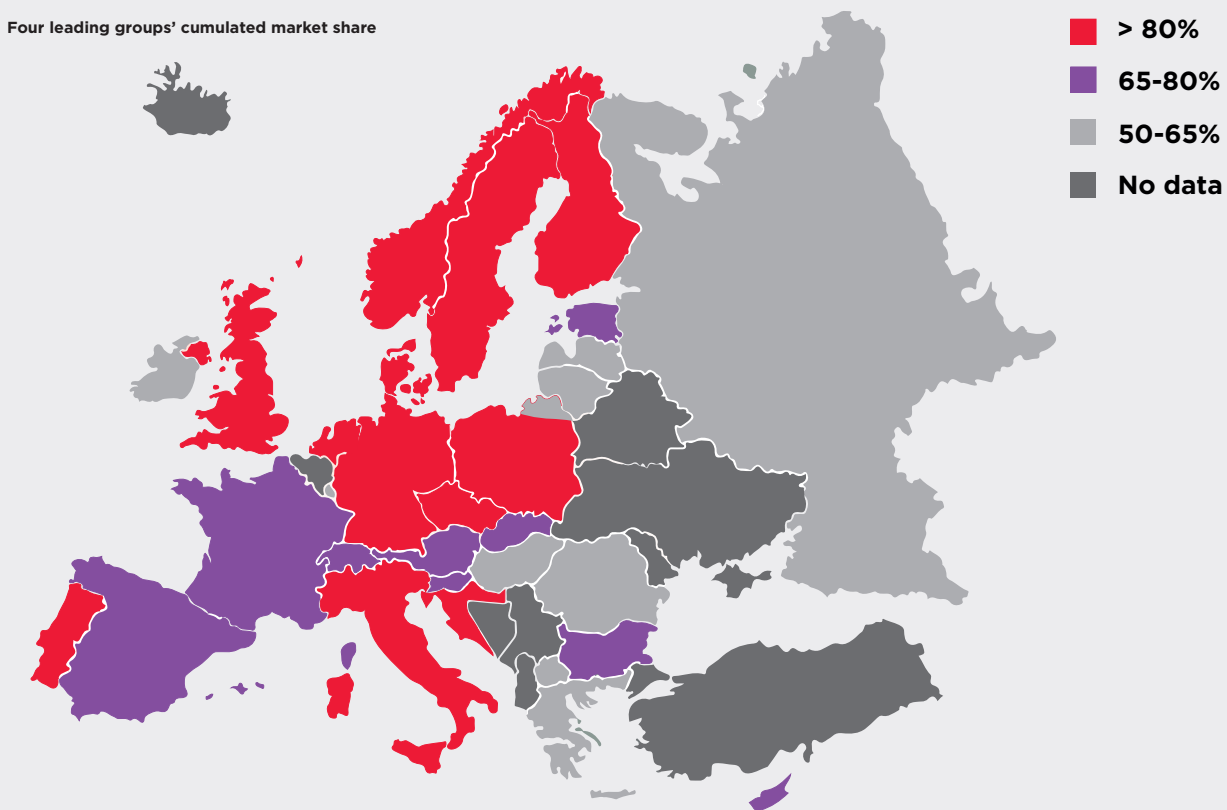
Source: EBU, based on European Audiovisual Observatory

Moreover, European media markets are becoming increasingly dominated by large, international companies (many of US origin), such as Liberty Global, Sky (owned by Murdoch's News Corporation), RTL (owned by Bertelsmann), Disney, Time Warner, Hulu, Yahoo, HBO, Amazon, Apple and Google.

Figure 3.25 illustrates the uneven developments between national and global players. On the left is the total budget of all EBU Members in 2013 (rounded to EUR 34 billion) and the estimated budget of the top 12 commercial broadcasting companies in the EU (EUR 48 billion). The circle on the right represents the main global new media and ICT companies: Twitter, Netflix, Yahoo, Facebook, Google, Amazon and Apple. In 2012 they together had a market value of EUR 790 billion while the traditional media companies (21st Century Fox, Disney, News Corp, Comcast,

Time Warner, Viacom and CBS) together had a market value of EUR 296 billion.[17]

The core activity of most new media companies is not broadcasting or media production. However, they increasingly invest in content (rights) acquisition of mainly US origin and they have taken up important positions as intermediaries between content producers and consumers in the value chain. Their size, as an indication of their market power and potential, is at least 13 times that of the European public and private broadcasters together. Their market power is expected to grow in the coming years, leading to an even more unbalanced market.

[17] The Future Of Digital, 12 November 2013, Business Insider Intelligence

FIGURE 3.25 MEDIA GROUPS ACTIVE ON EUROPEAN MEDIA MARKETS
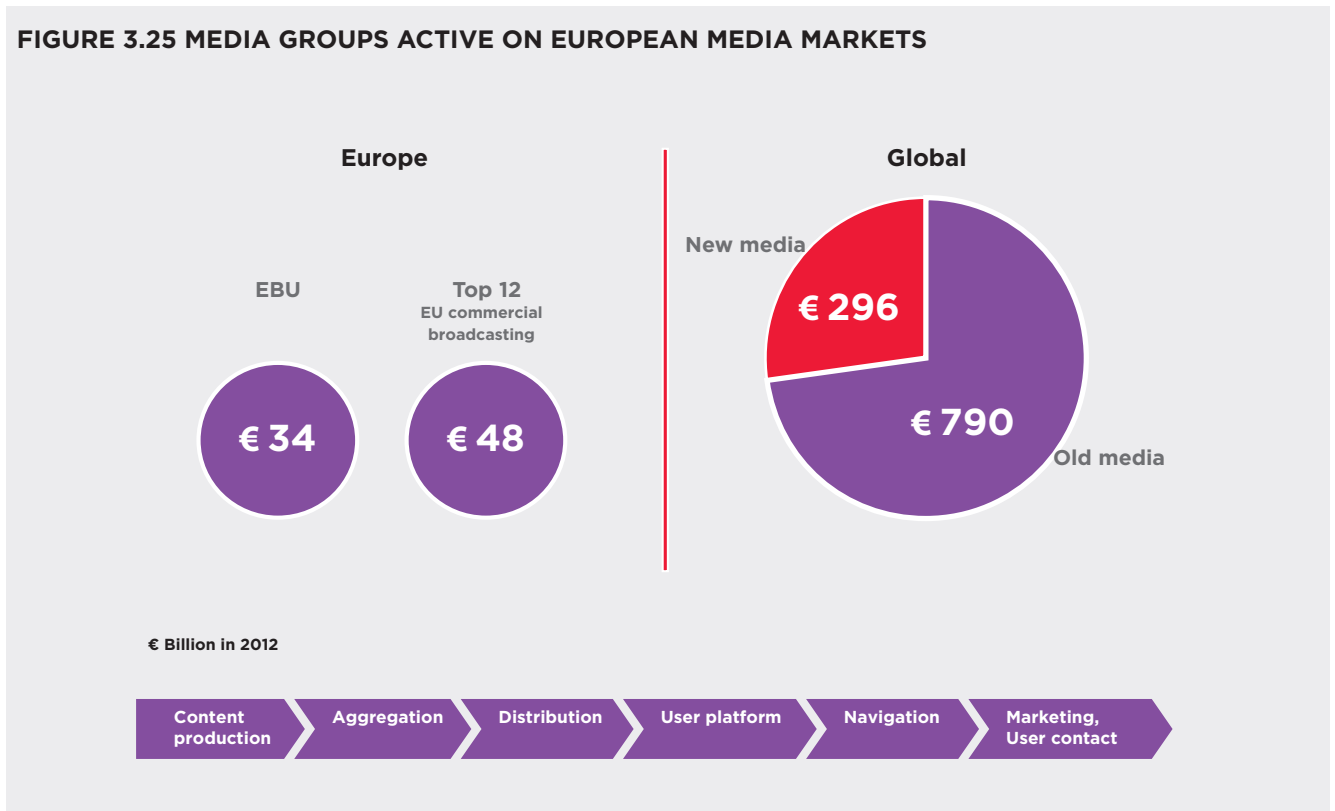
Consolidation and integration of different activities in the value chain are ongoing. In this context strong PSM remain crucial to maintain an appropriate level of plurality and pluriformity in European media markets.

3.5.4 New OTT companies' investments in original content will remain limited

Many of the new media companies started off with a portfolio of predominantly old (B-) films and series or, like YouTube, became big as a platform for user-generated content and recycled clips from existing TV shows. Many of these players are now also investing in premium content, such as sports, drama and film, either by buying broadcast rights or by investing in original content production.

Netflix announced that it would step up content production to 10–15% of its total revenues within the next couple of years.[18] Based on its 2012 total revenues, which amount

ed to USD 3,609 billion[19], this would add up to an annual investment in original content of USD 360–540 million. In early 2014 Netflix announced it would invest more in European expansion and in original content. It now plans to spend nearly USD 3 billion on content in 2014, and USD 6.2 billion over the next 36 months. However, this appears to be largely library content, while investments in original content will represent less than 10% of their overall global content expenses.[20]

Amazon announced it would be making five new series in 2013.[21] YouTube (owned by Google), which had USD 2.6 billion in revenues in 2012, invested USD 100 million in content in 2011.[22] Its investments included purchasing the cricket broadcast rights and streaming live concerts. It also has a talent programme that supports amateur artists with training and promotion activities and offers them a contract, when successful.

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[18] Wired.com - 30th May 2013

[19] Netflix investor relations page, consulted 14 June 2013. IHS Electronic Media estimates that Netflix will have 2,600 employees and revenues of USD 4.3 billion in 2013.

[20] Source: Netflix plans USD 400 million debt offering to fund European expansion | Rapid TV News

[21] Reuters.com - 29 May 2013. IHS Electronic Media estimates that YouTube will have 1,100 employees and USD 3.5 billion in revenues in 2013.

[22] 10 April 2012. http://www.emerce.nl/nieuws/meerderheid-preroll-ads-youtube-skippen

Some of these companies even tap into the market for popular national content production, occasionally in cooperation with European national broadcasters. Netflix, for instance, invested in a coproduction with NRK (Lilyhammer). Even so, global players are more likely to invest in content or formats that they can exploit worldwide than in purely national content.

3.5.5 Audiences continue to appreciate local and national content

Amidst a growing and international content offer, the demand for national and local content remains strong.

Figure 3.25 shows for instance that, in the UK, 27% of TV series come from the USA. The remaining share is almost exclusively of UK origin. In Spain 45% are US series and 48% Spanish. Only 5% of the series on Spanish TV originate elsewhere. The performance of national content, in terms of audience share, was even greater in both countries. Audiences even seem to be somewhat underserved by current offers, when comparing offer versus performance.

FIGURE 3.25 APPRECIATION OF NATIONAL CONTENT
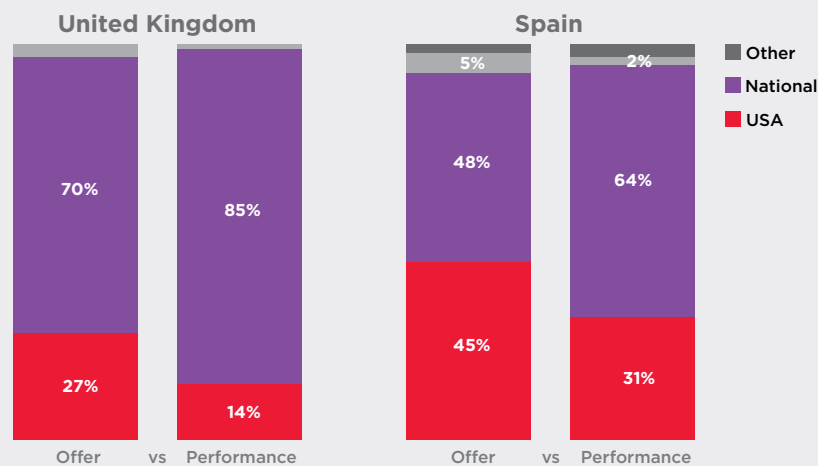
Source: Eurodata TV Worldwide / Relevant partners - All rights reserved

On PSM channels the total percentage of original, national programming (all genres) is in most countries even larger than the percentages shown in Figure 3.25, which includes both PSM and commercial channels.
The demand for national and local content is likely to remain strong. This offers a great opportunity for PSM.

3.5.6 PSM spend more on original European content than international players

PSM generally spend more on original content production than commercial broadcasters. The total budgets of individual EBU Members in 2012 add up to EUR 33.8 billion. There are no exact and recent figures of the total amount spent on original content. But in 2008 in the five

main European TV markets (UK, Germany, France, Italy and Spain), 71% of PSM programming expenditure was invested in original content, either in in-house production (47% of the total) or in programmes commissioned from independent producers or third-parties (24%).

Commercial broadcasters usually produce and commission much less and buy more foreign (predominantly US) films and programmes. When focussing on fiction we see that European fiction (feature films, TV films, short films, series and animation) represents more than 60% of total fiction programmes broadcast by PSM (in 2011). It falls to 30% when only considering commercial channels (figure 3.26).

FIGURE 3.26 ORIGIN OF ALL FICTION BROADCAST BY TV CHANNELS IN EUROPE, 2011, IN %
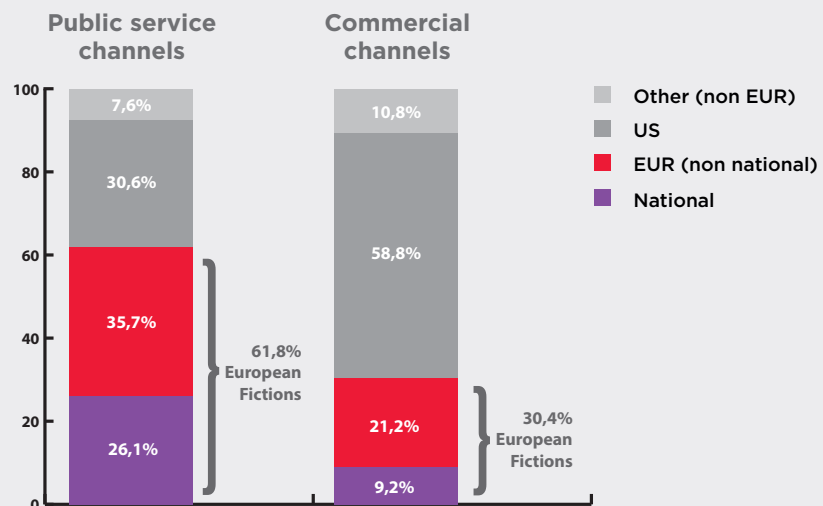
Source: EBU, based on European Audiovisual Observatory and ROVI data

European films represent more than half of total film hours broadcast by PSM (52%). In the case of commercial channels, European films only represent 33% of their total film hours.

PSM's sustained investments in original drama have contributed to a diverse and rich drama offer for European audiences. Drama can be an excellent way to deal with social, political or historical subjects in ways that are both educational as well as entertaining. It can offer shared experiences and has the ability to contribute to cultural diversity while fostering national identities and social cohesion.
These developments demonstrate the importance of PSM as a guarantee for continuous and sustained support for local (European) content production.

3.5.7 Programme exchange and formats, potential growth markets for PSM?
In the domain of programme sales the BBC is most successful. It sells a lot of its drama and other fiction series (comedy, detectives) to broadcasters abroad. The recent successes of DR's The Killing and Borgen show that even a small, non-English-speaking broadcaster can compete with the best in the world, when putting a strong and over the

years consistent focus on investing resources in drama production and mastering storytelling skills. Generally though, selling European national drama to other European broadcasters is more difficult and has so far remained relatively marginal, due to language and cultural barriers.

TV formats have become a major part of programming on many TV channels and this market is expected to grow.[23] PSM have commissioned many programmes that have grown into successful and saleable formats, for instance in genres such as consumer programmes, soap operas, and different types of human-interest programming.
But PSM have less well developed structures to turn successful programmes into formats that can be exchanged with other PSM or sold on European or international markets.

The EBU has invested in format development and programme exchange. The ambition is to offer our Members unique, premium content at a much lower price than if they were to produce it alone. Examples are *City Folk* (28-minute documentary magazine about modern, multicultural city life coproduced in the framework of the Eurovision Intercultural & Diversity Group), *Children's Drama Series and Children's Documentary Series*

[23] The term 'TV format' refers to a particular concept and branding for a copyrighted programme that can be tailored to national tastes and preferences. Buying formats instead of developing programmes from scratch allows broadcasters to build on proven ideas and thereby reduce the risk of launching a completely new programme.

(an exchange of 15-minute drama and documentary programmes respectively), the international format *Europe Sings!* (based on a national format by ORF) and *Tribute to…* (a series of tributes to various artists – still under development).

Strengthening format development, peer-to-peer learning and programme exchange might be important for PSM to strengthen their position vis-à-vis large global media companies.

3.6 PROMINENCE & FINDABILITY – MAJOR BOTTLENECKS

Another change in the market that affects the position of PSM is that many players have taken up new roles, many of which now function as intermediaries that determine access, findability and prominence of PSM.

3.6.1 New gatekeepers

Network providers are no longer just the 'neutral' transporters of content provided by others. They are moving upstream in the value chain and taking a stake in digital programme channels, premium content and on-demand services. This is where they can offer added value to their customers and distinguish themselves from competitors.[24] Many cable operators for instance offer special film or sports packages, a telecom operator like BT offers special sports services and some mobile telephone operators sell their telephone and data bundles in combination with a free subscription to Spotify. By undertaking these activities they become more direct competitors for broadcasters in the quest for popular content and content rights. In most countries PSM channels are still highly valued and most network operators are eager to have PSM content on their platforms. PSM channels are therefore still a major part of network operators' programme packages and occupy prominent places in distributors' EPGs and opening screens. However, there is a risk that network providers will give priority to content that they can monetize. This can be their own content or content from third parties with whom they have profit-sharing deals. They might grant their own content a privileged position on their networks as well as on opening screens, portals, search-engine results and EPGs and in offering recommendations.

Electronic equipment manufacturers are a second category of market players that increasingly perform a gatekeeper role. The operating systems, menus, opening screens and navigation tools of TV sets, computers and mobile devices all affect the ordering and findability of information and services. They influence access to content and services, at least to the extent that access depends on the technical hardware features (tablets, smart phones, TV sets, etc.) and on the software solutions and interfaces embedded in them. They have also become increasingly involved in agreements with content providers in order to offer exclusive access to certain products or services, thereby increasing the value of their devices.

A third category of market players are the global online companies that offer easy access to large libraries of content in paid or free services. Examples are Apple's iTunes store, Hulu, Netflix, Amazon, Google (YouTube) and Spotify. A remarkable development is that companies such as YouTube, which used to be merely a platform for sharing

large amounts of random amateur videos and recycled clips from traditional broadcasters, uploaded by their users, is now also becoming more like a traditional TV provider. It has started to launch dedicated channels and offer premium and professionally made content, including live streaming of major events, such as pop concerts.

In the evolving value network, PSM do not only need to negotiate the position of their channels and services with network providers, but also with hardware manufacturers such as Samsung and Apple and online intermediaries, such as Apple, YouTube, Facebook and Amazon. Broadcasters and other content providers often have the option to present branded channels on third-party platforms. However, they may not always be able to control the subsequent navigation and ranking of their content, or the recommendations linked to their content or the context in which their content appears. A violent cartoon or other unsuitable content might for instance turn up next to a PSM children's programme. The new gatekeepers can place advertising next to PSM content or insert commercial overlays in broadcasters' programmes, which can harm the integrity of broadcaster's content.

In the abundance of available content on digital platforms, electronic programme guides (EPGs), search engines, and navigation or recommendation options are becoming increasingly important. People rely on them to find the content they are looking for. To be easily found and recognizable is crucial for broadcasters. Again, PSM increasingly rely on third parties who might also have an interest in a prime position on opening screens, EPGs and in search results. For broadcasters, the evolving media ecosystem therefore raises many complex issues concerning findability and prominence and also the integrity of their signal.

3.6.2 Shifting relations and negotiation power in the value network

Traditionally, PSM used to have a significant degree of control over important parts of the value chain. They were content producers and commissioners as well as aggregators of programmes and films. They distributed these over terrestrial networks, sometimes owned by them, as well as over cable networks where PSM channels have often had must-carry status at national level and over satellite networks.

Technological and market developments have now begun to fundamentally change this position and PSM no longer have the same degree of control over the value chain. They depend to a much larger degree on (digital) intermediaries such as network operators, equipment manufacturers,

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[24] Giving away devices for free in combination with a subscription and triple or quadruple play offers are other ways in which network providers try to tie in consumers.

online platforms, digital stores and social networks for their content to be found and distributed. PSM need to negotiate with these companies for the conditions under which they have access to their networks, platforms and portals, but also for a prominent position on opening screens and for influence on the context in which their content is published.

It could be argued that increased network capacity and competition between network providers has strengthened the position of broadcasters and other content providers vis-à-vis network providers. Network providers need their programmes and content to offer consumers interesting programme packages and on-demand services over their networks.

However, the benefits of network competition are less obvious for broadcasters and content providers than they are for consumers. Consumers now have a wider choice of networks, channel packages and other content services at differentiated price levels to choose from. In contrast, broadcasters and other content providers need to be present on all relevant networks in order to reach their audiences. They can hardly afford not to be available on any of the networks and platforms used by their viewers and listeners. They have limited negotiating power vis-à-vis network providers for distribution at national level and even less for retransmissions abroad.

BOX 6: RETRANSMISSION FEES

Sometimes network operators pay broadcasters retransmission fees for incorporating channels in their programme packages. Whether this is the case depends on a number of factors, including their value for end consumers, the level of competition between distribution networks, and copyright rules.

Over the past few years cable companies have benefited from high profit margins on their broadcast networks and programme packages. In some countries, PSM could therefore make a case for demanding higher retransmission fees for their channels and on-demand services.

At the production side of the value chain, PSM are also losing some grip. For independent TV producers PSM, as the largest investors in domestic content and the owners of radio and TV channels, used to be – and to some extent still

are – the main gateway to the end-user. But independent TV producers no longer need to rely exclusively on broadcasters to sell their content. They can, in theory, bypass broadcasters' channels and offer their content directly to consumers over the internet, or use alternative windows, such as those of cable TV's on-demand services and OTT video services. Moreover, platform operators such as Google/YouTube, Netflix, Amazon, Microsoft and Yahoo, have also started to commission productions.

3.6.3 Distribution scarcity issues taking on new forms

Increased network capacity and the availability of various, competing distribution networks have raised the question of whether legal protection for PSM channels, in the form of must-carry obligations or dedicated spectrum, is still relevant. However, distribution scarcity is not just a technological issue but, and in this age even more, an economic issue. Scarcity can be artificially created or maintained. It depends on power relations in the market and on companies' willingness to invest in capacity. Scarcity in transmission capacity has partly been replaced by scarcity in the amount of space on opening screens and the competition for transmission capacity has been replaced by competition for eyeballs.
Competition for access and capacity in networks and for findability and prominence on EPGs, portals and opening screens are therefore likely to become determining factors for the market position of broadcasters and other (audiovisual) content providers.

Moreover, scarcity issues reappear, for instance in the broadband capacity that is required for OTT video services, especially if these video services are offered in HD quality or at peak times, when many people are using streaming services simultaneously.
Increased network capacity has thus not completely solved scarcity issues, but has partly transferred these from the broadcast to the broadband domain. There have already been a number of incidents in which network operators were accused of unequal treatment of internet traffic. In a few European countries (Slovenia, the Netherlands) this has led to legal guarantees for net neutrality, and in September 2013 the European Commission proposed similar rules at EU level.[25] The text currently under review by the European Parliament and the Council clearly states that blocking, throttling and discrimination against specific content or applications by internet service providers (ISPs) are prohibited, except in limited cases where reasonable traffic management measures are needed and are proportionate. Net neutrality regulation should prevent discriminatory practices by vertically integrated providers and ensure that all equivalent types of internet traffic are treated equally. In some countries (Belgium/Flanders) legal measures regarding 'signal integrity' have been adopted, or are under

[25] Proposal for a Regulation on the European single market for electronic communications, see https://ec.europa.eu/digital-agenda/en/news/regulation-european-parliament-and-council-laying-down-measures-concerning-european-single

consideration. These seek to ensure that programmes and services will be distributed entirely and unchanged, including any ancillary facilities, and that no functionalities may be added without the prior approval of the broadcaster.

3.6.4 Retaining spectrum for broadcast is crucial

There is increasing pressure from the EC, telecom companies and large data companies to release broadcast spectrum and make this available for telecom operators' data services. For countries where terrestrial broadcast distribution is still a preferred option for a major number of households, this is not a desirable development. But even in countries where the majority of households are connected to cable, broadband and other fixed networks, (digital) terrestrial distribution remains important as the only universally available, free-to-air and direct route for PSM to their audiences.

In the future wireless broadband internet (using 4G and 5G networks) might offer options for terrestrial broadcasting. However, it is doubtful whether these networks will be capable of offering universal coverage that is freely available to all at the point of reception and for acceptable costs. Retaining access to spectrum therefore remains crucial for PSM.

3.7 NEW MEDIA PRODUCTION AND CONSUMPTION TECHNOLOGIES

New technologies for producing and consuming media are continuously introduced to the market. Distribution capacity is still growing, processing power is still accelerating and devices are becoming smaller and smaller. Technologies for voice recognition, data mining, sensors and many more will also have an impact on media production and consumption.

3.7.1 Programme production technologies: smaller, cheaper, mobile

Recent years have seen a range of cheaper and smaller mobile production technologies flooding the market. Programme-makers are increasingly using computer systems (IT) and off-the-shelf production software and equipment to produce radio, TV and internet content, rather than tailor-made equipment.

These new technologies enable programme-makers to be more flexible when recording, producing and transmitting content. Recording and uploading can easily be done with smartphones. Mixing and transmission tables also come in iPad versions with touch screen controls. The ubiquitous computing power and professionalizing of cloud services will foster the trend towards decentralizing production facilities. Mobile recording, mixing and transmission equipment allows radio-makers to broadcast from a town square, café or other places, without the need for big vans and a lot of technical support. They can therefore get closer to their audiences and the people and events they are reporting on.

These technologies still have some shortcomings. They are not yet 100% safe, for instance in extreme weather conditions. The WiFi, 3G and 4G networks needed to transmit the programmes do not yet provide the reliability of current broadcast networks and so do not yet live up to current PSM standards. However, the future promises increasing flexibility and mobility and less need for expensive studios and equipment. So money can be saved that can be used to cover the cost of new platforms, content and services.

FIGURE 3.27
PROGRAMME PRODUCTION TECHNOLOGIES: SMALLER, CHEAPER, MOBILE

- POST
- INGEST
- QUALITY
- GRAPHICS
- TRANSCODE
- PLAYOUT
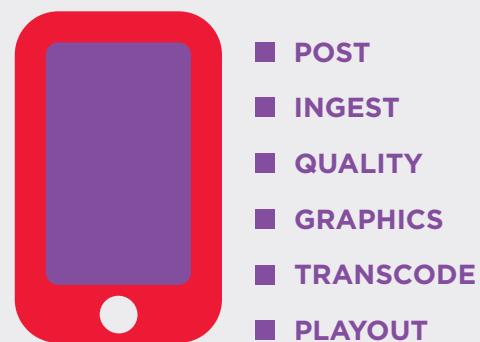
New technologies that integrate a variety of functionalities also enable programme-makers to record content that can be used for multiple platforms: radio, TV, internet and mobile. Content will still need to be formatted to 'fit' the expectations users have for the specific platform or device, and this requires integrated digital production, post-production, distribution and storage systems. Workflows need to be rearranged to allow for this kind of integrated production processes.

3.7.2 Impact of future technologies still uncertain

A number of new technological developments are likely to have consequences for media production, distribution and consumption. At this moment it is hard to tell exactly what these consequences will be. Think for instance of the following:

■ New generations of TV sets will be larger, cheaper and have flatter screens with higher picture quality. Large screens, with superior image and sound quality, offer more intense viewing experiences, within the home, possibly leading to increasing and more concentrated viewing time.

Two future directions can be foreseen for larger screens. The first is towards better technical quality. Large screens in combination with UHDTV offer superb image quality, allowing for a fully immersive sound and image experience. There is some evidence that greater technical quality leads to more 'involved' viewers who will watch programmes longer.[26] The TV set will have its own

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[26] Lutin Userlab (2008). Baromètre de la télévision numérique – Édition spéciale HD, Étude réalisée pour TDF, en partenariat avec TF1 et M6

'apps' for controlling what the TV set does and what it shows. Increased processing power will either be part of TV sets or of other home devices or 'set-top boxes'.

The second direction is towards adding more sophisticated features to augment the broadcast, or in some cases possibly replace the broadcast. The main features arise from the technology of hybrid broadcasting – connecting the internet to the television set. This can be used for programme guides, auxiliary information about the programme, or video-on-demand, including catch-up TV. There are a number of different hybrid systems. The European set-maker-independent hybrid broadcasting system (HbbTV), could progressively gain ground over the set-makers' own systems. Whether this will happen is still uncertain, as device manufacturers can also decide to favour their own platforms in order to 'own' the viewer.

■ We will witness a sharp increase in the number of handheld second screens (tablets and smartphones) per person and household. These are becoming thinner, with sharper picture quality, increasing processing power and longer battery life. Google glasses are just one example of how minute screens can offer people constant,

context- and location aware access to the internet, without even having to hold a device.

■ The internet of things, which refers to physical objects connected to the internet. Through the combination of sensors and wireless communication technologies, objects can be monitored and operated remotely, for instance with a smart phone or other mobile device. The best known example is the use of an internet-connected device to control the central heating system from a distance, enabling a more environmentally friendly and efficient use of energy. In the media sector these technologies can also be used to develop cross-media stories or to accommodate user interaction and interaction with the physical world.

■ Immersive media experiences will be holistic and virtual. High-performance cloud-based computing will enable realistic virtual programmes, artificial content, visuals directly projected onto viewers' retinas, augmented reality, holistic media and other tacit forms that stimulate different senses in the audience. In the future, social media will also become more immersive, using tools such as telepresence.

FIGURE 3.28 FUTURE TECHNOLOGIES
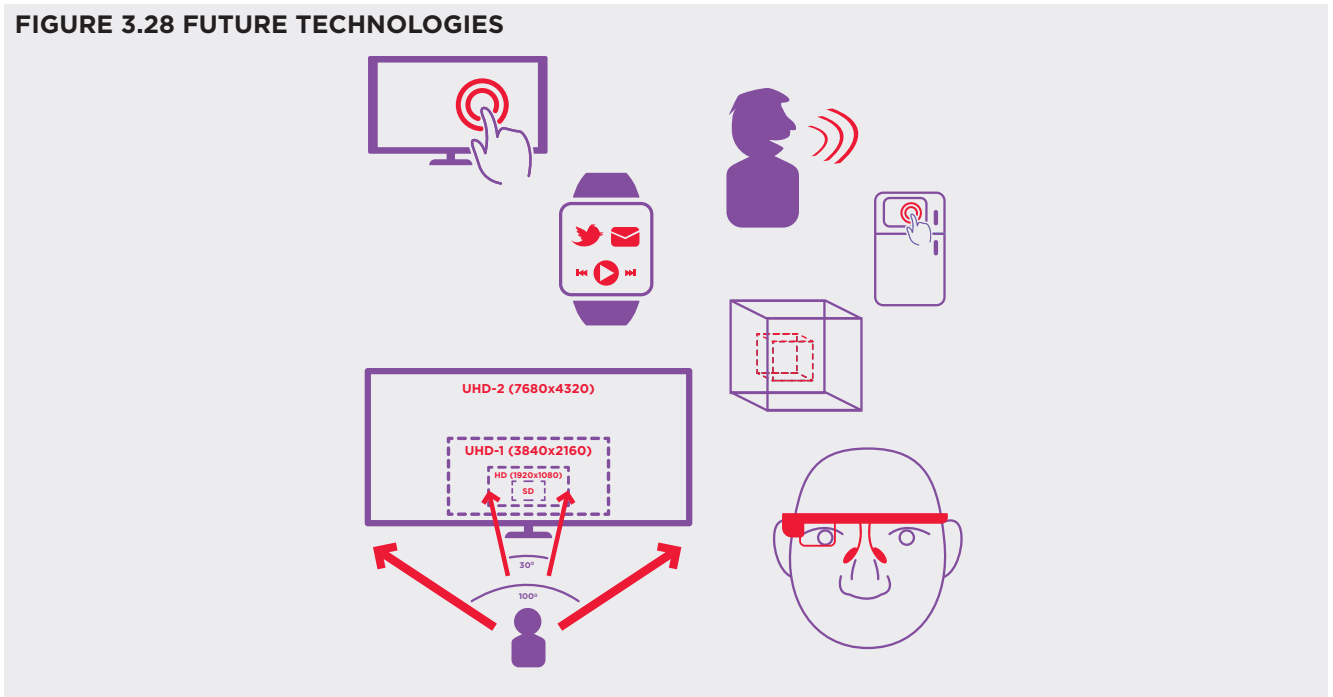
In addition to these emerging technologies it is likely that new, yet unknown technologies will be developed, whose consequences we can't yet conceive.

3.8 GOVERNANCE, ROLE & REMIT AND FUNDING TRENDS

Changes in the value network, economic crisis, austerity policies and declining trust in institutions are among the main factors that put pressure on the position of PSM in many European countries. Some of these threats to the position of PSM are discussed in this paragraph, see also the EG3 report in Annexe 9.

3.8.1 PSM's role in converged media sector contested

In a converged media landscape, media companies that used to operate on relatively separate markets now increasingly meet and compete in the online sector with similar services. This has reignited attacks from newspaper publishers on PSM's online remit and their online and mobile news services. Other commercial media companies are also critical of PSM's expansion in the internet and digital sector. They have urged for stricter control from the European Commission under EU State aid rules and legal restrictions on PSM's online remit at the national level. PSM now need to prove that their new services provide public value and that they do not unduly hamper the possibilities of other market players. This has aggravated the procedural burdens, such as the public value test for new PSM services, with the risk of PSM being (too) slow or even unable to respond to audiences' expectations regarding their services.

3.8.2 Independence insufficiently secured

In some countries a lack of trust in PSM is aggravated because of flaws in their governance structure and lack of independence. Although the principle of PSM independence has long been recognized, its implementation in law and practice is often seen as not fully satisfactory. In some countries the procedures for appointing PSM supervisory boards, leading management and editorial positions are under direct government control or informally influenced by politicians. Buffers or a system of checks and balances are lacking and sometimes there is even direct editorial interference.
Progress has been slow in recent years, with some countries even taking steps backwards (Mapping Digital Media, 2013).[27] Institutional autonomy and editorial independence are an absolute must for PSM, or they will lose credibility and their audiences' trust. The lack of independence is therefore increasingly referred to as a problem in public debate.
Independence can be ensured through regulatory safeguards including proper appointment procedures and a strict separation between government, supervisory bodies and editorial desks.

Apart from the formal side, independence is to a large extent also a matter of culture and tradition. PSM management have an important role to play and should set the standard for acting independently.

3.8.3 Funding under pressure

Being able to operate independently from political or economic powers depends largely on whether PSM can rely on appropriate funding and on a degree of financial continuity and stability. However, in many countries PSM funding is under pressure.
In an unrelenting economic crisis, with severe austerity policies in many European countries and the EU using competition policy to tackle media market issues, the question of how PSM are funded has taken on pivotal strategic importance. Many governments are targeting PSM in their budget cut plans.

The total level of PSM funding in the EBU area[28] was EUR 33.8 billion in 2012. This represents a 1.3% growth over 5 years (2007-2012). However, if the effect of inflation were taken into account, then the 2012 total funding of PSM would be down 9.8% between 2007 and 2012.
Evolution patterns are quite diverse across Europe, with less growth in EU countries than in the EBU membership as a whole (see for details Annexe 4).
These figures become even more telling when compared to the evolution of the top-12 European commercial TV groups. When taking into account the effects of inflation, the top-12 European commercial broadcasting groups experienced a negative real growth rate of minus 2.5% for the period 2007–2012. In the case of PSM organizations, their real growth rate for the same period was minus 9.8%.

In 2007 advertising brought in 16.6% of the total income of EBU Members and was the second highest source of revenue. From 2007, it dropped gradually to reach 10.5% in 2012. Consequently, it has become the fourth source of income for PSM. The economic crisis and the fact that Spain and France passed laws withdrawing advertising (partially or totally) as a source of income for their national PSM have been the main causes of this decrease.

In these times of austerity and budget cuts, it is likely that pressure on funding will remain. PSM in the UK, Portugal, Hungary, Spain, Iceland and the Netherlands face budget cuts in the coming years. In this context, PSM might need to develop additional ways to generate revenues.

[27] See: http://www.opensocietyfoundations.org/projects/mapping-digital-media
[28] The source of the quoted figures is the report 'Funding of Public Service Media 2013', published by the Media Intelligence Service of the European Broadcasting Union (available at: http://www3.ebu.ch/cms/mis-portal). The report analysed the data provided by 52 EBU members in 39 countries (40 markets) in Europe and in the Mediterranean area.

Some countries have changed the funding system for PSM from a license fee-based system to a tax-based system. This has for instance been the case in the Netherlands. Other countries have changed the collection of license fees and fee allocation methods or are reviewing them, in order to improve collection efficiency, prevent evasion and to adapt the system to changes in people's media usage. In Germany the license fee has changed from being based on the possession of TV and radio sets to a contribution per household or business unit. In Finland, under the reformed licence fee system, the State collects an individual "tax", outside of the State budget, from individuals and companies, and as previously, it is distributed to Yle through the Radio & TV Fund. Collection by the tax authorities allows the fee to be adapted to available income.

A shift to tax-based funding comes with the risk of PSM funding becoming more susceptible to political influence. Especially when it is a tax-based system where the budget allocation to PSM is part of the annual budget plans and negotiations in government and parliament, in contrast to a licence fee, especially if it is established and/or collected separately by an independent body. However, the design and operation of these systems varies. The question to what extent a particular financing system affects the level of independence of PSM also depends to a large extent on its particular legal and procedural implementation and on the political culture in a country.

3.8.4 Audiences value PSM programmes, but are critical of the institution

Many people value PSM programmes and services. They often see their news services as more reliable than those of competitors. In times of crisis or disaster, they turn to PSM as their main source of information. However,

their perception of PSM as an institution is often less positive. People sometimes feel that PSM are too closely linked to the political elites. Or they feel they do not get sufficient individual (or social) rewards in return for their tax or licence fee money. PSM are sometimes seen as insufficiently distinctive. Some do not consider the PSM institution as a prerequisite for high-quality programming. And finally PSM are also criticized for being unresponsive, bureaucratic, inefficient, and overstaffed, for overpaying their employees and for having inconsistent management. This kind of criticism seems to be part of a more general distrust of large, public institutions.

With more options to fulfil their information and entertainment needs, and more technological options to consume media, comment on media content and participate in producing media, the public have become more critical and have higher expectations of media offers. People expect more responsiveness, more transparency and accountability, and more options for communications and participation.

3.8.5 Risk of downward spiral

The trends discussed in the previous paragraphs are serious risks for PSM. Individually they might not immediately undermine the position of PSM, but they could set in motion a downward spiral. A combination of factors, such as increasing competition, gatekeepers' control and a lack of trust from audiences could affect PSM's market share. A low market share limits PSM's possibilities to fulfil their remit and ultimately their legitimacy. This could induce politicians to reduce their funding. In turn, less funding decreases programme quality, audience reach and increases licence fee evasion, which again affects support for PSM. Figure 3.29 pictures this downward spiral.

FIGURE 3.29 RISK OF DOWNWARD SPIRAL

Lack of stable funding

Increasing competition, gate-geepers, lack of diversity and universal reach, lack of trust and political interference

Lack of public trust

Poor quality programmes

Lack of communication with audiences

Low audience ratings, low reach

Lack of public support for PSB

High evasion of the licence fee

Questioning the legitimacy of PSM

Reduction of public funding

The challenge for PSM therefore lies in preventing the downward spiral or in reversing it into an upward spiral. To some extent PSM depend on government support and regulation. But there is also a lot they can do themselves, when they embrace the opportunities of the networked society, as examples from within the EBU membership show.

Strong public support

Strong support from politicians

Willingness to pay the licence fee

Stable financing

A sharing attitude

Good ratings

A relationship of trust with the audience

Good quality programming

Source: EBU
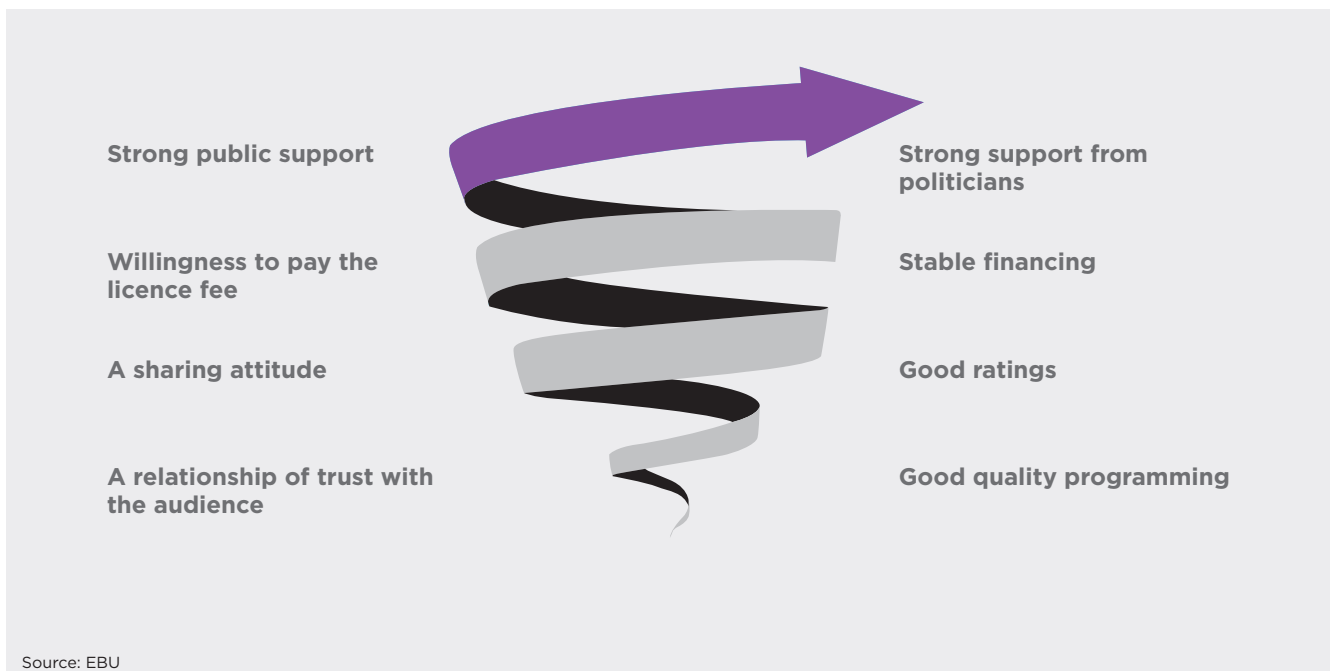
4. CHALLENGES AND OPPORTUNITIES FOR PSM

Many of the trends analysed in this report will fundamentally challenge PSM's current ways of working; their portfolio, programming and distribution strategies and the way they communicate with their audiences. They will confront them with dilemmas and difficult choices, but they also offer new opportunities to improve the way in which PSM fulfil their public remit. This final paragraph will identify the main challenges and opportunities for PSM in the next decade. These subsequently lead to the search for ways to improve PSM's performance in the networked society and strengthen their trustworthiness and return-on-society. This search has culminated in a top-10 list of recommendations for PSM.

4.1 HOW TO ENSURE A WIDE AUDIENCE REACH IN A FRAGMENTING MEDIA LANDSCAPE?

Traditionally public service broadcasters have aimed at reaching a mass audience, by building programme schedules for general interest channels and by offering a range of genres, varying from information to entertainment. This model is now being challenged. Firstly by an increasingly diverse and fragmented population, resulting in more varied and individual media consumption needs. Secondly by an increasing content offer including digital channels and online content. And thirdly by new technological options that enable people to compose their own media menu instead of being guided by PSM's programme schedules.

These trends will in the long run challenge the PSM model of offering linear general interest channels for a mass audience. They might require them to further segment their radio and TV channels.
Segmentation of radio channels has already been common practice in most countries for decades, especially for music radio. It started when the role of radio as a family medium shifted to TV, and radio predominantly became a medium for news and music, listened to more individually, for instance while driving or in the background while working. Segmentation of radio channels further developed as a response to growing competition from commercial radio channels.
In the analogue era, segmentation of TV channels remained rather limited. Some PSM have added a few specific thematic or targeted channels to their portfolio, such as a children's channel or a cultural channel, in response to competition from commercial channels. But, so far, the audience shares of PSM digital thematic and targeted channels have remained relatively low. Thematic channels are often filled with reruns of archive material and contain little original programming. However, with the growing availability and use of digital, online and mobile platforms for audiovisual content (liquid content), it is expected that TV consumption will gradually become more segmented, personalized and individual.
In addition, TV and radio channels and programmes will be supplemented, on first and second screens, with on-demand services, additional information and interactive features and options for adapting the media offer to selections that reflect personal tastes and preferences.

Amid this plenitude of content and more personalized content delivery options, PSM will have a much harder job to keep their audiences glued to their radio and TV channels or make them stick to their websites and follow them to new platforms.

These developments require PSM to deliver on their audiences' expectations regarding a more targeted, personalized and interactive content offer. However, there might be limits to the resources PSM have available to cater for a large number of different target groups and to offer personalization options, while simultaneously continuing to offer general interest channels. More importantly, a switch from general interest to targeted content may undermine what has traditionally been one of PSM's core roles: binding the nation together by offering the symbolic marketplace for democratic debate and shared experiences, or, more mundanely: offering subjects for water cooler talk. The challenge for PSM is therefore to find the right balance between targeted and personalized content on the one hand and universal reach on the other hand.

A shift in distribution and portfolio strategy all starts with the need to have a much better insight into audiences and the main trends in society. PSM need to know more about the main concerns and interests of their audiences and the communities their viewers and listeners are part of. They need to take audience diversity into account and how this affects their media behaviour and their needs throughout the day. A prerequisite to this is that PSM manage to gain better access to their audience's media consumption data, while respecting the privacy of their listeners and viewers. They will often need to negotiate this with ISPs, telecom operators, cable companies or content aggregators, which often have a more direct relationship with their customers and can automatically monitor their behaviour. It also requires a more open and communicative attitude towards audiences, in order to better understand their interests, desires and expectations concerning the role of PSM in fulfilling personal and social needs.

Click here for Recommendation 1.

4.2 HOW TO MAKE PSM COMPANIES MORE OPEN AND DIVERSE?

Societies are becoming more diverse due to migration, globalization and the proliferation of different lifestyles. So far, many organizations and companies, including PSM, have difficulty adapting to these socio-demographic and cultural changes.

They lack knowledge of the lifestyles and concerns of the different social groups and communities. They are out of touch with some of the important social and cultural changes in their societies. Their staff insufficiently reflect societies' diversity in terms of age, gender, religion, and perhaps most important of all, plurality of views and opinion. As a result, many people do not recognize themselves in the subject matter, guests, hosts and actors in PSM programmes because PSM programmes fail to reflect their concerns and interests. With many more and still increasing options to look for relevant content elsewhere, even across borders, PSM have lost audience shares, and risk losing even more viewers and listeners. PSM management and programme-makers therefore need

to understand and reflect social diversity in much better so that they can fulfil their remit and remain relevant for all people.

With so much content on offer, audiences are becoming more critical. They often have many alternative options for media consumption. They are becoming used to voicing their opinion, being heard, communicating with media producers and even coproducing content (see also 4.9). The challenge for PSM is to become more open and better reflect their societies' diversity, both in content as well as in the composition of their staff. They need to develop inclusive programmes and programme formats that represent society's diversity or the lives of particular minority groups, while still appealing to a wide audience. Another challenge for PSM is to sincerely engage with their audiences and build a mutual relationship.

Click here for Recommendation 2.

4.3 HOW TO BE DISTINCTIVE IN A CROWDED MEDIA MARKET?

When radio and TV broadcasting started, PSM had a monopoly position. But since the launch of commercial radio (in the 1920s) and TV (in most countries from the 1990s, in the UK already since the mid 1950s), PSM have operated on competitive broadcast markets. PSM have responded to increasing competition in a number of ways. They tried to (re)gain audiences, for example, by segmenting their radio channels, streamlining programme schedules, and offering a programme mix of information and entertainment, both within programmes as well as in the overall programme schedules. This has enabled many PSM to maintain a strong position in their home markets. However, they now face a new wave of competition, with more international broadcasters, media companies and online media companies entering European markets. This has again increased competition for audience shares, but also for content, content rights and talent. It has led to the question of how PSM can continue to provide a distinct content offer in a more crowded market.

A number of genres, such as premium sports, popular films, international TV drama, cartoons, and sometimes even cultural events, are now offered – profitably – by pay-TV operators and online audiovisual services. Some draw the conclusion from this that PSM's future focus should be on programmes that are less likely to be offered by the large international media companies, such as investigative journalism, science, children's, arts and culture, independent consumer programmes and specifically local, regional and national or European content. More focus on a limited number of distinctive content genres could result in stronger brand recognition and help to strengthen PSM's legitimacy. However, this strategy is likely to become counterproductive in the long run. Firstly, PSM usually employ higher quality standards

than commercial broadcasters, in production quality, independence and ethical values, etc. but also in popular programme genres. By setting these standards PSM have a positive effect on the market as they stimulate commercial players to produce higher quality content as well. Secondly, PSM can only continue to contribute to democracy, shared experiences and social cohesion when they have a sufficiently wide reach within the population. This means that they need to balance niche programming with programming for a wide audience and attempt to convey public values in all their programmes, even in popular genres such as sport, drama and entertainment. Thirdly, focusing on a limited number of genres could reduce PSM to de facto providing a complementary offer, with the related risk of losing reach, and ultimately legitimacy and public support. PSM will therefore need to think carefully about how they can maintain reach and impact, while at the same time becoming more distinctive.

Another, related, question is how PSM can respond to declining audience figures for programmes on high culture, such as art programmes or recordings of classical music, opera, ballet and theatre. These kinds of programmes have never attracted very large audiences shares, but with an exploding content offer they attract even fewer viewers and listeners. Younger audiences especially show little interest in these types of programmes. However, contributing to the arts and a flourishing national culture belongs to PSM's core remit. A major challenge for PSM is therefore to develop programmes that promote arts and culture but are at the same time entertaining and accessible for larger, including young, audiences.

Click here for Recommendation 3.

4.4 HOW TO REMAIN A PROMINENT AND RELIABLE SOURCE OF NEWS AND INFORMATION?

News and journalism have always been at the core of PSM programming. PSM's role as a trusted and reliable source of information could remain as important in the future as it is now, or even become more important, provided they learn to adapt to a changing news environment and different information needs and provided they contribute positively to the news market and the overall quality of journalism.

The internet provides people with access to an overwhelming amount of news and information. It offers journalists many new tools to search, investigate, produce and distribute news and information. At the same time it has also introduced challenges to the traditional organization of news production and to business models for news. It has caused concern regarding the future of quality news and the viability of less profitable, more costly and labour intensive forms of journalism, such as investigative journalism or documentaries.

The 24/7 news cycle, increased competition and decreasing revenues have led to pressure to produce more news, more efficiently. This means many news desks now rely to a greater extent on wire news services and on standard press releases from governments, organizations and companies. Guardian journalist and author Nick Davies has dubbed this development churnalism (Davies, 2009). Original reporting, in-depth analysis and investigation are at risk.
So far there has been little willingness to pay for online news, apart from very specialized and unique forms of information, such as financial news. There is a lot of experimentation with new services and new pay models, including paywalls for online news, news apps, aggregator services, etc. But both traditional and new online-only news publishers find it hard to develop viable and sustainable business models for their online services. Also, in a more cluttered environment with a plenitude of news sources, it becomes more difficult for people to distinguish between facts and rumours.

It is not only newspapers but also broadcasters that are experiencing the effects of changes in news consumption. PSM news broadcasts are in particular losing younger audiences. Younger people watch the 8 o'clock news a lot less than older people. They expect to be able to browse through the latest news at any time of the day, use news services like Buzzfeed, Vice and cheap visual radio and watch short news clips while travelling or in 'empty' moments. PSM are still seen by many as the providers of reliable and trustworthy news, but PSM's traditional position of an 'authority' in news has less meaning for young audiences. They choose their own sources and will often value unofficial sources (such as their friends) over official sources such as a PSM.

At the same time the increasing complexity of our societies creates a need for better explanations of social, cultural, economic and political developments and for more transparency regarding the operations of governments, institutions, companies and NGOs. There is thus a fundamental tension between an increasing need for analysis and transparency on the one hand and the current state of journalism on the other. The latter seems less and less able to find the resources necessary to provide the analysis and to offer transparency, while simultaneously reaching a wide audience.

PSM face several challenges. Firstly, they need to adapt to changing news consumption patterns. For many PSM organizations the 8 o'clock news bulletin is still the flagship around which they organize their workflows. In a 24/7 news economy this is no longer a viable model. PSM need to adapt their workflows to integrate radio, TV and online news production and publish news throughout the day, for different target groups, in different contexts at different times and on different platforms and devices. PSM need to dare to give away parts of the news story, already before the broadcast time of their flagship news programmes. Only by being among the first will people keep following PSM news throughout the day.
Radio-makers are already much more used to producing news in a flow, instead of aiming at fixed broadcast times. For TV the 24/7 news cycle is often still a challenge. It requires a complete restructuring of workflows and a different mind-set. This leads to another important challenge: how to combine this 24/7 news cycle with PSM's high editorial standards concerning reliability and accuracy and with the need to create a counterbalance to the fast hype that regularly dominates today's news output.

Secondly, journalism is about much more than news. Investigative journalism, current affairs programmes, documentaries, discussion programmes, science programmes, and cultural magazines are also important journalism genres. Searching for quality and innovation in these genres offers PSM many opportunities to distinguish themselves from many other more standard, fast and superficial news outlets.

Thirdly, audiences have become more critical of the way news media function. On the internet they can more easily consult original and different news sources and check the accuracy and objectiveness of news reporting and other journalistic content. In several countries PSM news is criticized, for aligning too much with governments, or favouring the elites, for inadequately representing ordinary people's concerns, or for being too left wing. People also increasingly contribute to news production by uploading pictures and posting messages and eyewitness accounts

on social networks. Of course not all people are constantly monitoring the news or posting their own news messages but, generally speaking, audiences no longer take the PSM position in news and journalism for granted.

These changes mean that PSM newsrooms need to become more open and more self-critical. They imply a different relationship between programme-makers and their audiences, turning the sender-receiver model into a much more interactive and conversational model, in which journalists become more responsive to their audiences' information needs and learn to tap into their audiences' knowledge.

A final challenge and opportunity for PSM is that they can help to improve journalism, by embracing new ways of engaging with audiences and new tools to search, analyse and communicate news and information. They can also improve the overall level of journalism by contributing to national news markets. For instance by sharing their video and audio news items with publishers that are in need of more video and audio to complement the articles on their websites or by other types of collaboration.

Click here for Recommendation 4.

4.5 HOW TO REMAIN RELEVANT FOR YOUNGER AUDIENCES?

Younger people still watch TV and listen to radio, but they also use many other (non-linear) platforms and devices to consume media content. Contrary to what we have seen so far in older generations, the younger generation's internet use has affected their already relatively lower use of traditional media. This is in particular the case for newspaper reading and radio listening, but to a lesser extent also for TV viewing.

Younger people consume media in a more fragmented way than older generations. They multitask and use multiple sources and devices at the same time. PSM's reach among younger audiences is already relatively low, and is likely to further decline when young people increasingly turn to the internet and online media content. When PSM lose younger audiences, there is a risk that they might not return, not even as they grow older.

Universal reach is part of PSM's core remit. This means that PSM also need to serve and reach younger audiences. The challenge lies in better adapting PSM content to younger people's interests and their content distribution to younger people's media consumption patterns, while at the same time upholding their quality standards. They also have to achieve this without alienating their – much larger – older audiences.

Another important reason for PSM to stay in touch with younger audiences is that they give them a glimpse of how future media use is likely to look. Younger audiences can therefore be one of the guides for PSM when developing future strategies.

Click here for Recommendation 5.

4.6 HOW TO TAKE ON NEW ROLES?

The growing penetration of (mobile) broadband internet and digital broadcast networks offers PSM many new opportunities to broaden the reach of their content and engage in different ways with audiences and organizations.

Firstly, PSM can play an important role in creating so-called digital commons by opening up their archives for reuse and by sharing their content with cultural institutions. Broadcasters' archives have a lot to offer. Especially when presented in a relevant and current context, archive material can start a second life online. Linking to sources and related content can enrich (formerly) linear and self-contained programmes. Programmes can therefore be connected to other works beyond the institutional boundaries of broadcasters and other cultural institutions. Items in cultural radio and TV programmes can for instance easily be linked to online collections of museums or to audiovisual archive material. A further possibility is to enable users to contribute to this content, by providing comments and reviews or even by producing their own mash-ups of the materials on offer. Likewise PSM can build partnerships and share content with kindred organizations.

Secondly, the abundance of online content also calls for people or institutions that help people to select and review relevant content. Social media, such as Twitter and Facebook, play an increasingly important role in recommending content to friends and followers. But audiences also look for more comprehensive editorial selections and recommendations, where content is not just presented at random, but placed in context and complemented with relevant and reliable content. This role can be compared to the role of a curator in a museum, who attempts to bring a new meaning to existing works by putting them together in a new context, with a new storyline.

PSM can take up these new roles, provided some of the current obstacles – mainly with regard to content rights ownership and competition law – can be solved.

A third challenge for PSM is how they can become more relevant to people's daily lives. The networked society implies that PSM can no longer restrict their role to being a sender of information and entertainment. They will need to function more as part of a network of people, professionals and organizations and stand more among their audiences instead of at a safe distance. This also means that they need to explore new ways to empower and support their audiences by providing them with information they can use in their daily lives, but also in times of crisis.

Click here for Recommendation 6.

4.7 HOW TO ENSURE CONTINUOUS INNOVATION?

PSM have contributed substantially to innovation in media markets, both in radio and TV production and distribution technologies as well as in programme content and new media services and formats. In some cases PSM have been frontrunners and standard setters and have opened up new markets, that could subsequently also be exploited by commercial media companies. Because PSM are not driven by profits, they have often been able to take more risks by investing in innovations. However, their role in driving innovation is threatened by a number of internal and external factors.

Firstly, the internal PSM culture is not always conducive to the kind of change and innovation that originates outside the traditional broadcast technology sector. Although some PSM have launched several successful new media services, such as the BBC's iPlayer, PSM have often been slow to grasp the new opportunities of online media and embrace the new ways of working and collaboration that are common practice on these platforms. In today's fast-changing world with continuous technological innovations and changes in people's media behaviour, it is imperative to keep innovating and never become complacent.

Secondly, compared to the innovation budgets of major global media, internet and technology companies, individual PSM budgets are too small to be able to fundamentally affect the innovation agenda and effectively contribute to the development of new technologies that demand large R&D resources. This is problematic, because even though some of these new companies have developed innovative technologies and services, many of which have been mentioned in this report, they do not always serve public service goals. Think for instance about the collection of user data that does not always sufficiently respect users' privacy, the use of (diverse and) closed standards that makes it difficult for PSM to distribute their content or develop particular PSM content for these platforms and services and the creation of walled gardens. For PSM it can for instance be problematic to publish their content on platforms where the way in which user data are treated or the context in which their content appears contradicts their own ethical and quality standards. However, when their audiences use these platforms intensively, they can't afford to ignore them either. PSM need to consider how they can provide public alternatives, perhaps collectively, or better negotiate their position on third-party platforms and in third-party services.

And last but not least, the stricter EU competition and state aid rules have restricted PSM's options for launching new services and are obstacles to an on-going role of PSM in innovation. Regulation stipulates that the scope of PSM's new services needs to be clearly defined in their remit and new services often need to undergo a public value or similar test to determine whether they add public value and do not unduly distort the market. However, media innovations happen more frequently, at a much faster pace, and are introduced to the market much quicker than before, often already in beta versions before they are fully completed. The stricter regulations therefore put PSM at a disadvantage compared to other market players. These are issues that require PSM's collective lobbying power.

Click here for Recommendation 7.

4.8 HOW TO REMAIN ACCESSIBLE, FINDABLE AND RECOGNIZABLE?

New players have entered the market and several market players have become active in more than one part of the value chain. This has led to increasing competition for key assets such as talent, content rights, advertising money and user data, but also to tougher negotiations regarding access to networks, allocation of network capacity and prominent places on opening screens and EPGs, in search results and recommendations. Programme schedules, remote control and TV guides are no longer the sole way in which people navigate and select content. Media users increasingly rely on network operators' EPGs, Google's search results, and recommendations on YouTube and from Facebook friends. The findability of PSM content is therefore increasingly determined by smart algorithms on the one hand and peer recommendations on the other. PSM are squeezed between an increasing number of market players and competitors, in different parts of the value chain. Their availability and findability are increasingly dependent on gatekeeper policies.

The primary challenge remains user access to networks and how PSM can ensure their availability on the various networks, portals and devices that people use to access media content.

A second challenge is how they can ensure they can be found amid an abundant offer of digital channels, websites and apps as well as on different platforms and devices. Navigation and guidance have become crucial in the new media landscape. Those that manage to fulfil this role will have a great influence on what people will see on their opening screens, in their search results and recommendation lists.

A third challenge is how PSM can ensure the recognizability and integrity of their brand. Although they still control terrestrial distribution and OTT distribution of their content, they also increasingly rely on third parties for distribution, especially when following their audiences to new platforms. When PSM offer their content on platforms of third parties, such as those of cable companies, the Apple iTunes Store, YouTube or Facebook, they cannot easily control the context in which their content appears or even if their brand is still connected to the content. In comparison with international companies, the negotiating power of national PSM is relatively small, and PSM could therefore benefit from collective endeavours in this domain.

Click here for Recommendation 8.

4.9. HOW TO MEET NEW MANAGEMENT AND LEADERSHIP REQUIREMENTS?

Societal changes as well as changes in media markets and media consumption require a different kind of PSM, with a more open organizational culture, managerial procedures and leadership style.

PSM have responded to technological changes and changes in media consumption by becoming active on different digital platforms. However, this has only been a first step. Gradually it is becoming clear that the transformation of a public service broadcaster to a public service media organization does not only signify a widening of distribution platforms, from TV and radio to internet and digital media. It also implies that PSM need to develop different kinds of content, adopt different work routines and a different relationship with their audiences and other stakeholders.

Producing content for internet and digital platforms also requires different skills, such as:

- Reporters who are able to record, edit and transmit reports themselves, and produce for a continuous news stream instead of for the fixed timeslots of news bulletins;
- Social media specialists who can ensure that news and other programmes have a life beyond the single broadcast moment;
- Developers of transmedia formats who are familiar with working for broadcasts, online media and games;
- Audience researchers who are able to analyse and make sense of large databases with user data.

PSM have traditionally been senders of programmes, with limited options for audiences to talk back to the organization. By contrast, the internet favours more open, collaborative and interactive modes of communication. Even more important than skills therefore, is a more open attitude to audiences, partners and other stakeholders and the willingness to share content and collaborate in producing new content.

Technological innovations and new services are introduced to the market faster and more frequently than before. This requires an open mind towards continuous changes, curiosity and a willingness to experiment, while allowing oneself to fail and learn from mistakes.

Moreover, governments, but also audiences, have raised the standards of efficiency and effectiveness: they demand value for money. PSM will therefore need to improve their transparency and governance and they need to develop better tools to prove their effectiveness and return-on-society.

If PSM want to become a player in this more networked and open digital media environment they will need to change fundamentally as an organization and become more flexible, responsive, creative, transparent, decentralized and more open to collaboration with audiences, partners and other stakeholders. In order to achieve this they will need new managerial procedures and different leadership styles.

4.10 HOW TO REDEFINE PSM'S ROLE AND LEGITIMACY?

PSM are under pressure in many countries. The legitimacy and remit of PSM are subjects of debate, their funding is contested and people's trust in PSM as institutions is not as unfaltering as before. In the past, PSM could take their position more or less for granted. This is no longer the case. In a converged media landscape with ample media offer, PSM need to stand out more clearly. They need to redefine their role in the media ecosystem and actively put forward a convincing argument for why PSM will remain indispensable in democratic societies.

Despite the changes in the media landscape there are still many good arguments for a strong PSM in Europe's future societies.
First of all, the economic arguments for defining PSM as a public good are still largely valid. Even though spectrum and distribution scarcity are no longer main concerns, producing valuable and high-quality programmes is often still costly and building talent takes time.
Production costs can of course vary largely. With cheaper equipment, some content can also be produced more efficiently and expensive content is not always of higher quality or more relevant. A low-budget drama series with amateur players, if well directed, can be as entertaining as a high-cost costume drama. An eyewitness report on a demonstration can provide a closer view of events than a stand-up report from a foreign correspondent. PSM could certainly benefit from investigating these new options. However, across the board there will still be many programmes (and programme genres) that will only achieve the desired quality and audience impact, when produced by skilled professionals according to high production values. It is therefore unlikely that the market will provide the same level of diversity and quality programmes and the same level of accessibility to these programmes. Commercial media companies usually go for safe returns on investment, either by delivering large audiences to advertisers for the lowest possible costs, or by aiming at affluent niche audiences able and willing to pay for content.
Moreover, in a globalizing market, the large, private, international media companies have the best chances of survival. These companies produce popular drama, news and entertainment for global markets, but are less likely to consistently produce national, regional or local content. Also, in the 'internet economy' there are many services that can only flourish when they become very large. A social network such as Facebook for instance, is worth nothing if only a small group of people belong the network. Their success depends on being able to connect everyone's friends and families. Many online services have these strong network effects. They also create so-called lock-in effects; people will not easily skip to another social network when all their friends are still on Facebook. So, while the internet enables many new services and start-ups, it also has

characteristics that strengthen concentration tendencies. Commercial media and internet companies might satisfy many consumers' needs, but not necessarily also citizens' and societies' needs. In this context PSM can create an important counterbalance to on-going concentration in media markets.

The internet enables information services for niche audiences and online communities, at substantially lower costs, mainly due to almost disappearing distribution costs. This has led to many innovative news and information services, online documentaries, online communities, online games and many other forms of online content. However, many of the initiatives by single professionals, start-ups and user-producers remain fragmented, only reach small audiences and are easily discontinued in case of setbacks. Only organizations of sufficient size and scale, such as PSM, can guarantee a long-term, sustainable, high-quality and independent information and entertainment offer that is universally available. There is still a need for PSM, therefore, provided they are capable of addressing the challenges analysed here.

PSM advance important public goals, such as offering a diversity of viewpoints, informing citizens, offering a market square where people can meet and discuss, preserving and creating domestic culture, and contributing to media innovation and to cultural diversity. PSM can only realize their full potential when they reach as many people as possible. The more people have access to PSM content, the stronger PSM's – mostly beneficial – effects. For instance: when more people listen to the PSM news it will better fulfil its function to create an informed citizenry and contribute to democracy. The more people watch a historical drama series, the more a common historical awareness and common points of reference are created. Or the more people are introduced to a diversity of culture on radio, TV and the internet, the better PSM can fulfil its function of promoting culture among audiences beyond those who regularly visit theatres and museums. It should therefore be universally available and free for all.

Stephan Cushion of Cardiff University made a comprehensive review of empirical research in order to produce a comparative assessment of public service media news and commercial broadcasters' news programmes (Cushion, 2012). He found evidence that both types of news output have become 'softer' in focus and style over the past few decades. However, he found the democratic value of PSM news to be generally higher than of commercial news, in the sense that it contains more analysis, more broadsheet and foreign affairs and less tabloid news. He also found that the presence of well-resourced PSM generally elevates the standards of journalism in the overall market and thus leads to a higher quality level in the

commercial news programmes. Finally, countries with well-resourced PSM in general have better informed citizens, with better knowledge of politics and current affairs. So even beyond economic arguments for sustaining PSM in the future, there are important public goals that are better served by PSM than by commercial players. There is also evidence that PSM strongly contribute to the creative industries.[29]

The role of PSM is likely to gain importance in coming decades. In increasingly fragmented European societies and a more volatile and globalizing world, there is more need for a trusted 'voice' that can help make sense of these changes. PSM could be this trusted voice. PSM could also help to empower people, by helping them to get a grip on and respond to on-going changes.

PSM can play a role in binding people together across cultural, age and other differences, by informing their audiences about other people's lives and by contributing to a common culture and shared experiences. They can promote European values and freedoms. Last but not least, in an abundance of information and entertainment, PSM could claim the role of a trusted guide that can help people navigate through this overwhelming media offer and provide them with valuable recommendations and context.

Click here for Recommendation 10.

[29] http://www.bbc.co.uk/bbctrust/news/comment/creative_industries.html
See also an earlier report by the BBC Trust, supported by a PWC report on the BBC's contribution to the creative industries in the UK at:
http://www.bbc.co.uk/bbctrust/assets/files/pdf/review_report_research/economic_impact.pdf

4.11 A CALL FOR ACTION

At first sight traditional broadcasting is still relatively strong. There are many new ways of consuming media content, but so far these have often gone alongside traditional TV viewing and radio listening, instead of at its expense. Radio is more strongly affected by the rise in internet use, especially in the field of music, but still also has a large reach. However, the underlying trends signal fundamental changes, in the coming decade.

The economic crisis will have long lasting effects, international relations are changing and the balance of power is shifting from the West to the East and to the upcoming BRIC countries. European societies will increasingly be affected by globalization and the population will become even more diverse than it currently is. The transformation of existing public arrangements for social and economic solidarity is likely to continue. Many social and public institutions, but also businesses like banks, do no longer receive the same level of trust as before. These are fundamental social and economic changes, and combined with continuing technological changes and changes in media consumption, they present PSM with huge challenges.

In such a fast-changing world the need for reliable information, for explanations and interpretations of social and economic disruptions and for global shifts of power will be bigger than ever. As will be the need for a common 'market square' or platform where citizens can meet, communicate, share and debate these on-going changes. The position that PSM will have in 2020 will be influenced by broader social, economic and political developments, but they have a better chance to remain indispensable if they manage to reinvent themselves and respond in good time to the challenges facing them.
This means that they need to improve and redefine the concepts that support their legitimation. It also means that they need better instruments to prove their return-on-society, beyond the figures on audience reach and market shares that are now their main 'currency'.

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ANNEXES

ANNEXE 1
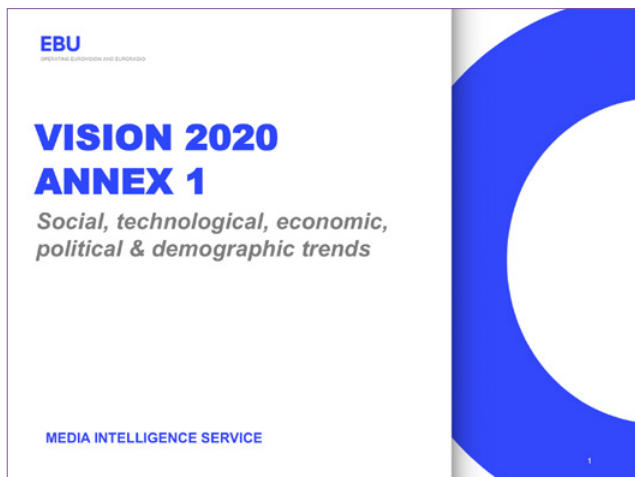
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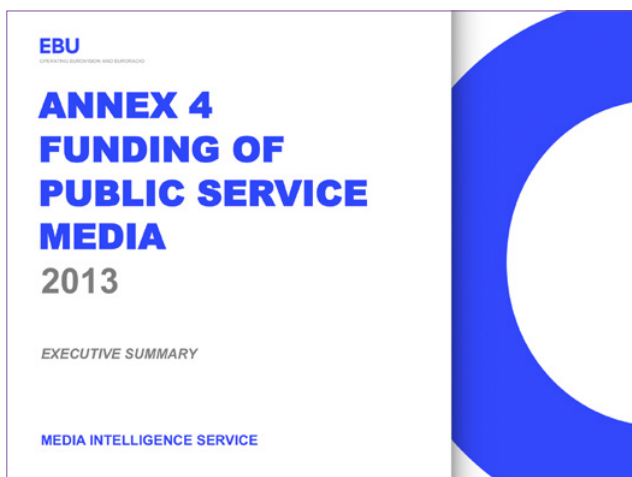
ANNEXE 2

Media Consumption Trends (pdf)

ANNEXE 3

Media markets, media distribution & production technologies (pdf)

ANNEXE 4

Funding of Public Service Media, 2013 (pdf)

Only accessible for EBU members

ANNEXE 5
COMPOSITION OF EXPERTS GROUPS
& PROJECT TEAM
& STRATEGIC ADVISORY GROUP

CONTENT & AUDIENCES - EXPERTS GROUP I

Charlie Beckett (Chair)

Dieter Boen (VRT)
Asun Gomez Bueno (RTVE)
Andrea Fabiano (RAI)
Giacomo Ghisani (VA RV)
Thomas Granryd (SR)
Erik van Heeswijk (VPRO)
Arild Hellgren (NRK)
Frans Jennekens (NTR)
Glen Killanne (RTE)
Christa Kurzweil (ZDF)

Mike Mullane (EBU)
Sven Lescuyer (FT)
Josef Lusser (ORF)
Agnese Mamaja (LT)
Riitta Pihlajamaki (YLE)
Goran Radman (HRT)
Lars Thuno (DR/GEAR)
Gerard van den Broek (NOS)
Jan Westerhof (NPO)
Jan Weyrauch (ARD)
Patrick Younge (BBC)

DISTRIBUTION, TECHNOLOGY & AUDIENCES - EXPERTS GROUP II

David Wood (Chair)

Benoit Balon Perin (RTBF)
Lene Einang Flach (NRK)
Sylvie Courbarien Le Galle (FT)
Andrea Fabiano (RAI)
Robert Foster (BBC)
Christoffer Godt-Hansen (DR)
Francis Goffin (RTBF)
Tomas Lindhe (SVT)
Klaus Illgner-Fehn (ARD/IRT)
Khalid Hadadi (Channel 4)

Kazimir Bacic (HRT)
Bram Tullemans (EBU)
Franz Manola (ORF)
Gunillla Ohls (YLE)
Thomas Saner (SRG)
Marc Savary (SSR)
Eric Scherer (FT)
Lut Vercruyse / Jan Bruyneel (VRT)
Egon Verharen (NPO)
Peter Weeber (ZDF)
Daniel Wilson (BBC)

GOVERNANCE, ROLE, REMIT & FUNDING - EXPERTS GROUP III

Tim Suter (Chair)

Jürgen Burggraf (ARD)
Jean Copsidas (FT)
Karen Donders (VRT)
Morana Kasapovic (HRTV)
Simona Martorelli (RAI)
Zoran Mihajlovic (HRTR)
Olav A. Nyhus (NRK)

Michael Wagner (EBU)
Ekaterina Orlova (RTR)
Jan Petersson (SR)
Gunilla Ohls (YLE)
Klaus Unterberger (ORF)
Petr Vitek (CT)
Viktor von Oertzen, (ARD)
Krzysztof Wojciechowski (PRT, TVP)

VISION2020 PROJECT TEAM

Ruurd Bierman, Francesca Cimino, Nicola Frank, Nicoletta Iacobacci, Andra Leurdijk, Mike Mullane, Sue Neilen,

Michelle Roverelli, Roberto Suárez Candel, Bram Tullemans, Michael Wagner

STRATEGIC ADVISORY GROUP

Gilles Marchand (RTS)
Petr Dvorak (CT)
Graham Ellis (BBC)
Dimitri Mednikov (RTR)
Sandra De Preter (VRT)

Jane Vizard (EBU)
Lieven Vermaele (EBU)
Simon Fell (EBU)
Annika Nyberg Frankenhaeuser (EBU)

ANNEXE 6
LIST OF INTERVIEWEES

Nick Davies (Guardian/writer)
Roger Mosey (BBC).
Gilles Marchand (SRG/RTS)
Sandra De Preter (VRT)
Henk Hagoort (NPO)
Cilla Benkö (SR)
Alessandro Baricco (writer)
Jeroen Verspeek (NPO)
Mezen Dannawi (NPO)
Charlie Beckett (LSE)
David Wood (EBU)
Mats Svegfors (SR)
Lieven Vermaele (EBU)
Simon Fell (EBU)
Annika Nyberg Frankenhauser (EBU)
Jane Vizard (EBU)
Ingrid Deltenre (EBU)
Jean Paul Philippot (EBU)
Madhav Chinappa (Google)
Graham Ellis (BBC)
Malte Lind (SR)
Guillaume Klossa (EBU)
Petr Dvorak (CT)
Jo Bardoel (University of Amsterdam)

Apart from this list we consulted:
- members from the 3 Expert Groups;
- staff at EBU;
- research and strategy departments of EBU members.

ANNEXE 7
VISION2020 EXPERT GROUP 1 - CONTENT AND AUDIENCES

EXECUTIVE SUMMARY

1. OVERVIEW

Public service broadcasters are facing a number of challenges related to changes in audience behaviour caused by the disruptive power of the internet and the proliferation of connected devices.

This has created an environment of abundant choice where the need for PSM is sometimes questioned. The challenges fall into two broad categories: firstly, the need to serve greying audiences while reaching younger people; secondly, audience fragmentation and 'individualisation' driven by the shift to online and mobile consumption.

To make matters worse, PSM are no longer the exclusive packagers and distributors of content. They are facing increasing competition from commercial broadcasters and on-demand video providers for content rights and talent; from online content providers for 'eyeballs' and time; from intermediaries, like Google (search engines) and Facebook (social networks); from network providers for rights to films and major sport events. They are also facing competition from start-ups and private individuals since the internet is not only removing geographical constraints on distribution, but also lowering the barriers to entry through no-cost publishing.

All of this is happening against the backdrop of a global financial recession, which has increased the pressure on PSM budgets. Newspaper publishers and commercial broadcasters have accused PSM of distorting the market through unfair competition and some politicians, albeit a small number, have rallied to their support. They question the need for a complete programme offer from public service broadcasters and argue that if left alone, the market will provide.

Ultimately, therefore, PSM are unlikely to receive additional funding to pursue whatever strategic choices they make. On the positive side, comparatively inexpensive technologies are making it possible to deliver high quality content in return for modest investments. Smartphones and other connected devices are already transforming the media landscape.

2. TRENDS: OPPORTUNITIES & CHALLENGES

2.1 Screens

There is a new emphasis on visual content and interfaces: smartphones, data journalism, new forms of video content (e.g. TED) and games. This is reflected in the trend towards bigger screens on smartphones because we are making fewer calls and using more data for music and video streaming services, in addition to surfing and checking email. The bigger screens underline the importance to radio of embracing technologies such as RadioDNS to develop a hybrid content strategy.

2.2 UGC

Cheap technologies are already increasing the opportunities for citizens to generate high quality content. One of the runners taking part in the 2013 Boston marathon, Jennifer Treacy, who was wearing a helmet fitted with a video camera, captured the most valuable footage of the bomb attack. Augmented reality glasses will become widely available in 2014 and are likely to increase opportunities for capturing content. In order to be able to separate the news from the noise, PSM will need to invest more resources into verifying UGC, ensuring that is well-sourced and supported by strong evidence.

2.3 Engaging with audiences

There is evidence that so-called 'second screen' activity is providing an important boost to television. Although it is true that many people use second screens to check their email or to surf for information not related to the programme they are watching, others enjoy voting in song contests, participating in quizzes or discovering complementary information to increase their understanding of complex issues, or to enhance their enjoyment of a drama show. Some degree of ownership of second-screen apps will be crucial if broadcasters want to maintain any degree of control over their content. Of course, they may decide to be happy if people are interacting and playing with their content in ways they had not foreseen, but this may mean relinquishing all control.

The internet also makes it easier to reach younger audiences. Mature audiences generally prefer the in-depth and longer form content available on generalist broadcast channels. Younger viewers and listeners usually prefer watching short video clips on social networks such as YouTube, Vine, Tout or Keek. This gives broadcasters the opportunity to reach young people with bite-sized content for mobile devices. Examples of bite-sized content include nowthisisnews.com (e.g. "Lance Armstrong's Oprah confession in 160 seconds. Pretend you saw all 90

minutes by watching this.") In the UK, ITV is providing a similar service on its website. Swedish Radio has produced 4-minute comedy clips and other speech radio for the Spotify platform.

Some broadcasters are putting a lot of effort into engaging with viewers on social networks. For example, a social marketing campaign resulted in the BBC production of 'The Voice' attracting 200 thousand Twitter followers before the programme had even aired.

3. STRATEGIC CHOICES & DILEMMAS

3.1 Fiction

The fact that high-quality drama is now available on a range of platforms, including YouTube and Netflix, amongst others, has led some to question whether PSM should withdraw from this genre to focus on more distinctive programming, such as high-quality news, investigative journalism, as well as more local and regional coverage. The answer is likely to be dictated by cost rather than the inability to compete. The lavishly praised 'House of Cards' series shown on Netflix, for example, was a remake of a BBC drama. DR's 'The Killing' and 'Borgen' show that even a small, non-English speaking broadcaster can compete with the best in the world, while ITV's 'Downton Abbey' has had a more profound impact on popular culture and enjoyed greater success than any original drama produced by one of the new players.

3.2 Sport

Something similar is happening in the world of sport, where non-traditional players, including network service providers, are competing for rights and driving costs ever higher. Many PSM are under public pressure not to invest huge sums of money into acquiring top sport properties. There is a widespread popular view that such investments should not be done using public funds, but should rather be left to the commercial domain.

Some experts have suggested a PSM content strategy where the number of productions would be limited, but done with an emphasis on quality and chosen carefully for their impact on audiences: "fewer, bigger, better". Many PSM might even be forced into adopting this strategy in a situation where no funds are available for niche sports after acquiring exclusive, top events. However, this leads companies to another dilemma: how to offer a variety of sports when the major part of budgets goes to covering

a couple of big events? A diversity strategy doesn't come without problems either. In some countries it has proven difficult to find airtime for minor sports and public interest is marginal.

3.3 Linear vs. on-demand viewing & listening

Although a lot of fiction is now consumed on-demand, linear viewing has been growing in recent years. The average viewer watches around four hours a day in the "Big 5" European nations (France, Germany, Italy, Spain and the UK) and even more in the US, according to figures from IHS Screen Digest. These figures are expected to grow to new record-breaking highs. At the same time, non-linear viewing is also likely to grow. According to IHS Screen Digest, non-linear viewing will account for a fifth of total viewing time in at least one of the "Big 5"countries by 2020. On- demand has been less successful on radio and currently only accounts for around one per cent of listening, although this figure is expected to increase.

3.4 Partnerships

A major strategic decision will be whether to confront all of these challenges alone, or to seek allies by forging partnerships with commercial broadcasters or non-traditional content providers. In Belgium, the Dutch-language broadcaster, VRT, has developed a joint online video player with commercial partners. In the UK, the BBC, Global Radio, Guardian Media Group, Absolute Radio and RadioCentre created Radioplayer to serve radio audiences by making all radio content available on the same player. Following its success, Radioplayer has been exported to other countries. Some broadcasters, including BBC and SR, have made their news content easy for newspapers and others to embed on their websites, both as a way of placating some of their fiercest critics and to extend their reach.

4. CONCLUSIONS

More organisations and people than ever before are actively creating content, but how will audiences know who to trust? PSM may choose to become islands of sanity in an information and media jungle, or they may decide to assume the role of curators, or trusted guides. This could ensure both their relevance and their legitimacy. As for the content that PSM create and the rights they acquire, future activity is likely to be dictated by costs. A possible strategy could be to put quality first and to do fewer things better.

ANNEXE 8
EXPERTS GROUP II DISTRIBUTION, TECHNOLOGY & AUDIENCES

EXECUTIVE SUMMARY

WHAT IS THE PROBLEM WE FACE, AND WHAT IS THE SOLUTION?

The problem is that technology continuously evolves, and this changes the world around us. Whether we like it or not, society and its needs are affected by technology. The trajectories can change gradually or suddenly. Who would have predicted the success of the iPad or Twitter five years ago? Who foresaw that the gestation of HDTV would take 20 years? There are clues, but no certain road ahead.

The solution is to constantly follow and understand what is happening in the world, be able to adapt your organization and its output to the changes, change the tools we use to fulfil our mission, and shape the future ourselves with ideas and innovation. Members need to arrange their organizations to enable this. EBU members need to work together, and share what we know and learn, to try to overcome the financial restrictions of PSM.

THE WORLD OF 2020

Two things – large high-quality thin lightweight TV screens and tablets – will become the tools with which public service media providers reach their television audience in 2020.

For the TV service, broadcasters will have two directions to exploit. The first is towards better technical quality. Technology is bringing gradual increases in image quality. The greater the technical quality, the more involved the viewer feels, and the longer he or she will watch a given programme. Better technical quality is a win-win situation for broadcasters, set-makers, and viewers, and is an inevitable trend.

The second direction is towards adding what the industry terms features. These can be used to augment the broadcast, or possibly substitute it. The main features arise from the technology of hybrid broadcasting – connecting the internet to the television set. This can be used for programme guides, auxiliary information about the programme, or video-on-demand, including catch-up TV. Features can also be provided for tablets, so the viewer's experience can be via the tablet alone, or a combination of a TV programme/service and the tablet, the latter offering multimedia and social networking. The lounge viewing experience for many people will become the simultaneous use of the large screen and the lap-mounted tablet, but viewers will also use tablets at any time, and in any room, to watch TV programmes or other web content, whenever convenient for them in private. The content choice the viewer makes will be influenced by recommendations (suggestions about what to watch or listen to) from a variety of sources. Intermediate size TVs will gradually become less popular.

For Radio, FM remains the most-used delivery platform in Europe. Live radio is also popular on the internet where the producers are able to swiftly apply possibilities of different (social) platforms in an interactive mix. As radio channels are available on different platforms (also connected TVs) their audience can stay in touch during the day with the DJ or reporter in the field. But unless there are, in a given country, national policies about a digital radio switchover, the main delivery will stay analogue.

It may be (and we may hope that it is so) that digital broadcast radio capability will be included in some tablets and smartphones, and we may therefore see a progressively greater use of digital broadcast radio. The inclusion of FM radio in mobile phones in India created an explosion of radio broadcasting there, and the same effect might happen in Europe.

WILL WIRELESS BROADBAND INTERNET EVER BECOME A SUBSTITUTE FOR BROADCASTING?

In terms of providing universal coverage that is freely available to all, the answer is 'no', but it will be attractive to many users, and for some users the answer will be 'yes'. Public service media will provide both broadcasting (using whatever broadcast spectrum is left nationally) and broadband services. Much new media software and ideas for innovative applications look set to continue to come from the United States and virtually all higher quality hardware will come from the Far East.

In programme production, broadcasters will increasingly change to systems that use information technology, and they will find they are confronted with a tsunami of data to be stored, as IT programme production takes hold, and producers demand that every scrap of shot material – be it even UHDTV – is kept and stored. Broadcasters will use external internet clouds to help them with programme production and delivery. Slowly but surely all television production will be HDTV and this will become the only type of production equipment available. HDTV will be superseded by UHDTV in the next few decades. Increasingly, broadcasters that are responsible for TV, web, and radio services will combine their technical infrastructure for news.

The experts group has put together a substantial series of about 50 recommendations. These include the encouragement to develop a company-wide strategy road map that encompasses programme-making and deliver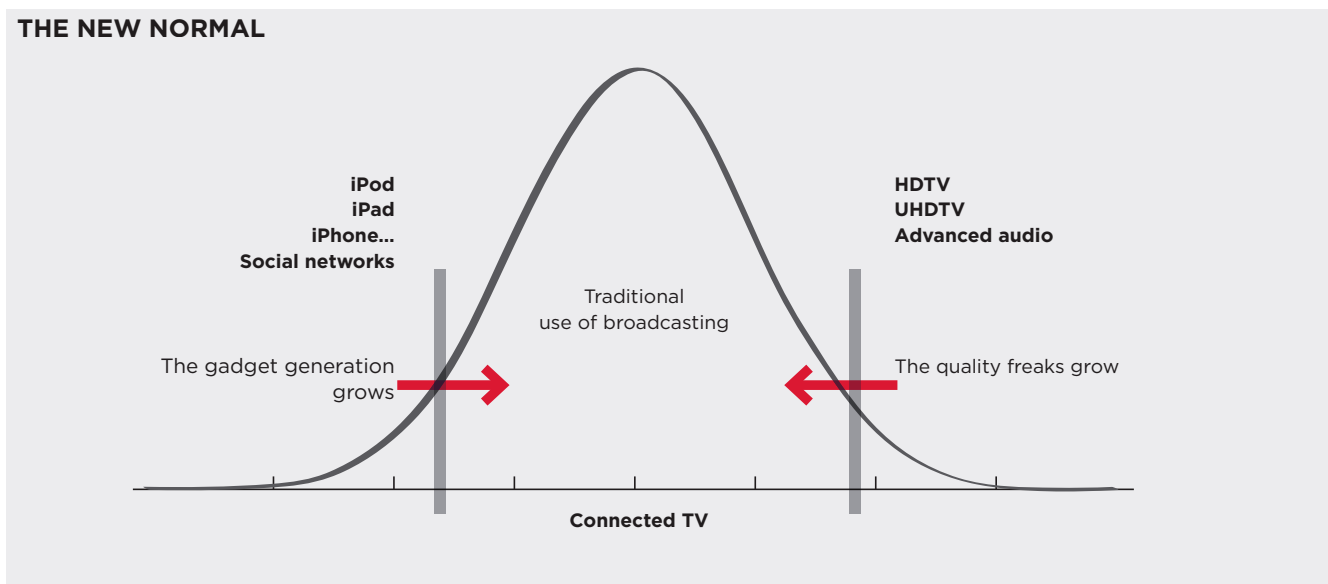y, for all delivery platforms, and adapts to the evolving media environment. They also include encouragement to collaborate more with other EBU Members, to share knowledge and experience of working in a current climate of diminishing PSM funding, while adding new services and more internet distribution infrastructure.

The group also recommends that a successful migration to DAB+ will require the broadcaster to persuade the national government of the need for a national governmental plan for radio. Digital radio broadcasting will only be successful if there is a national mandatory plan for analogue switchover (as for TV).

In summary, the underlying trend for public service media between now and 2020 will be the increasing use of the internet as one of the tools to reach our audience and, at the same time, higher image quality options will become available, which will increase emotional involvement and do justice to larger TV sets. This will be accompanied by necessary changes to programme production. Radio will continue as a staple of the public, but the speed of the transition to digital radio, and its potential partner internet radio, is difficult to predict.

Finally, the experts group recalls that the best way to predict the future is to make it yourself. With bold and adventurous ideas between now and 2020, we can do so.

Click here for the full Experts Group 2 Report.

THE NEW NORMAL

iPod
iPad
iPhone...
Social networks

HDTV
UHDTV
Advanced audio

Traditional
use of broadcasting

The gadget generation
grows

The quality freaks grow

Connected TV

ANNEXE 9
EXPERTS GROUP III
GOVERNANCE, ROLE, REMIT & FUNDING

EXECUTIVE SUMMARY

The three issues of Role and Remit, Governance, and Funding are fundamental to the legitimacy and sustainability of public service media. To win these battles, PSM will have to show real vigour in arguing for, and justifying, a renewed remit. They will need real determination to secure political independence, balanced by stronger accountability to audiences and citizens, and a deep-seated commitment to openness and transparency. They will also need a forward-facing approach to future funding, including being open to replacing technology-specific modes of public funding. And their management will need to be prepared to put funding where it will most benefit audiences.

The context within which these battles must be won is one where PSM face at least three very significant challenges. While broadcasting as a delivery mechanism remains strong, technology and audience behaviour have fed a desire among audiences for new opportunities to access content and new types of content more effectively tailored to their interests. At the same time, audiences as citizens want the public service to be more responsive and focus on meeting their needs, whereas institutions, and especially public sector institutions, are widely viewed as old-fashioned, slow and unresponsive, especially when compared to flexible new media services. Funding models are at best vulnerable to market and political pressure; at worst, they may be linked to particular transmission technologies, which could leave them stranded yet facing the prospect of a vigorous public debate about the extent to which they should retain all the funding in future, especially if it is refocused on a broader range of media.

To meet these challenges, EG III has developed a number of recommendations, supported by a wide range of case studies and examples of best practice, to help PSMs develop the arguments and effect real and substantive change and reform. These recommendations seek to strike a balance between core principles and the discretion needed for PSMs facing very different political and market conditions. Best practice examples should give guidance to organizations both big and small, while the identification of common principles will bolster the arguments PSMs can use to secure their future resources and independence. The final report will contain as an annex the full EGIII report, including all EGIII recommendations.

Given that these issues depend, to an even greater extent than the issues considered by the other two experts groups, on gaining the consent of politicians, the recommendations strike a balance between those actions necessary to win the argument externally and inspire action or support from the state and other EU institutions and those actions wholly within the grasp of PSM management to bolster their position and prepare them for the battles ahead.

For Role and Remit, there is a balance between external and internal priorities. To win the external argument for broadening the remit to include on-line and innovative services, PSMs must demonstrate that they have well grounded justifications for including these new services, and the staff and skills to provide them. But even more than that, a new spirit of partnership and collaboration is likely to be needed if PSMs are to ensure the best possible range of services for audiences and citizens. Examples of best practice include working with market players to build new open platforms, while mutually beneficial arrangements with publishers may also be explored.

Discussion of governance is often limited to a narrow examination of the formal rules around supervisory bodies and appointment processes. But in fact, as the recent CoE Recommendation makes clear, it is a much broader issue, involving all the ways in which PSM bolster their independence and legitimacy. External requirements for independence are crucial: the boundary between the state and the editorial freedom of PSM needs constant vigilance, and every effort needs to be made to strengthen these protections. However, many of the recommendations here are about organizational transformation: at a time when institutions themselves are mistrusted, the challenge is for PSMs to demonstrate, in both their organization and their culture, that they are outward-facing, responsive and open organizations where the interests of the audience come first and foremost.

The recommendations regarding funding focus on winning the eternal external argument. Public funding is an increasing proportion of revenue for EBU Members – unsurprisingly, perhaps, given the depth of the recession and its impact on advertising, yet all the more so because of pressure on politicians from competitors seeking to reduce the commercial activities of PSM. While overall funding has fallen in real terms, the proportionally fastest growing element of overall PSM revenue is derived from direct funding by the state, although a licence fee model has been increasing– with obvious implications for the risk of political motivation behind how the funds are allocated. Alongside a welcome move to ensure that direct contribution models of public funding (such as the licence fee) are reformed in a socially fair and technology-neutral way, this requires renewed energy in the debate about stabilizing and future-proofing public funding. However, many PSMs are dependent on more than just public funding for their revenues. So arguments need to be developed for these PSMs to have the opportunity to seek commercial funding that is tailored to match their new, on-line remit, so that market-oriented opportunities to fund services in support of the public service remit are within their scope.

Taken together, these recommendations are a mix of the practical – in terms of internal reform; cultural – in terms

of remoulding the approach; and advocacy – for a new role, and the funding to support it. The Experts Group believes that these recommendations go with the grain of both internal and external arguments about the enduring role of PSM, and submits them to the Executive Board for consideration.

Click here for the full Experts Group 3 Report.

VISION2020

AN EBU PROJECT