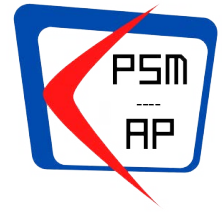# Adapting Public Service Media

How are the UK's major public service media organisations responding to the age of platforms?

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Radical changes in media use, the advent of streaming services, and the dominance of big tech have challenged public service media (PSM) as an institution and project, requiring PSM to transform into fully digital, online-first organisations. In this context, we present results from research conducted during the second year of PSM-AP, a large-scale comparative research project analysing 'Public Service Media in the Age of Platforms'. In this brief, we put forward a series of findings and recommendations on how the major PSM organisations in the UK are responding to the rise of platforms. This report is based on in-depth interviews with PSM employees (top and middle management) in nine European PSM organisations in five countries: Belgium (RTBF and VRT), Denmark (DR, TV 2), Italy (RAI), Poland (TVP) and the UK (BBC, Channel 4, ITV). The collected data was analysed in line with country-specific organisational reports and industry documents.

The Transformation of PSM Organisations Across Six European Markets

The transformation of the media ecosystem, dominated by technology giants such as Netflix, Apple, Alphabet and Amazon, challenges the established operating practices and organisational structures of PSM. All PSM organisations in our study are increasingly shifting towards internet-delivered television. Our study suggests that this requires PSM organisations to transform their operating practices, including integrating digital skills and aping the strategies of the streamers. Structures and cultures forged for a broadcast context can make adaptation a greater challenge, particularly in the face of departmentalisation, bureaucracies and silo-based communications inherited from the past. As audiences shift to internet television at different rates, responding to and balancing different audience needs and managing brand perceptions is central, leading to shifts in commissioning and distribution strategies. These changes need to be navigated in relation to extant public service remits and obligations set out in policy. Ongoing funding difficulties for both publicly and commercially funded PSM organisations can make adaptation more challenging. This can limit the ability for PSM organisations to compete with the major subscription video-on-demand (SVoD) services. It has also led, in some cases, to an emphasis on strategies to drive audience retention over the social and cultural benefits of PSM.

Despite these shared concerns, the trajectory towards online-only delivery varied for the PSM organisations in our study. For those PSM organisations most mature in the transition to digital first (in Denmark and the UK) there was a strong commitment to an online-only future, albeit one tempered by the need to maintain broadcast delivery for audiences not yet using online TV (BBC, DR) and, for commercially-funded organisations, the challenges of generating sufficient ad revenue online (Channel 4, ITV, TV 2). For the Belgian PSM organisations (RTBF and VRT) the transition towards digital first is more incremental, while in Italy (RAI) and Poland (TVP) broadcasting remains more resilient, leading to strategies focused on evolution rather than revolution.

Key findings from the UK

Maintaining PSM values in practice is an increasing challenge

The UK PSM organisations in our study (BBC, ITV and Channel 4) all maintain a commitment to public service values, but the challenges of platformisation mean that these values are not always reflected in practice.

Trust, impartiality and pluralism were signalled as particularly important for the platform age, particularly in the context of growing polarisation and mis-/dis-information. Diversity also operated as a point of distinction from commercial services for all three UK PSM organisations and was often discussed in relation to offering more distinctively British content.

However, in practice, BBC, ITV and Channel 4 tended to prioritise strategies for growth over strategies focused on diversity and plurality. In our interviews, commissioning and programming strategies focused on increasing and retaining VoD users, with diversity and pluralism as secondary concerns. For the BBC and ITV, growth was often justified through reference to the importance of driving audiences to the VoD to maintain universal reach and relevance.

There are things that other only commercially driven organisations may not be willing to do [...] when those are not directly and positively impacting any of their commercial goals. I think this is something that only the BBC can do – catering to the needs and preferences of broad and diverse audiences, ranging from educational content (e.g. Bitesize or CBeebies) to News and Sport (where it covers from highly popular to niche sports) [...] But while we do measure [genre] diversity, we don't explicitly optimise for it.

—— Lead Data Scientist for Recommenders, BBC

PSM regulation perceived as out of date and inhibiting innovation

BBC, ITV and Channel 4 positioned themselves as in competition with larger, more well-resourced and unregulated US platforms. The BBC and ITV both argued that regulation had not kept up with the more diminished status of UK PSMs in comparison to the global platforms and conglomerates with which they now compete for audiences, talent and funding. PSM remits were often positioned as inhibiting the technological and organisational innovation that would maintain a competitive PSM system, with Channel 4 (for example) experimenting with the distribution of content on social media outside of specific remit requirements.

The universality requirements to maintain broadcast channels on digital terrestrial television (DTT) and grow on-demand services, was increasingly experienced as a financial burden at a time when revenues are decreasing and PSM organisations are concerned about losing audiences to SVoDs and video streaming platforms (VSPs).

I think we are regulated like a monopoly, and we are definitely not a monopoly either in viewing or adverting terms.

—— Head of ITV Insights Group, ITV

Our observation of the government around the Media Bill is if you want us to be as heavily regulated as we are in terms of production and in terms of regional production, news, regional affairs, the concept of universality, that's fine but the impact of that needs to be understood. [...] those are all obligations none of our competitors bear. Whether they're legacy TV or the big streamers, if you require us to do things that are less economically efficient than being a purely commercial player, then, we've got to work out what that looks like in terms of the benefits of being a PSB too.

—— Director of Policy and Regulation, ITV

Different distribution strategies in response to changing audience behaviours

Reaching and maintaining audiences was a challenge across the PSM case studies, particularly younger audiences that are turning away from broadcast television and PSM. However, for the BBC and ITV, this needed to be balanced with maintaining an offer to meet the needs of audiences dependent on broadcast television. As such, the BBC, ITV and Channel 4 are adopting different distribution strategies in response to changes in audience behaviour.

The BBC's strategy is to drive audiences to its online and broadcast services, rather than making programming available on social media and VSPs because of risks of losing attribution. Instead, it uses these platforms as promotional devices to generate broader brand awareness. It aims to attract younger audiences to its services with high-profile content that brings the nation together. Although broadcast TV remains important to meet its universality requirements, the BBC is keen to accelerate transition to internet television, calling on the Government to do more to improve digital inclusion.

> *That's not to say those platforms aren't incredibly useful, they are, but what they are, are promotional platforms. […] if you're in a needs state on YouTube you're not suddenly going to go, oh YouTube has a link over here to iPlayer I'm going to watch an hour of telly.*
>
> —— Director of Distribution and Business Development, BBC

ITV's focus is on broad reach. At present, remaining on broadcast television remains a commercial necessity because of its dependence on advertising, with the terms of ad revenue share (typically around 45%) make distributing content on social media and VSPs commercially unfeasible.

Channel 4 is adopting a different 'platform neutral' distribution strategy. Like the BBC and ITV, Channel 4 would prefer audiences to be on their own services. However, they claimed that the marketing spend required to achieve this would be too significant, particularly given their remit to serve younger audiences. Consequently, Channel 4's streaming strategy does not prioritise their VoD over social media and VSPs, leading to investment in native social media content and distribution of long-form content on YouTube. This strategy is based on finding ways to monetise content on social media and VSPs, which can only be achieved through commercial deals with platforms.

> *Pandora's Box is open; social media, people's behaviours, you cannot shy away from it. […] You are now getting generations of people who grew up their entry gateway to content was on an iPad with YouTube Kids being shoved in front of them. By the time they get to 18, their default way to find and consume content is YouTube.*
>
> —— Managing Director, 4Studio, Channel 4

The challenges of distribution on social media and video-sharing platforms

Despite the differences in strategies, all three PSM organisations discussed the difficulties of engaging with and entering into deals with social media and VSPs. This included the challenges of revenue generation on, and data sharing by, social media and VSPs, and reputational risks and value conflicts, including from a lack of control over the environment within which their content appears (such as what might autoplay afterwards or what advertising will be placed around their content). There were also concerns that the prominence, visibility and financial viability of PSM content would be at the whim of the algorithms of the platforms, which could lead to more sensationalist, polarising or low-quality PSM content.

> *There's no prominence around YouTube at all. And actually, how you make the algorithm work, and what content works, and what those relationships between channels and content are, and how you promote content on YouTube is something we are massively learning about.*
>
> —— Technology and Distribution Director, Channel 4

> *Even for a company like the BBC, of our scale, we would struggle often times to get the right contacts at the big tech companies because they are quite secretive, or they're organised deliberately in a way that doesn't actually give you access to certain areas of the company.*
>
> —— Senior Distribution Manager, BBC

VoD shifting commissioning towards fewer but bigger titles

Across the three organisations, commissioning decisions are oriented towards content that will work for streaming, with a focus on reach and retention over diversity and pluralism. All prioritise content that will attract audiences to the VoD through big hits designed to generate national conversations, and content that can keep viewers on the service for longer periods of viewing, such as multi-episode series. Each broadcaster had its own language to describe such content: fireworks and bonfires (ITV), talkability and bingeability (Channel 4) and fast burn and slow burn (BBC).

With declining revenues, commissioning strategies are also moving away from 'mid-range' content to focus on 'fewer but bigger' titles, designed to stand out in a competitive market. This may present risks for genres such as arts, culture, science, education, children's and religious programming, where the public service broadcasters are the primary producers.

> *You have your content that are your big fireworks which tend to get big marketing support, big noisy shows that are the things that catch peoples' attention and bring them into a service. The big dramas and big reality shows like Love Island might be examples of those. But then once they're in you also need the bonfires; so the sort of long-running, thousands of hours of boxset.*
>
> — Director of Brand and Marketing, ITV

PSM organisations are changing and innovating but remain editorially led

All the UK PSM organisations in this study have undergone restructuring to remove internal silos and use more agile approaches adopted from the tech sector. Despite this, organisational transformation was generally positioned as an ongoing challenge.

Investment in data science, analysis and digital skills was apparent across the BBC, ITV and Channel 4. However, declining revenues were a barrier to tech innovation, and integrating digital skillsets and technologies involved negotiating differences between commercial and PSM mindsets, as well as broadcast and digital ways of working.

> *The other challenge is, maybe, digital skillsets within the BBC. We have a lot of people who want to become more digitally minded, but they don't have the necessary skills to do that. We have enacted so many training programmes to train people. But the problem is that they're not actioning any of that learning in a practical or pragmatic way in their day-to-day jobs. So, they come out of training going oh, yes, there's all this stuff we could do, but I don't think there's applications really happening within that side.*
>
> — Head of Digital Media, BBC

Despite organisational changes, the BBC, ITV and Channel 4 remain editorially led organisations. Editorial insight shaped the development and implementation of personalisation algorithms and online curation, underpinned by PSM values. For example, the BBC built editorial compliance into the design of their algorithms, with collaboration between editorial and technology teams to ensure that algorithms adhered to the editorial standards expected of a PSM organisation.

Recommendations

PSM values need to be redefined for the platform age

In an increasingly competitive online media context, perceptions of PSM are crucial for its future legitimacy. Trust has become more important for the legitimacy and future of PSM. For trust to be part of the brand requires sufficient independence from political interference, clear accountability to the public and increased transparency. Greater engagement with the public about how to reinterpret PSM values for the platform age is needed, alongside clearer communication about how data and algorithms are used to inform decision-making.

Regulatory regimes need to enable innovation without diluting the values of PSM to society

UK PSM organisations need to continue to adapt their strategies. organisational structures and skills-base to the challenges of the platform age. However, this requires a regulatory regime that enables innovation without diluting the values of PSM to citizens. PSM should be able to respond quickly to emerging technological trends, with regulatory oversight focused on strengthening the provision of socially and culturally valuable PSM to all audiences over competition concerns.

Strengthen provision of public service remit online or risk dilution of PS values

There is a risk that PSM values are being diluted in the move to online-first PSM. It is important that PSM organisations continue to produce a broad range of public service remit content and explore new strategies to engage audiences with the diversity of that content in online environments. Metrics to define and measure success should be clearly aligned with PSM remits and values, including ensuring that all audiences benefit from PSM regardless of where and how they watch/use services.

PSM should be incentivised to innovate with algorithms that safeguard the public interest

The development of recommender systems has required PSM organisations to integrate technological and editorial expertise. Policymakers now need to keep pace. To tackle the total effect that algorithms are having on the delivery and consumption of media and communications, policy silos between technology and media and culture need to be broken down. Principles for algorithmic recommendation in PSM – based around data transparency, diversity, pluralism and accountability – should guide wider reform, transparency and accountability of the PSM and commercial media sectors.

Platform regulation to protect the future of PSM

Regulation needs to address the distribution of PSM content on the third-party platforms, especially as social media and VSPs become the first 'point of reference' for younger audiences. Policymakers should explore interventions to facilitate the development of cooperative frameworks for the third-party distribution of PSM content. This should include:

- Agreed standards for audience measurement and data sharing designed with the public interest at heart.
- Terms of trade, to ensure that the distribution of PSM content on social media and VSPs returns sufficient revenue to PSM organisations.
- Changes to the measurement of PSM remits, to ensure that regulation captures the value of PSM content on social media and VSPs.
- Mandated prominence of PSM content on social media and VSPs through mechanisms such as pinning or up-weighting of public service remit content in platform algorithms.