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The future of Channel Four after the Broadcasting Act 1990

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Introduction

Television operates in the mutually-influencing realms of economics, politics and culture. Across Europe, huge changes have occurred at the indefinable point where culture and economics meet, and politics seeks to mediate or, more often, impose an agenda. This has brought about the deregulation of the television industry and, in its wake, re-regulation (Siune and McQuail 1992:192, Silj 1992:17).

The resulting conflict has manifested itself most obviously in the clash of public service broadcasting and its commercial rivals. Here the British situation becomes interesting as Channel 4 was set up as a hybrid of the two forces shaping British broadcasting – a commercial station fulfilling a public-service role. The viability of this role is now often questioned (Leith 1991:15, Davis 1992:17, Keighron 1992:33, Miller 1992:5). Public service broadcasters are caught in the double-bind of statutory requirements and forced increased commercialism. Channel 4 is no exception.

It cannot be denied that public service broadcasting requires protection in the climate in which it now operates. In fulfilling certain public service obligations, I argue that this protection should be extended to Channel 4. As Smith (1992:63) argues, it would be inconceivable to leave the health and education of the population to market forces and broadcasting, in its role of informer, educator, entertainer and forum for the people should not be left to the mercy of the market. 'The broadcasting system of a society is, next only to Parliament, its most important institution.' (Smith, 1990:11).

'The public interest'

Observing the tide of change that swept broadcasting in Europe, during the 1980s, the British began the slow march towards deregulation, an inexorable process from the inception of the Peacock Committee in 1986, to the White Paper of 1988 and the Broadcasting Act of 1990. A cynic could argue that an articulate social sector with access to a mass medium – a forum for its views and arguments – would not sit easily with that patron of hegemony, Margaret Thatcher. Hence, improved opportunities for private enterprise and increased commercial pressures on television could be used to deflect attention from the politicized social role of television. As Smith (1989:14) argues, could the shift of emphasis from public to private sector be seen as being 'in the public interest?' The 'public interest' has been proffered on innumerable occasions as a justification for the Broadcasting Act of 1990. How well it serves that interest is yet to be determined. The dominant forces concerned put forward the view that 'public interest' values have led to an over-regulated situation, but, the irony of this only becomes apparent upon examination of the 1990 Act.

To be fair, it is not only the government who have been accused of failing broadcasting. Broadcasters have 'failed to offer a coherent statement of the social purpose of broadcasting' according to David Elstein, Director of Thames Television (Murdock 1991:18); the rhetoric of consumer choice and competition has held sway. Access to the culture represented in television and thus participation in its shaping has often been denied by a dominant elite. However, the concept of a 'national culture' has long been attacked in Britain as different gender, ethnic and social groups have gained expression – not least through Channel 4 and its contribution to the legitimization of media usage by gays, lesbians and various ethnic minorities in British society. It surely provides a forum for expressing varied experiences and attacks stereotypes (Murdock

1991:18). To fulfil the myriad social roles that many commentators would assign it, broadcasting, in this case television, must be independent from external control. This is not to deny the need for certain controls to be exercised, for example, in terms of the range of programming from factual to fiction. Independence is a prerequisite for free expression – a debate that has affected the BBC and its licence fee for a very long time.

There are many idealized notions about broadcasting – that it remedies some deficiency of knowledge or experience (Dyson 1988:66). There is often a conflict between what we think ought to be on television and what we like to watch – it is the eternal conundrum of the consumer versus the citizen. 'We should not expect that television programmes which respond to viewer's choices will also be the programmes that meet the greatest needs.' (Dyson 1988:66). This does not negate the existence of 'worthy' programmes or programmes that lack mass appeal, nor should it, since television should aspire to be more than a 'trite' medium. It is, in fact, the enormous power attributed to television by politicians and those in authority that has led to their preoccupation with the medium and thus their desire to 'bend' it to their own ends. It is this preoccupation that caused the Tory government under Margaret Thatcher to bring about a period of unnecessary instability in British broadcasting (Snoddy 1993).

Strategy for survival

The hope for the future for Channel 4 depends on several factors but prominent among these is audience segmentation. The very nature of the channel – providing programming for various minority groups – has resulted in a ready-segmented audience, quite clearly defined and often very desirable to advertisers. Initially, critics failed to see beyond Channel 4's relatively small audiences – *Brookside*, one of the most popular programmes gets an audience of approximately 3.9 million – and hence, thought that the channel would lose out in the advertising war: it simply does not deliver large audiences. They failed to note the 'quality' of those audiences: *The Word*, *Viva Cabaret*, *Whose line is it anyway?* all attract a young and upwardly mobile audience. Furthermore, *Channel 4 News* has very strong upmarket appeal (Life 1993a:4) and, at 7.00pm is neatly scheduled to catch those just in from work.

An audience 'segment' comprises viewers who display dependable viewer behaviour (Ang 1991:62) and as such, are highly desirable to advertisers. Naturally, depending on the characteristics of this audience, a relatively small audience could be worth more, in real terms, than a very diverse, large audience. The problem is that there is no way to foretell precisely the ratings performance of a new programme (Ang 1991:64) – but if the audience profile is already known, an advertiser can purchase advertising time around a programme that 'targets' the audience he/she seeks to reach. This has led to a proliferation of audience profiling techniques.

If segmentation is the art of grouping together people who share a certain need (Corstjens 1990:24) there have to be methods of identifying these people. Early profiling techniques grouped audiences in terms of age, geography, gender, etc. (Percy and Rossiter 1980:20/1). This has become far more sophisticated; now, in addition, educational level, socioeconomic group, type of housing or presence of children is factored in. In surveys or questionnaires people are asked for attitudinal indicators, dividing the population into groups that are more 'meaningful' to advertisers (Corstjens 1990:29). While this can be seen as a sinister development, it may well be the salvation of Channel 4.

Taking profiling as a fact of life in advertising today, it then follows that an advertiser chooses his/her slot carefully, depending on the required market. In Channel 4's favour is the reality that the total audience delivered is far less important than the 'effective audience' (Mandell 1984:367). As programmes are targeted for certain groups – particularly in the case of Channel 4's multicultural programmes or gay and lesbian series – so too are advertisements. The concept of a 'waste audience' does not work in

ITV's favour as there is no point in paying for a big audience if only a small percentage of them are the targeted group (Mandell 1984:369). Fewer than one in fifteen commercials is of relevance to the average viewer (Fletcher 1991:15). The cost of advertising time is calculated in relation to the magnitude of the audience watching at that time.

Channel 4 appeals to upwardly mobile, AB socioeconomic groups. Unfortunately, these people watch less television than other social groupings. In order to capture their interest, Channel 4 will have to continue to broadcast the quality, innovative programming that they enjoy. It has been contended that Channel 4's attraction of AB and the 25-34 year olds is a myth (Phillips 1991:22) and that their ability to supply decent-sized audiences has diminished. This view has not been borne out by any of my research to date. An audience's value is in its spendable income and its propensity to spend that income on particular goods and services (Gandy 1990:168). The rates the channel can charge for programmes are quite low comparatively speaking, but the audiences are heavily targeted – 'We do sort of trendy, young, "how to garden in a flowerpot" sort of gardening programmes' (Thomson 1993). These are aimed at young audiences, just as if you wish to advertise to the Asian community, for example, the only relatively guaranteed way of reaching them is by advertising around an Asian drama or discussion programme – which you will most likely find on Channel 4. If you want to reach a football fan, Channel 4 offer coverage of 'Serie A' – the Italian soccer league, which draws around two million viewers.

Channel 4 is cleverly exploiting its ready-segmented audience and current advertising theory and strategy verifies it as a pragmatic and successful way to sell airtime. The programmes made for the elderly or people on supplementary benefit broadcast by Channel 4 are far less attractive admittedly but, they should be subsidised by the rest of the output without too much difficulty (Thomson 1993). Perhaps the best indication of their success is that ITV are accusing them of stealing its revenue with more popular scheduling; the ITV profile is older and less upmarket than that of Channel 4 (Burnett and O'Carroll 1993:15).

What hope for Channel 4?

The channel was forced to become more mainstream in order to attain an audience share of ten per cent which would render it viable (Thomson 1993). Critics alleged that the channel was increasingly using repeats and American imports such as *Kate and Allie* and *The Waltons* to fill the schedules at the expense of original, domestic material (Phillips 1991:22, Graef 1991:22). The much lauded Jeremy Isaacs (first Chief Executive of Channel 4) had noted that 'television isn't just an industry, but it is also an industry' (Kustow 1987:90) and indeed the channel relied as much on imports in his day as under Grade (Snoddy 1993).

The channel met the challenge with a variety of adaptations. More commissioning with specific time slots in mind was introduced and the need for more co-productions was noted (Tobin 1990b:1). Sponsorship became an option: Shell International agreed to sponsor an educational documentary series (Tobin 1990b:1). However, Grade maintained his wariness of sponsorship deals. 1992 saw the first ever season of mainstream, American box-office hits on the channel: *Dirty Dancing*, *Good Morning, Vietnam* and *The Last Emperor* among them (Baker 1992b:14). The channel also repeated its most successful *Films on Four* – *Letter to Brezhnev* and *Room with a View*, etc. (Baker 1992b:14).

The phenomenon of station 'branding' has grown in the 1990s. As the number of channels increases, external diversity decreases and it becomes important for a channel to have a distinctive brand image (Collins 1990:95). Stewart Butterfield, Channel 4's Director of Sales and Advertising, has recognized the value of a distinctive brand image for television stations (Bell 1993:26). It is to its advantage that Channel 4 already has a

distinct image in the minds of viewers (Bell 1993:26), something that results directly from its distinctive nature. Whether it is a blessing or a curse is difficult to discern as many people regard it as a channel that is more likely to show sex or swearing than ITV or BBC but even its imports such as *Roseanne*, *Cheers* or *Golden Palace* are seen as being somehow 'different' (Thomson 1993).

If it does over-rely on imports, it has to be recognized that the channel has used them cleverly, new audiences have been created for old shows (Collins, Garnham & Locksley 1988:27) – series like *Happy Days* and *Little House on the Prairie* among many others. As a cost cutting measure, the channel stopped commissioning morning shows, repeats will fill the gap (Moncrieff and Nkovocho 1990:1). As is freely admitted, the channel uses more mainstream material, imports and repeats to bring in revenue to subsidize its other, 'worthier' programmes (Snoddy 1993, Thomson 1993) – in short, the programmes demanded by the remit. In fact its more innovative programmes fulfil one important aspect of television productions – the need for novelty (Collins, Garnham & Locksley 1988:28). Though audience segmentation may prove to be the key to Channel 4's survival, it is seen by some as a desertion of the channels obligations to some minorities in favour of more affluent audiences (Kerr 1990:49). I have noticed an increase in 'trendy' programmes on the channel: *Viva Cabaret* and *Bruce Morton's Seven Deadly Sins* are prime examples of programmes aimed specifically at younger, yuppie audiences. In direct contrast to this, is the dropping of commissioned morning shows. This implicitly negates housewives and the house-bound as a valid audience, that is to say, an affluent audience and could be seen as a change of emphasis by the channel.

Overheads were cut at the station by about eight per cent this year and the channel is budgeting for sixteen per cent of the advertising pool (Thomson 1993). The station still has to learn to manage the audience through the ad breaks so they do not change channels. The hiring of sixty staff has increased expenditure but staff levels are not expected to increase, in fact it is hoped to cut staff numbers in the next two-three years, reducing internal expenditure. These staff cuts are likely to be on the programming side as the advertising department is growing in importance as time progresses. There is a risk that staff in the arts and entertainment areas could be lost to higher salaries but, 'factual' staff are likely to remain as the BBC – which pays similar salaries – is their only real alternative (Thomson 1993). The belief of the staff of Channel 4 in what they are doing – in the remit – is inspirational. 'Therefore all the pressures, apart from the crudest financial ones, are going in the right direction to maintain a channel of character and influence and individuality' (Snoddy 1993).

ITV – friend or foe?

Without doubt, Channel 4's relationship with ITV will have a big impact on the station's future. There is a degree of bitterness perhaps related to Channel 4's protected position. LWT's Managing Director, Greg Dyke, has vowed not to sell archive material to Channel 4 or other commercial rivals. Michael Grade however advocates Channel 4 and ITV standing together to ward off the threat of BSkyB and the BBC (Baker 1992a:14). Channel 4 intends to build up a catalogue of shows in order to reduce its dependence on ITV among others. The situation is not ameliorated by ITV's belief that the channel is its main advertising rival and Dyke is not the only ITV chief who is hostile. Other executives have called for a bidding war (*Broadcast* 1993:1).

Channel 4 is not being decimated by ITV as had been feared. Their *Big Breakfast* is eating into GMTV's audience (Bell 1992:23) and their share of advertising revenue is growing steadily (*Broadcast* 1993:1). The GMTV versus *Big Breakfast* battle has led to bad relations between the companies and the situation is generally tense: 'Their sales forces have been very cut-throat about running us down' (Thomson 1993). ITV clearly see Channel 4 as the competition, while Channel 4 regards BBC2 as their main competitor for audiences. The situation is complex as revenue must be won from ITV but, in order to attract advertisers, Channel 4 must maintain its more 'BBC2-style' programmes.

ITV, though not dramatically altered overnight on 1 January, 1993 has of necessity become more populist.¹ The enormous cost of the franchises has put severe pressure on them and thus, they are determined to get the largest possible audience on every occasion (Snoddy 1993). The likelihood is that ITV will increasingly rely on safe, formulaic drama and situation comedy. Carlton, a leading ITV company is scheduling its current affairs programme *Storyline* against *Eastenders*. This appears to be a cynical manoeuvre to place current affairs in a losing position.

1. This was the day the new franchises for the ITV companies came into effect (eds.)

While the two channels are clearly competing for advertising another area of competition has been thrown up by the Act. As ITV must now take twenty five per cent of its output from independent producers, they will obviously be competing against Channel 4 for the best ideas. The channel's remit which seeks innovation in form and content will attract more off-centre proposals but it will no longer have the pick of independent projects. The reality remains that ITV have about £515 million to spend on programmes which greatly exceeds Channel 4's £194 million (Snoddy 1993, Burnett 1993c:3). This cannot but affect the channel's ability to access the best independent productions. Many companies who received their first commissions from Channel 4 such as Channel X and Planet 24 are now producing programmes for ITV. Raymond Snoddy cites the example of Jonathon Ross, now to be seen gracing our screens on ITV, was originally a Channel 4 protégé and is one of British television's bigger stars.

If Channel 4 retains its ten per cent share of the audience, and that audience is of the character it is currently getting, it should not have financial or quality problems (Snoddy 1993). On the other hand, ITV will only pay prices for programmes that reflect the value of the advertising revenue they will bring in (Plowright 1992:6). This raises serious questions regarding the calibre of ITV's programmes in the future. The *Storyline* example cited above may increasingly become the norm. A good track record with *The World in Action* and *This Week* (now defunct) among others is being undermined by commercial pressures. Already, ITV has been warned by the ITC that it will be fined or its licences withdrawn if it continues to relegate its public service programmes to graveyard slots (Burnett 1993b:3). This warning was more to remind ITV that they are being monitored but, David Glencross, Chief Executive of the ITC recognized the temptation to go that extra inch for a little more revenue (Burnett 1993b:3). Whatever sympathy we may feel for ITV or Channel 4 in their new circumstances, the attrition of public service programming should not be allowed.

Terminus a quo?

Announcing that Channel 4 has become more mainstream is hardly revelatory. The channel is more mainstream (Thomson 1993) and unashamedly so. *Cheers*, *Roseanne* and the domestic soap *Brookside* bring in more viewers and hence more advertisers. In order to continue producing programmes that honour the remit, Channel 4 is using more populist programming to subsidize their 'worthier' efforts (Thomson 1993). Under the 1990 Act, Channel 4 is charged with responsibility for financing and commissioning schools television – and the budget must stretch to this (Andrew 1992:29). The channel hopes to exceed fourteen per cent of the advertising revenue pool in order to use some of the surplus to enhance their services. 'We had to emphasize some of the quirkiest, least accessible programmes and equally we had to attract a viable audience to survive' said Chris Griffin-Beale, Chief Press Officer, Channel 4 (Andrew 1992:29-30). In addition, Michael Grade has built audiences for the channel's factual strands by creating dedicated slots (Davis 1992:17). It was only under Grade that the channel managed to attain the ten per cent audience share necessary for survival (Thomson 1993).

Channel 4 has demonstrated that there is a new way for a station to exist – as a 'publisher' service – and its approach has been widely imitated (Summers 1992:15). BBC2 has grown in similarity to Channel 4 over the years; their *Screen 2* slot is very similar to *Film on Four* and is also improving the lot of British film. The channel is one of Britain's leading film producers through its subsidiary, Film on Four International (FFI)

(Collins, Garnham & Locksley, 1988:29). In answer to criticisms noted earlier of *Film on Four*, its budget was to increase by forty per cent in 1994, with the possibility of more money if airtime sales continue to grow. This increase will be in the form of more money per project, not in more projects (Burnett 1993c:3). The channel has helped finance many Irish films including *Angel* and *The Crying Game*, and the director of both films, Neil Jordan paid it quite a compliment in saying, 'If you want to stimulate the film industry here you need to disestablish the entire RTE organization... I would try to make it work along the lines of Channel 4' (Burke 1993:21). In addition, Channel 4 in association with Lloyds Bank is sponsoring young writers to develop their scripts – the resulting productions were shown on the channel in April/May 1994.

Any perusal of the station's catalogue of new commissions and undertakings demonstrates the level of commitment to the station's remit and its function on the part of the staff. Hailed as the last bastion of the documentary, the channel continues to commission in this area, something it is hoped will not be undermined by its new financial situation (Day Lewis 1990:6) The channel has many strengths; it has led the field in multicultural programming in granting the area a department and budget of its own (Dhondy 1992:30) and this continues to be a strong part of the Channel 4 schedule. The commissioning process, by its very nature offers the prospect of pluralism and editorial diversity – a requirement of the remit. It is highly unlikely that the channel will abandon its publisher status, in fact, it would be impossible. Thus, diversity is almost guaranteed.

Using current developments to give an overview of the channel's situation at present, the remit has not become obsolete. It must continue to provide a distinctive service in order to be true to itself (Isaacs 1993:4). 'You do see interesting, different things on Channel 4' (Snoddy 1993). The channel's new direction is, in the main, financial, its programming remains innovative and to a great extent, faithful to the altruistic ideals of 1982.

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