

Strategy, positioning and projection in digital television: Channel Four and the commercialization of public service broadcasting in the UK

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In memory of Pierre Bourdieu (1930–2002)

Recent years have seen a frenetic public debate in Britain concerning the desirability, feasibility and timing of the introduction of digital television (DTV). The debate has occurred in the context of impending convergence between television, computer and telecommunications technologies, auguring radical changes in the media ecology, and the numerous uncertainties – economic, technological, regulatory and cultural – that accompany such shifts. Some writers, observing these unstable conditions, argue that public service broadcasting (PSB) faces new threats; Chalaby and Segell (1999) took this perspective when deploying Beck's (1992) risk society thesis to elucidate the outlook for PSB in the digital era. Others argue that PSB bears new responsibilities (Graham, 2000; Inglewood, 2000). As yet, little empirical light has been shed on how the public service broadcasters are responding to digitalization and convergence. This article, based on recent research,¹ analyses the response of one of Britain's two main public service broadcasters, Channel Four (C4).

In Britain the introduction of DTV is proving difficult. By late 2001 about 35 percent of British households had one of the three available platforms, and of digital households 65 percent had subscribed to Sky's digital satellite service, the dominant platform. But many consumers are resisting: between 30 percent and 40 percent say they have no interest in moving to DTV.² Tony Blair's Labour government has been a powerful advocate of early adoption of DTV, driven by larger policy interests. These include the desire to give Britain a leading role in the new economy and to

stimulate the domestic market for information and communication technologies (ICTs), as well as a concern to allow the private sector to carry the risks of technological innovation and standardization. A shift to DTV will also permit the lucrative sale of the analogue spectrum. Such interests link with the government's concern to ameliorate the 'digital divide' as a means of combating social exclusion and political apathy. Universal Internet access is seen as an important part of the solution to these problems, and DTV as a platform to deliver it (ITC, 2001). This in turn poses the challenge of ensuring near-universal take-up of DTV (Bickerstaffe, 2001). There is also a need to set in place the market, regulatory and technological conditions that will foster the reversioning of Internet content for DTV, a labour-intensive and costly process, and its provision through relatively open portals – preconditions for the public service Internet provision that government envisages (Sims, 2001).

In light of these policy interests, in 1999 the Minister for Culture, Media and Sport set twin goals: the industry must achieve a transition to DTV between 2006 and 2010, and PSB must remain at the core of Britain's digital broadcasting ecology. They were reiterated in the 2000 Communications White Paper (DCMS, 2000) which also announced the merging of Britain's five media and telecommunications regulators into a unified 'light touch' regulator, Ofcom, expected in 2003.³ Yet how the transition to DTV might be achieved has been left largely to the industry. The White Paper generated considerable uncertainty about issues such as how Ofcom will manage the relationship between content regulation and economic regulation, the increased reliance on self-regulation for commercially-funded PSBs, cross-media ownership, the long-term funding outlook for the industry, and how many digital platforms the UK can sustain. There is substantial disquiet that government has failed to address these major problems (see, for example, Consumers' Association, 2001b).

There are also economic uncertainties. Since late 2001 a severe advertising recession has hit Britain's commercially funded PSBs hard, including C4 and ITV, the largest body. ITV was already vulnerable due to its platform venture in digital terrestrial television, ITV Digital, which carried huge losses before collapsing in 2002. During 2001–2 it became clear that the economics of commercial digital channels are precarious, and the industry began to voice doubts over the sustainability of the DTV economy as several channels folded. Consolidation is foreseen, and a new theme is the need for high-quality content to drive digital take-up as opposed to the erstwhile proliferation of low-budget niche channels.⁴ Compounding these problems are the economic challenges facing the new media industries: how to derive value from online activities, and how to measure and realize the value embedded in brands. In this context, advertising-funded broadcasters are developing new multi-revenue business models, for which Sky, the dominant presence not only in platforms but in premium subscription

channels, is the prototype.⁵ Sky's control of distribution through the success of its digital satellite platform, with its vertical links to Sky channels, film and sports content, highlights the serious competition issues faced by the industry and the threat to pluralism posed by such dominance (Shooshan and Cave, 2000).

Given these uncertainties, and focusing on the case of C4, this article highlights the contemporary importance for broadcasters of the development of strategy based on business analysis and market research in the new environment. The ubiquity of such practices attests to the lasting influence of the importation of management consultancy, marketing and similar managerial techniques into British broadcasting during the 1990s, most notoriously in John Birt's BBC.⁶ The techniques spread to C4 through the mediation of Chief Executive Michael Jackson, who had been Controller of BBC2 and BBC1 under Birt. The article's focus is an analysis of the rationales given by C4 strategists and executives for the DTV strategies that were pursued. It points to the centrality in strategic thinking of *projection*: of predictive, future-oriented discourses that are informed by the new kinds of abstractions and interpretations of past and present given by media analysts. Before that, the article gives a periodization of C4's place in Britain's broadcasting ecology which identifies key phases in its changing positioning, updating analyses by Harvey (1994) and Scannell (1996).

Later, the article offers a critical evaluation of the current state of C4, one with wider implications for the hybrid model of PSB that it represents – that is, advertising-funded and externally regulated. It is a model that became influential in the 1990s.⁷ The analysis of C4 given here confirms some of the basic tenets of a political-economic approach to the contemporary media economy. In sum, intensified competition following the growth of multichannel television in the UK has apparently forced C4 to commercialize and diversify. But this reading, while true, under-represents the complexity of C4's response. It is here that a discursive analysis is necessary and instructive, one that probes the collective thinking and the rhetorics employed by C4 executives in their struggle to keep the corporation buoyant. For there *is* agency, given the powerful structural forces; but it is an agency mediated by the discourses ascendant in the international broadcasting field. The strategic rationales offered by C4 executives for their DTV ventures provide a window onto just these prevailing discourses. They provide evidence too of the 'virtualism' identified by Carrier and Miller: the growing power in contemporary institutions of prescriptive economic abstractions that 'seek to make the world conform to their virtual vision' (1998: 2). One of the points of this article is to show, through the example of DTV, how this tendency is epitomized in the ICT industries, with their expansive technological logics and futurist projections.

Bourdieu and beyond: hybrid institutions and performative strategy in the broadcasting field

In speaking of field, strategy and positioning, I refer to Bourdieu's (1993) theory of the field of cultural production. For all the perceptive criticisms of Bourdieu (see for example Jenkins, 1992; Calhoun, 1993; Lash, 1993; Born, 2000), he has bequeathed a set of analytical tools of great power for probing the empirical complexity of cultural production. In some respects Bourdieu's theory suits broadcasting well, a field that historically, in Europe, consisted of institutions and networks positioned according to dynamics both of competition for legitimacy and, with the rise of commercial broadcasting, economic competition. On the other hand, the semiotic simplicity of Bourdieu's theory renders it problematic for contemporary culture, resting as it does on a putative opposition between principles of autonomy and heteronomy that correspond to the dominance of cultural or economic capital respectively. In reality, few contemporary cultural fields – 'art' or 'mass cultural' – are immune to the mixed economy: the ascendancy of marketing, promotion and commercial sponsorship in art, the growing awareness of the aesthetic and ethical qualities of 'mass' and popular media, show that Bourdieu's account needs substantial revision.

Broadcasting, with its mixed economy, hybrid institutions and ambiguous genres, was always historically messier than many cultural fields, throwing any simple opposition between cultural and economic capital into question; as such it anticipated the wider contemporary complexity. The large national broadcasters have been riven with internal rivalries between production departments representing 'high' and 'low' genres, and thus with struggles between agents holding varying mixes of cultural, symbolic and economic capital. Popular programming has certainly suffered from low legitimacy compared with high-cultural genres. In the British PSB tradition, entertainment and popular drama were seen as socially and culturally necessary and, in that sense, valuable, but as having lower intrinsic cultural worth than high-cultural genres. This value hierarchy was destabilized with the postmodern turn in broadcasting from the 1960s and 1970s, when elements of entertainment came widely to be credited with as much or more reflexive sophistication, aesthetic and ethical subtlety as documentary, current affairs or arts programming. Nonetheless, the tensions stemming from broadcasting's unique cultural-institutional commitment to integrating high and low appear irresolvable; they continue to erupt into the ongoing British debate on PSB. For example, the BBC's main mass television channel, BBC1, which carries enormous symbolic weight in this debate, was both criticized during the 1990s for its poor record in popular drama and entertainment, seen as a sign of the BBC's ineluctable elitism, and criticized since 2002 for being too popular and thus, it is argued, failing the

public service mission for diversity, minority programming and risk.⁸ We will see that C4's present strategies evidence an attempt to tackle, and remix, the persistent discursive and ideological antinomies posing the popular/commercial/formulaic against the serious/cultural/innovative.

Bourdieu neglected also to integrate into his theory the converging processes of 'culturalization' of the economy and 'economization' of culture that have been central themes of recent economic and cultural sociology (Lash and Urry, 1994; Slater and Tonkiss, 2001; du Gay and Pryke, 2002). Yet even this work, with rare exceptions (Callon, 1998; Cochoy, 1998; Slater, 2002), has ignored the intensifying impact of the marketing sciences and their discourses of strategy and positioning, developments that are pervasive in, but far from limited to, the media industries. My use of 'strategy' refers to just these conscious, instrumental logics rather than to Bourdieu's notion of unconscious strategies determined by habitus. Strategy in my usage is a (no doubt unconsciously conditioned) conscious calculus or agency (Born, 1997) which anticipates the coming structure of the field through projections of the possible. As Slater puts it, addressing advertising, 'each market/product definition is in fact a strategy . . . [that], by seeking to produce particular definitions of markets and products . . . is seeking to establish in reality . . . a particular constellation of both consumption relations and competitive relations' (Slater, 2002: 68). Ironically, processes at work within the field of cultural production that Bourdieu analysed with acuity but attributed to unconscious social forces have become consciously and reflexively *performative* – a prominent instance of the reflexive modernization of cultural-economic life.⁹

Channel Four's changing positioning: from difference to mainstream to fragmentation

Britain's fourth channel was a joint product of the Annan Committee report (1977), which criticized the BBC-ITV duopoly and argued for greater pluralism in television, and of a lobbying group representing a curious coalition of interests. One was the producers' wish for more autonomy; another the desire to empower a new generation and foster greater social diversity in the population supplying programmes; and the third, a belief in the benefits of independent programme sources outside the broadcasters' control – a model that pointed in the direction of both small businesses and leftist production collectives, both of which soon grew to service C4. The ambiguity attests to the labile, politically opportunistic nature of the coalition. In 1979 Margaret Thatcher's new Conservative government gave a commitment to the fourth channel. C4 began operations in 1982 as

Britain's first publisher-broadcaster, commissioning programmes from a new sector comprising independent television production companies.¹⁰

C4's remit was defined in the 1980 Broadcasting Act, which set out 'in statute [its] "alternative" nature'. The remit required C4 to provide for 'tastes and interests not generally catered for by ITV', to provide educational programming, and 'to encourage innovation and experiment in the form and content of programmes' (Goodwin, 1998: 28).

At the outset C4 was regulated for public service, like ITV, by the Independent Broadcasting Authority. In the 1990 Broadcasting Act the IBA became the Independent Television Commission (ITC), which over the 1990s adopted an ever-lighter regulatory touch. From 1982 to the early 1990s C4 was funded by cross-subsidy through a levy on the commercial ITV companies, which in turn sold C4's advertising. The arrangement conformed to the underlying principle that broadcasters competing for audiences should not also compete for revenues. The 1990 Act dismantled this benign settlement, setting C4, the ITV companies, the fledgling cable and satellite companies, and the coming terrestrial network, Channel 5, in competition for advertising income. From the late 1980s C4 campaigned to change its funding basis, and from 1993 it was permitted to sell its own advertising with a levy on profits going to ITV. Over the 1990s the levy was reduced until, from 1998, C4 was allowed to retain its considerable profits. The effect was that, between 1993 and 2000, C4's revenues nearly doubled (from £330 million to £650 million).

Three phases of C4's operations can be discerned up to 2002, each corresponding roughly to the reign of one of its Chief Executives and to shifts in its funding mechanism. Under Jeremy Isaacs (1982–8), C4's output fully justified its original remit for innovation, diversity and experiment, while the channel's audience share grew from 4.4 percent to 8.9 percent. It offered a range of challenges to the televisual status quo: diversity in news and current affairs with *Channel Four News* and *Diverse Reports*; attention to plural interests and communities in strands such as *Out on Tuesday* for gays and lesbians and *Union World* for trades unionists, and in the work of the multicultural programming unit. *Film on Four* was a feature film slot based mainly on co-productions which also showcased experimental and international cinema. C4 innovated by bringing an ironic sensibility to television's past, recycling shows such as *I Love Lucy* and *Sergeant Bilko*. But the channel's most experimental initiative – a legacy of 1970s radicalism – was the cultivation of a 'Workshop' production sector that trained people from under-represented groups. Innovative black and regional video collectives arose (Ross, 1996: ch. 2), and in the mid-1980s it was possible to speak of an avant-garde space, of uneven quality, in British television, at times uniting aesthetic and political invention, at others purely polemical. In its first phase C4 was concerned with supplying various kinds of *difference* in the context of the prevailing norms of British television.

Michael Grade (1988–97) oversaw a rolling back of experimental and minority output and increased popular programming, in particular with a greater reliance on soap operas and American entertainment series in primetime. The result was increasing similarity between the schedules of C4 and its rivals. From the 1990s, as cable and satellite took off, there was a greater focus on programming for the ABC1 and youth audiences attractive to advertisers; and by the later 1990s the channel was able to boast of its success in reaching these audiences. In 1993, C4 attained an 11 percent audience share, on a par with BBC2. C4 in this second phase settled into an imitative, if productive, rivalry with BBC2. Overall the broadcasting ecology evinced a doubling of the fertile competition characteristic of the 1960s and 1970s: now not only BBC1 and ITV, but BBC2 and C4, were engaged in mimetic competition.

The Jackson period: DTV strategies pursued

The channel's third phase, under Michael Jackson (1997–2001), was a period of rapid commercial expansion and diversification based on C4's advertising wealth. A new emphasis was given to strategy, and a number of executives from pay television and strategists with management consultancy backgrounds were recruited. They developed a three- to five-year corporate strategy for the new environment, as a strategist explained:

[It] covered all aspects of the business in terms of the focus of the main channel, business development, our approach to new environments like digital TV and Internet, and defining in detail what we were trying to fulfil within our remit. By late '98 we realized that we needed one coherent vision document. By that time we'd done a lot of strategic work on positioning the channel, our values, and how Channel Four could become a cross-platform media company.¹¹

The strategic plan argued for C4's diversification through extending its 'core reputation' as a brand, considered to centre on four strengths: film, entertainment, sports and factual. Staff numbers rose rapidly, and new services began: Internet, merchandising, interactive and cross-platform activities, and two subscription channels. In November 1998 the FilmFour channel was launched, and January 2001 saw the launch of E4, a youth entertainment channel. In April 2001 FilmFour became a brand subsuming four subscription channels available only on Sky Digital.¹² In February 2001 a commercial subsidiary, 4Ventures Ltd, was set up to encompass the offshoots and create a separation between C4's public service and commercial operations. With the reality programmes *Big Brother* and *Big Brother 2*, huge ratings successes in 2000 and 2001, C4 is considered to have pioneered multi-platform programming and interactive television (iTV) in the UK. The second show ran in real time on its own website and

at certain times on E4, with highlights on the main channel.¹³ With E4, and given the main channel's growing youth orientation, the corporation's competitive outlook was increasingly directed towards the populist, low-budget channels Sky One (a non-terrestrial entertainment channel) and Channel 5, as well as BBC2. Plans in development in late 2001 included a horse racing and betting pay channel, *At the Races*, a joint venture with Sky and Arena Leisure, and expanded educational activities under the 4Learning brand.

While C4 was economically healthy throughout the later 1990s, the second half of 2001 saw a sharp advertising downturn, a freeze on budgets and job losses. The question arose whether it had expanded too much. In July 2001 Jackson announced that he was leaving to run USA Entertainment Networks. Under him, C4 as a corporation has been positioned at the intersection of many competitive vectors. It must now compete, cooperate and negotiate for carriage with the same large rival, Sky. E4 competes with Sky One, and FilmFour competes with the Sky film channels, while *At the Races* involves an alliance with Sky. The effects of Sky's market weight cannot be underestimated: during the negotiations over Sky Digital's carriage of E4, Sky used its muscle to try and buy a stake in E4. Moreover the main channel's identity is less coherent than before; at times it competes with BBC2, at others with C5 and even ITV.¹⁴ Two major uncertainties face C4 at the time of writing: the threat of further recession, and a new Chief Executive. But this analysis of C4's changing positioning within the British broadcasting field highlights above all the increasing complexity, fragmentation and incoherence of the field's structure over time. I suggest later that this external state is reflected in the fragmentation both of C4's ethos and orientation, and of C4 as an organization. It also indicates what the analysis of strategy discourses will show: C4's current attempts to impose, and to resituate itself in relation to, new rules of the game in the broadcasting field, that is, the idea that there is no contradiction in a PSB engaging fully in commercial as well as non-commercial activities.

Rationales for the DTV strategies

Nine rationales are discernible in the explanations given by C4 strategists and executives for the corporation's DTV strategies.

(1) The main rationale, given reduced advertising income and the threat of recession, is economic: the need to increase and diversify the revenue streams coming into C4 in order to cushion the main public service channel from future budget shortfalls. 'The aim is for 4Ventures to put money back into Channel Four to protect it in the long term', said a strategist. Future revenues from subscription channels, sponsorship, rights trading, interactive

activities and merchandising are seen as imperative in order to cross-subsidize C4's public service commitments. There have been successes. *Big Brother 2* raised £5 million in sponsorship from BT Cellnet, and its voting phone lines raised £2.8 million. Channel Four International, selling television rights abroad, saw turnover up 23 percent in 2000 to £23 million, and C4's merchandising spin-offs made £2.2 million in profit in 2000. But the new channels require sustained investment and, according to their business models, will break even in four or five years.

Crucially, strategists argue that there is no contradiction in the corporation becoming more commercial in orientation since, in their view, C4's public service remit is one that also brings commercial rewards. Commercialization is considered not only a necessity, but good in itself. A senior figure commented:

Fundamentally, I don't think there's a distinction between our public service role and our commercial role. . . . The main public service role of Channel Four is to provide innovation and diversity and creativity in its output, to take risks and push forward the nature of broadcasting in Britain. However, there's a growing audience in Britain and internationally that wants that kind of programming. . . . So the values and the positioning the channel holds because of its public service remit also chime very well with its commercial objective, which is to reach an audience.

(2) A second rationale given for the new channels is that they will add audience share to the main channel. Share in multichannel homes is now taken to be the key measure of success, since those homes are presumed to be indicative of the future, and C4's showing in them is relatively weak.¹⁵ A strategist explained: 'When you have 200 channels you have less time to watch Channel Four. But if you've got a choice of Channel Four, FilmFour and E4, it means we can protect our "4shares" – the sum total of Channel Four, FilmFour and E4.' Another executive stressed the need to take as the headline figure performance in multichannel homes, saying:

If we're maintaining our share and our range there, then we know we're positioning ourselves with some degree of certainty for survival in a universe in which not only are digital and multichannel homes going to grow, but by the nature of the Channel Four audience, our audience are more likely to be early adopters . . . because our audience profile is disproportionately skewed towards ABC1s and a younger audience.

Each percentage point of audience share represents £50 million in advertising income, and in 2001 E4 was eventually expected to add 2 percent to the main channel's 7 percent share in multichannel homes – potentially a huge revenue boost.

(3) The new services are intended to extend and strengthen the C4 brand by exploiting what are deemed to be its 'core values'. In a multichannel digital universe, given the need to stand out from the crowd and to

negotiate carriage with powerful platform owners, maintaining a strong and distinctive brand is considered vital. In the view of C4 strategists:

Distribution will be very competitive, and no one platform will dominate. What they will all need are strong brands to help drive those businesses, so [two years ago we decided] . . . to focus on the brand values, on what Channel 4 stood for, and make that the heart of being desirable and attractive.

Early in the strategy process the brand values were elucidated. A market research tracking study probes whether audiences see C4 as representing the core values and to what extent the new services enhance those values. The ten core values circulate in internal documents. They are: 'contemporary', 'smart', 'innovative', 'risk-taking', 'freedom', 'new perspectives', 'commercial', 'creativity and excellence', 'production quality' and 'let the viewers decide'. They are constantly cited by those engaged in the new ventures, although their relation to C4's practice is not self-evident. Strikingly, diversity – long considered a defining element in C4's remit – was not given as a core value. In documents it was used in a limited way: 'Channel 4 believes in individual freedom and seeks to promote diversity of opinion and freedom of expression'. This is a diminution of its usual meanings in the practice and philosophy of PSB, where it refers to diversity of programme type, genre mixes, cultural diversity and programmes for and about minorities.

(4) C4 is alarmed by the evidence from market research that the concept of PSB has little meaning for Britain's youth, while the under-35s are most attracted by multichannel television. A fourth rationale for the DTV strategies is therefore demographic: the need to attract young viewers so as to renew the audience for C4's vision of PSB. The need for generational renewal is translated into the case for 'innovative entertainment', embodied in E4. A senior strategist commented:

Increasingly, we say to ourselves 'We've got to be the public service broadcaster that keeps in touch with the audience that wouldn't dream of tuning in to public service broadcasting'. There are lots of kids who just would not turn on a BBC channel; they don't think it's got anything for them. So if public service values are going to remain in touch with that generation, E4 is a bridgehead into essentially alien territory. If our public service responsibility is the R&D lab, innovation [and] distinctiveness, those are the issues we need to address to make sure we are pulling in a big and diverse enough audience to merit our position.

There is a tension here between the attention being given to the youth audience and C4's take on the universality principle at the heart of PSB:¹⁶ the need to attract a 'big and diverse enough audience'.

(5) Another set of rationales concerns the pragmatics of the new pay television economy and the need to stay connected to its consumers and technologies. Here a momentum is assumed: pay television is the future,

and C4 must respond to this market 'reality'. Executives' comments reveal the projections immanent in this assumption:

Once FilmFour was established as a strong proposition, then to add a foreign language channel and create niche markets on the back of that does make sense, in a market where people are beginning to expect to pay more for services. It's going to sound a rather tendentious defence but we have to be thinking, 'How is the market moving?', and if people are beginning to expect to pay for services, if we don't acknowledge that reality we are in danger of finding ourselves in a fast-moving market where advertising revenues are collapsing with no visible means of support.

In addition there is the problem for the PSBs of securing a prominent position on the Electronic Programme Guide (EPG), the navigation tool for multichannel television. Given the dominance of digital satellite, Sky's proprietary EPG has become the de facto industry standard. More C4-branded channels are seen as an important way of capturing consumer attention in a 'fragmenting universe', as one C4 executive described the situation:

While at the moment the PSBs are guaranteed due prominence on the EPGs, it's very uncertain whether that is always going to be the case. A very simple point, but now there are four FilmFour channels, it's a big block of Channel 4 up there on the EPG and literally, physically, it's like shelf space in the supermarket: it means you get seen by the consumer, and that's increasingly important. People are going to buy on the basis of the brand association.

Strategists maintain that the pay television economy imposes its own rules. Free-to-air rights to top US programmes are now bundled or sold together with the pay television rights, which, they argue, makes it necessary to have a pay channel (E4) to air them on. (The BBC has sometimes gone into partnership with Sky as an alternative solution.) This was a major consideration when C4 invested heavily to retain the rights to the US hits *Friends* and *ER*. An executive observed:

The market reality is: you have to buy those rights bundled together, and if we're going to stay in the market for that kind of show we've got to play in that market. . . . The intention is that in five years' time E4 can pick up the cost of *Friends* and *ER* and make [them] available free to the main channel. So it fulfils Channel 4's basic financial mechanism, that it has to cross-subsidize within its own services to survive.

To fend off criticism that E4 is denuding the main channel of these popular US shows, the time gap between a programme airing on E4 and on the main channel has been kept short: 'We deliberately brought the windows closer together', said an executive, 'You've always been able to see *Friends* and *ER* first on pay TV but it's been on Sky and it's been six months before you see it on Channel 4. Now it's six weeks'.

In addition, C4's programme rights have a secondary life on pay TV, and it is seen as logical for C4 itself to exploit them. An executive with a pay television background commented:

Even before I joined Channel Four it was fairly obvious what [it] should be doing in a pay TV world. Channel Four was selling all its programmes for secondary exploitation to Paramount. I felt there was room in the market for another strong entertainment channel [i.e. E4].

(6) A sixth rationale given for the DTV strategies is that E4 will act as the 'R&D lab' for C4, a space for innovation and risks that cannot be taken on the main channel and for 'growing talent'. This is thought to be possible because of E4's relatively high origination budget compared to most digital channels, in its first year £13.5 million out of a programme budget of £37 million. An E4 executive, formerly with Viacom, said: 'We've almost set a minimum for shows [on E4], something like £20,000 a half-hour. But if we co-produce with [the main channel] we can go a lot higher – high by traditional pay TV standards'.¹⁷ However, the relationship between the two channels is less clear than this model suggests. The same executive noted that pay channels tend to be risk-averse because they must prove reliable for consumers, while risk is the main channel's remit. In fact, in its first year E4 was a source of shows and talent for C4, although the ratings were small.¹⁸ The executive commented:

One of [E4's] objectives is to give opportunity to experiment. But having said that, in the multichannel world you have to be a bit more conservative. So [the main channel] is the right place to experiment. When it comes to where we do risky stuff, it is difficult to break new talent on a pay channel.

There remains a telling ambiguity about which channel is the appropriate space for risk-taking.

(7) The new services are seen as enabling C4 to exploit the potential for cross-platform, cross-media and interactive services – conceived as inevitable elements of the convergent future. There are several related aims: innovation in the delivery of content, and in identifying new cross-platform revenue sources; and cross-promotion between free-to-air and pay services. One model is *Big Brother's* links between the main channel, E4 and the Internet, with new sources of income coming from several parts of the 'value chain'. Another is *At the Races*, in which earnings are generated via a niche subscription racing channel linked to online betting. Yet another model, under the aegis of 4Learning, is cross-platform educational output, seen as ripe for both commercial and public service expansion as well as a means of responding to government promotion of broadband educational delivery. Here, as with *Big Brother*, a key issue is where to locate the boundary between C4's free, public service and commercial activities, as a strategist acknowledged:

4Learning was originally a publishing business which managed the ancillary rights we got from commissioning schools programming, books and videos and other services that are part of our licence obligations. . . . It's feasible over time that we won't do schools programming on the main channel. It could be that we pump down [broadband] pipes two hours of linear programming a day with other content on demand. In future, [while] we'll continue to do a lot of stuff free, as it becomes a converged digital marketplace in schools, we've got to think what are the bits we can charge for and what bits should be free-to-air?

(8) The new services respond to the need to keep abreast of technological developments, new media and platforms. Strategists explain that market research is used to gain insights and focus resources:

We [use research to] get an understanding of the motivations behind consumer behaviour. [We ask], 'What is your experience of using digital services? Where are your frustrations?' We take that and apply it to our own development process in new technology. . . . We have to focus resources on [platforms] we think are most important to fulfilling the strategy [and] the remit and making money.

(9) A final rationale is striking for its relative *underdevelopment*. The proliferation of media services offered by broadcasters generally stimulates a 'portfolio' approach to operations and output: the need to take a view of the 'synergies' – economic, cultural and technological – between elements of the whole operation. While C4 strategists are articulate about the desired economic and technological synergies between the main channel, subscription channels, and Internet and interactive services, they express little strategic thinking about potential *cultural* complementarities. For a PSB, this is a notable absence. Just one executive pointed to the genre specialization implicit in the portfolio of channels: FilmFour for film and drama, E4 for entertainment, the main channel increasingly for factual programming. He speculated whether this had been Jackson's unstated intention: to prepare channels suited for a niche multichannel future.

Strategy case studies: FilmFour, E4 and interactivity

The initial strategic thinking behind FilmFour and E4 was similar. The debate was whether to make them free-to-air or pay channels, and whether E4 should be a repeats-based 'C4 Gold' or contain substantial original programming. A repeats channel was thought to contradict C4's identity, focused on innovation, and free channels would have 'bled a hell of a lot of money'. So it was decided that the new channels should 'be fully costed and make a return'. FilmFour became Britain's first 'stand-alone' premium pay channel, while market analysis suggested that E4 could only manage on dual income from advertising and subscription. For both channels, Sky was both a key competitor and a necessary distributor.

FilmFour responded to pressure from the ITC that C4 should show more foreign-language films, as well as building on C4's expertise. A channel executive said:

Channel Four has always been involved in film and launching the film channel was making up another part of the portfolio: we produce films, sell videos, show films on free-to-view – we want to be involved in all parts of the distribution chain.

Market research was used extensively in designing the channel as part of an overall strategy of 'being very audience-aware and audience-focused'. This included quantitative research in terms of pricing and the likely size of the market, but also substantial use of focus groups, in part 'to see whether we'd be able to bring an audience who weren't already pay TV subscribers, which was an important aim'. Following the launch, further research was carried out, including a continuing tracking study on channel performance and 'one-off research', for instance into responses to the launch of the three additional FilmFour channels.

A key financial decision was whether FilmFour should be a 'basic tier' or a premium channel. Basic tier channels have higher audiences but the rights to films are more expensive and they earn little (5–10 pence per subscriber) from the platform operator. Premium channels have a smaller subscription base – around 450,000 for FilmFour – but rights are cheaper and can be sold on to terrestrial broadcasters, and earnings are higher (several pounds per subscriber). Premium status also yields substantial cultural cachet, and FilmFour took this route.

The character and content of FilmFour were determined by push and pull factors. The market context was unpropitious. Sky had sewn up the UK market in first-run film rights for pay television by securing long-term output deals with all the major and minor US film studios, effectively establishing a monopoly. C4 executives see this as Murdoch's prescient attempt to use premium film content, with his similar hold on sports, to 'break the [UK's public service] broadcasting monopoly'. Sky's budget for its premium film channels is estimated by C4 at £200 million. This strategy made it difficult to break into the market, admitted a C4 executive:

It's difficult to launch a premium movie channel with first-run product with just one studio; you need two or three. But these deals are staggered so if they come up one at a time you end up with a bit, and paying a lot for it, but it's not enough to generate the revenue you need. You don't want to be negotiating all your deals at the same time because you'll get killed by the studios.

FilmFour's cultural character and market position were therefore necessarily defined in a way that chimed with C4's difficulty in breaking into US film rights. A complementary position to the Sky film channels, honed by market research, was adopted, although a certain ambivalence remained

about the core concept of 'independent film' in the thinking of channel managers. One explained:

Our realization was that to the audience, 'independent film' doesn't mean anything. When you asked, there was a clear distinction. There was a big audience who said, 'I just want to see Hollywood blockbusters, Sky does that, I love the channels they do.' But there was an audience we thought was complementary, which *wasn't* saying, 'I go to the [British Film Institute] and I want to see independent films', but who *were* saying, 'Yes, I do like some Hollywood films, but I like films that are a bit more interesting; I hate it when they're formulaic. I like the clever, independent, cutting-edge films Channel 4 does.' We tried to position it in a way that would engage an audience who felt they weren't being served either by terrestrial TV or by pay TV.

Having launched over four years ago, FilmFour's finances appear precarious. The channel lost £20 million in 2000 and £11 million in 2001.

For E4, Sky – in the guise of the entertainment channel Sky One – is again conceived as a key competitor; and the threat of Sky establishing a near-monopoly in hit US entertainment imports was cited as a major cause of C4 getting into this market. Without E4 the situation regarding *Friends* or *ER* 'could have turned into "this [show] is never going to appear on free TV"', rationalized one executive. Another observed that the new channel therefore had a public service pay-off, as well as providing a service for viewers inclined 'to consume things in more focused ways':

There were a lot of new media services targeting our consumers. [Sky One] was acquiring the same shows as Channel 4, so it had *Friends* and *ER* first-run, and we felt in the UK marketplace those were Channel 4 [programme] brands that we should absolutely protect. Once pay TV became meaningful it started to hurt our overall audience and, more than that, our brand, because we weren't seen as the channel with the new content. We were seen as re-running stuff that had been on Sky One.

C4 bought the combined rights to *Friends* and *ER* for £120 million. They were identified as the 'unique proposition' that would secure E4 a paying audience and attract the main channel's primetime audience, about 20 percent of which is secured by these imports alone. E4 is thus far heavily reliant on a string of US imports – *ER*, *Friends*, *Sex and the City*, *The Sopranos*, *The West Wing*, *Ally McBeal* – as well as the *Big Brother* brand. But executives say, somewhat evasively, that they will keep faith with the PSB ethos by making hit shows available free-to-air for those resistant to pay television: 'E4 needs some first-run programming. But those shows will never *only* appear on E4, they'll always appear on [the main channel] at some point'.

E4's youth demographic is conceived not only as a lucrative market in itself, but as enhancing the public service goal of differentiating C4 from ITV, the audience for which is older, and causing less direct competition

for advertising revenues. Nonetheless, like FilmFour, E4's finances appear vulnerable: it lost c. £37 million in 2001 and c. £16 million in 2002. An executive explained the business model:

In E4's first year we're going to make a loss of £37.5 million on a cost base just shy of £70 million. Our long-term goal is to get half our revenue from advertising and half from subscription; this year, of £30 million income, £18 million is from subscription. The debt is funded by Channel 4 cashflow. We [expect] that £40 million [debt] to become £20 million next year, we break even in five years, and in ten years we expect to generate a £20 million profit.

C4's interactive division subsumes its Internet and interactive television (iTV) services. Despite the injunction on PSBs to offer services on all platforms, the iTV services have been offered in developed form only on Sky Digital since, according to executives, digital cable and terrestrial do not have sufficient bandwidth capacity. The services are developed in partnership with external software companies. Two iTV services have been offered with E4: a spoof interactive facility for the gameshow *Banzai*; and for *Big Brother 2*, a split four-screen facility where the viewer can switch between screens and vote to evict contestants. These are depicted as highly innovative both as entertainment, and in generating revenues. The joint venture channel At the Races launched in May 2002, linked to an 'interactive' online betting service. A strategist admitted this was 'basically about tapping into betting revenues interactively. With iTV, the one thing that will really make money is betting'. Whether the encouragement of gambling might be contrary to C4's public service ethos appeared of no concern to the executives interviewed.

Evaluating Channel Four's strategies: disappearing difference?

In the context of advertising recession and audience fragmentation, C4's commercialization and diversification strategies in some ways appear sound. Moreover, C4's digital ventures are at an early stage, and it may be premature to judge them for either quality of content or eventual financial success. However the character of the strategic discourses that drove the design of services can be assessed. On the positive side, C4's aim to renew the publics for PSB by attending to young audiences is judicious, and – despite ambiguities – the intention to use a side channel to nurture experiment and risk-taking could boost creativity across the organization. But a number of critical issues are also raised, which weigh against these productive potentials.

First, there are problems of a structural economic kind. A major concern is C4's vulnerable position in the new broadcasting value chain. C4's identity is focused on channels, on being an 'aggregator of content', and

this is considered relatively powerless by comparison with both platform owners such as Sky, who control distribution, and rights-owning production companies such as Endemol, owners of the *Big Brother* format. C4 risks being squeezed by both distributors and suppliers. As a result, executives spoke of C4 getting into production or distribution if necessary to secure the corporation's future. In late 2001 there were signs that both might occur. There were reports that C4 might join a 'digital coalition' to rescue the ailing digital terrestrial platform (Hargreaves, 2001), although this was not pursued; and discussions were under way for C4 to buy a stake in a leading independent production company. The latter move drew criticisms that pressures to make money for shareholders, and to commission part-owned independents over others, would erode C4's culture and transform the nature of the independent sector.

A related concern is the continuing concentration of the independent production sector, both cause and result of the tendency for C4 and other broadcasters including the BBC, to deal increasingly with a small group of 'preferred suppliers'. This risks reduced diversity in programme output. The trend has a few vocal critics among C4 executives, one of whom observed:

Anecdotally, the independent sector is becoming concentrated on about ten suppliers. The great example is the *Big Breakfast* tender:¹⁹ we're down to a shortlist of ten and you could name them all: Endemol, Planet 24, Hat Trick, Talkback, Chrysalis – all the obvious candidates. Then there's two small companies, who are token. I find that really sad. It's building up our suppliers and weakening our own position. It's sad for the indie sector that we're not really there for most of them. There's a carve-up happening.

By contrast, a commissioning editor for the main channel defended the 'preferred supplier' model as a superior way to manage creativity. In his view, the large independents can have greater autonomy, operate cross-subsidies between projects, and are thus empowered to experiment.

Further problems stem from the projections underlying C4's strategies. The most obvious concern the economic projections, and specifically the financial risk being carried by the public service channel, the revenues of which are cross-subsidizing the new services, if their business models prove unrealistic. The digital expansions have increased the visibility and versatility of C4, but at a cost. FilmFour and E4 together lost £48 million in 2001, while 4Ventures as a whole lost £64 million on a turnover of around £140 million; C4 had used up a cash reserve of £49 million and was renegotiating a borrowing facility worth £55 million. In late 2001, in response, the main channel's programme budget was frozen and 80 jobs were cut, and 4Ventures announced a search for outside investment. Before leaving C4, Jackson defended the risks taken as long-term investment and necessary 'R&D' in a fast-moving industry. But the viability of the new ventures is uncertain.

Also problematic is C4's strategic projection that pay services are becoming both acceptable and a new norm. This must be questioned not only empirically, in light of research showing significant consumer resistance to pay television, but also normatively, for ignoring the socially divisive effects if DTV develops substantially on a pay basis. The assumption works directly against government objectives regarding DTV's role in mitigating the 'digital divide'. It also contradicts the consensus among industry and political 'stakeholders' that, to achieve analogue switch-off, the PSBs can play a critical role by developing attractive, high quality free-to-air digital services to counter consumer resistance (Consumers' Association, 2001a).

Critical questions arise in relation to the character of C4's new services: in short, do E4 and At the Races represent legitimate market interventions for a public service organization? Despite the cogent rationales, it is plausible to see E4 simply as a way of cashing in on C4's most popular programming and as disadvantaging the audience for the free-to-air main channel. It remains to be seen whether E4 can sustain other successful programming. Despite the obvious questions raised by At the Races with regard to the promotion of gambling by a PSB, there appears to have been no discussion with the ITC, pointing to C4's ambiguous relations with the regulator as its commercial activities expand. There is a certain bathos in the rhetoric attached to C4's new services. 'Innovation' is a term much used, but this elides technological change (such as cross-platform development) with a judgement of qualitative and progressive invention in the output. C4's new directions clearly add to the former, but whether *Big Brother* achieves the latter seems dubious. Similarly, C4's reduction of the concept of 'interactivity' in iTV primarily to voting in entertainment shows (*Big Brother*, *Banzai*) and gambling (At the Races) seems unfortunate. Such a semantic reduction is common in commercial DTV, where 'interactivity' refers simply to teleshopping. But a PSB might be expected to develop more ambitious civic and creative interpretations of 'interactivity', developments that were largely absent in the Jackson period.

A set of cultural and organizational issues also arise; above all, whether the escalating commercialism of C4 undermines the vitality of its public service orientation. 'Commercial' is now a core C4 value; it is pronounced in executives' discourse and is evident in key hirings. But a growing sense of division is articulated by staff on the main channel between themselves and those running the new commercial services. Commissioning editors spoke of the influential presence in planning meetings of channel strategists with a hawk-eye on advertising revenues via ratings projections. Organizational schizophrenia is manifest further in a split between those for whom the concept of PSB remains valid and those who consider it outdated and ill-defined. Jackson's speech on quitting C4 proposed that PSB is a redundant term (Jackson, 2001), and executives for the new services

articulated only a minimal commitment to PSB. In contrast the Director of Programmes, Tim Gardam, is an ardent proponent of PSB, as are some of the commissioning editors. Gardam argues that the main channel must retain a mixed orientation that fully justifies its public service status (Gardam, 2001).

Jackson was responsible for major changes in the main channel's programming, away from what he saw as its origins in 1960s liberalism and leftism. Instead he proposed that social changes have made former minorities part of the mainstream (Jackson, 2000: 9–10). This forms a central belief of the present C4. The emphasis is on the main channel as a 'vast prism of experience', a space for inclusion, provocation and experiment.²⁰ Yet commentators have queried the coherence of the main channel and whether it has become excessively populist (Gow, 2000; Brown, 2001). A significant gap has opened up between rhetoric and the channel's practice.

C4's conception of its audience also betrays incoherence. Some executives stress the need for the new services to raise C4's multichannel share. Others dismiss share and stress the need to pursue key demographics, 16–34-year-olds and ABC1s. Above all, there is a tension between the attention given to youth and upmarket audiences and the universality principle at the heart of PSB. A strategist reflected that the concept of universality 'is one that *does* get compromised by new media platforms. . . . It's not as though universality is *not* important to us, but it has to be balanced against commercial [imperatives]'. Others argued defensively that the main channel contains slots appealing to older and children's audiences; and some demurred from the youth focus, stressing that 'we target people *attitudinally* rather than demographically'. There was little concern with provision for minorities: the prevailing philosophy argues that 'those groups [don't] exist as separate minority audiences any more.' Yet when pressed, a strategist replied that 'we do more multicultural programming than any other broadcaster'. The tensions are plain between the PSB commitment to universality and minority provision versus the drive for lucrative demographics. A marketing executive acknowledged this, explaining that the split is embodied *organizationally* in the division of C4's market research functions between two separate departments: one an advertising-oriented unit which stresses key demographics, produces figures to maximize income, and negotiates with advertisers; the other an internally-oriented research unit concerned with the PSB remit which, it was implied, gave a truer picture of the complex whole, but which was organizationally subordinate. As though admitting a lack, the marketer conceded that C4 needs now to work on clarifying 'how the whole population relates to Channel 4 and . . . what our role is in public service'.

There are, finally, questions concerning C4's regulation. This study highlights the laissez-faire relationship between the ITC and C4.²¹ C4 was

founded as a public corporation to deliver a variant of PSB, and if its growing commercial orientation has effects on the whole organization, this change should be subject to regulatory scrutiny. The assumption seems to be that C4's commercial activities can have no detrimental effect on its PSB commitments; but even in purely economic terms such a view cannot be sustained. The implications of this analysis are that regulatory oversight of C4 should be strengthened and the main channel ring-fenced against the predations of C4's commercial enterprises; and that the 'light touch' principle central to legislation from the 1990 Act to the present risks failing C4's larger remit. Significantly, the draft Communications Bill (DCMS, 2002) appears to respond to the regulatory shortfall, stressing that C4's activities must 'continue to support and enhance its core statutory purpose' and requiring Ofcom approval of all new ventures.²² Much will depend on Ofcom's interpretation of this dictum.

Can C4 continue to straddle television's increasingly distinct two cultures – that of commercial populism, and that of public service commitment to universality, mix, range and distinctive output? A great deal rests on whether C4's present Chief Executive, Mark Thompson, steers the organization primarily in a commercial direction or revitalizes its public service philosophy. Thompson, who came to C4 in March 2002, was formerly the BBC's Director of Television and the main architect of the BBC's digital television portfolio.²³ Since coming to office he has committed himself, with reference to a classic genealogy of Matthew Arnold, John Reith and the Pilkington Committee,²⁴ to strengthening C4's public service direction through a renewed focus on diversity, creativity, originality and risk-taking (Thompson, 2003). This augurs well for the reinvigoration of C4's public service remit. If, on the other hand, Thompson allows commercial logics to prevail, the pressure to privatize C4 may become unstoppable.

Certainly the advertising recession and the continuing losses stemming from C4's new ventures combine to favour safety and populism. Faced with poor financial results in 2002 Thompson made further job cuts and closed some new services, while C4's film production company was scaled down and brought in-house.²⁵ Nonetheless, C4 claims that FilmFour will break even by about 2005, that E4's demographics are moving in the right direction, and that together the channels have 'grown' C4's overall share in multichannel homes, particularly among the advertising-friendly young and affluent audiences.²⁶ These trends are taken to vindicate the investment. Yet the current economic climate makes such predictions unreliable, and thus far the primary justification for the new ventures – cross-subsidizing C4's public service operations – remains unproven. At best the new services will provide the projected new revenue streams and secure C4's future. At worst they could damage C4's public service orientation irredeemably. Thompson tacitly seemed to admit these conundrums – that

it may not be possible for C4 to reconcile increasing commercialization with a public service orientation; that the new services may not produce significant revenues, and may by their existence distort the character of the organization – when he recently called on government to supply public funds to underpin C4's public service remit. The critical test will be the future direction of the public service channel, and whether Thompson can oversee a return to the degree of editorial and creative invention that characterized its first period – that is, can make C4's practice match its rhetoric.

Channel Four, projection and the construction of media markets: towards an ethics of the future

Recent work in sociology (Callon, 1998; Barry and Slater, 2002) and anthropology (Carrier and Miller, 1998) has emphasized the critical role of expertise, particularly economics, in framing and constructing markets. Beck's analysis of reflexive modernization lays stress on the role of expert discourses, the struggle for discursive primacy, and the place of discourse coalitions in responding to conditions of chronic uncertainty and risk (Beck, 1992, 1999). In such accounts, economic and other forms of expertise are considered not in terms of their truth or falsity, but in terms of their *performativity* and *effects*: how they fold into and condition the social process. This literature has neglected one of the principle forms of expertise in the new economy, marketing and related discourses of market research and analysis, as well as the importance of projection as an operative and legitimizing mechanism. With its projective logics, marketing's role is to humanize economic decision-making by marrying it with methodical readings of the desires and habits of that abstraction, the 'audience'. Strategies adopted are thereby legitimized by a short-cut that apparently forecloses the unpredictable full circuit of production and consumption. This article offers an analysis of the performative role of these forms of expertise in the development of C4's strategies, a key institution in a leading economic sector. But I have also argued that the character of such discourses can usefully be evaluated in themselves, and for their likely powerful effects.

C4 has determined its DTV strategies by deploying various forms of expertise, particularly market analysis and market research, which ground collective interpretations, on which is constructed in turn a discursive space of projections of future markets, economic and technological strategies. The strategic discourses are predicated on a network of bold, mutually sustaining projections: business plans that project future market structures and earnings; projections of changing audience expectations, habits and tastes (for example, that young people desire above all entertainment

programming); projections of wider social and cultural changes (for example, that 'minorities' are no longer meaningful social categories, and that pay services will become the norm in new media); the projection that the values of PSB have declining salience; and the projection that commercialism and public service innovation in media services are (or can be) synonymous. Three discursive modes of projection can be discerned in the rationales for the DTV strategies: those that are primarily normative or principled in orientation, those that are primarily realist or pragmatic, and those that are primarily reactive or defensive. They can be combined, and switching can occur between them. The proposition for E4, for instance, combines normative, realist and defensive projections: that E4 augments the space for innovation; that it is a pragmatic response to the rise of pay TV and the need to exploit pay TV rights; and that it is a necessary defence against rivals' predatory moves into C4 branding and programming territories, and against the erosion of young people's identification with PSB.

The projections are folded into institutional strategies; they become the basis for action – for C4's DTV and new media practices. In this way they emanate out and condition the markets in which C4 operates, altering the relative positioning of competitors, restructuring the broadcasting field, and delimiting the alternatives available to media audiences. The projections, in short, condition and construct larger economic, social and cultural processes. Both Castells (1996) and Beck (1992, 1999) employ realist concepts of uncertainty in analysing the new economy: large-scale structural processes are seen to be in train which experts play a role, after the event, in managing. This article takes issue with such a view by highlighting the way expertise plays a role, not so much in managing but rather in interpreting current realities, and on that basis projecting and constructing new markets, future economic and technological trends. This is an approach which, like Callon's, lays stress on the power of pervasive discourses to bring about the conceptions they promote – yielding an enhanced realism for social theory. The differences in projections matter; they influence outcomes. C4's framing of the challenge of DTV is in major respects different from the BBC's. Where the BBC's DTV projections, supported by increased public funding, take in social and cultural utility, universality and particular minority needs (Born, 2003), C4's frame gives priority to financial stability and entrepreneurialism. What we see are contesting projections of the future structure of the field, as the major institutions attempt to reposition themselves as cross-platform media organizations with hybrid funding and purposes. The analysis indicates the enormous influence of C4's commercial funding and weak regulation on the character of its projections, and how these in turn cause the organization's philosophy and organization to mutate and fragment.

The motivated futurist projections of major institutions in leading sectors of the economy, such as the convergent media and IT industries, have, as social theorists of time suggest, significant power to influence current and future realities, as the results of past projections are cumulatively laid down and sedimented, becoming the basis for further projections.²⁷ Given this power, as one analyst of the role of forecasting has put it, there is a need for an 'ethics of the future' grounded in an awareness of the way the present, and present discourses that emerge ascendant from the struggle for discursive primacy, unwittingly carry massive responsibility for delimiting the future (Binde, 2000). By critically probing C4's strategic discourses, those discourses and their immanent projections are opened up to just such ethical reflection in relation to their responsibility for shaping Britain's future media ecology.

Notes

1. The study, 'Uncertain Future: Public Service Television and the Transition to Digital', analysed and compared the digital television strategies of C4 and the BBC. The empirical research took place in 2001 and this article mainly addresses this period, with brief updates to early 2003. I gratefully acknowledge the support of ESRC award R000223524 and the invaluable assistance of Geoff Kemp, Tony Prosser, John Ellis and Steve Pratten.

2. For an analysis of British consumer responses to DTV, see Consumers' Association (2001a). A survey from 2002 (Towler, 2003) shows continuing consumer resistance to multichannel television and to DTV.

3. Under the proposals, the BBC will remain predominantly self-regulated. Ofcom's precise shape is being clarified in the debates surrounding the draft Communications Bill in 2002 and 2003. For discussion of the regulatory issues around PSB in Britain, see Born and Prosser (2001).

4. On the problems of the DTV economy, see Wood (2001).

5. Eighty percent of Sky's revenues come from subscription, and 13 percent from advertising (Curtis, 2001). For UK broadcasters, subscription is the main source of revenue growth (ITC, 2001: 10).

6. On the BBC under Birt, see Barnett and Curry (1994), Born (1999) and Born (2002).

7. There are several hybrid forms of PSB: closest to C4 are public institutions with public service obligations primarily financed by advertising (e.g. Denmark's TV2); a second type is privately-owned companies with public service obligations, funded by advertising (e.g. Sweden's TV4); a third type is public institutions with about 50 percent licence-fee and 50 percent advertising funded (e.g. the Italian RAI channels). Thanks to Henrik Sondergaard on this point.

8. In December 2001 BBC1's share edged ahead of ITV, its more populist commercial-PSB equivalent, for the first time since competition began in 1955.

9. Reflexive modernization is a contested term (Beck et al., 1994; Lash and Urry, 1994). I refer to the contemporary capacity of institutions, through the systematic use of various forms of expertise, to produce reflexive knowledge about their own functioning which is then redeployed, performatively, in that functioning – often as a bulwark against uncertainty and risk.

10. On the history of C4, see Lambert (1982), Harvey (1994), Scannell (1996) and Goodwin (1998).

11. Quotations from interviews have been edited to improve fluency.

12. The channels are the original FilmFour, FilmFour Plus One (timeshifted version), FilmFour World (international films) and FilmFour Extreme (extreme content).

13. From this point, I refer to the public service television channel C4 as 'the main channel', and to 'C4' when referring to the corporation as a whole.

14. C4's competition-cum-complementarity with ITV was evident in the surprise hiring in summer 2001 of the ITV daytime talkshow stars, Richard and Judy, to host a teatime show on C4's main channel.

15. In 2001 C4's share in multichannel homes was *c.* 7 percent whereas in terrestrial homes it was *c.* 12 percent, giving an overall share of *c.* 10 percent. In comparison, Channel 5's multichannel and overall share were congruent at *c.* 5 percent.

16. On the meanings of universality in public service broadcasting, see Born and Prosser (2001).

17. E4 strategists list a series of techniques – including restricting transmission hours and repeating programmes – that are used to try and keep programme budgets close to terrestrial levels.

18. In its first year E4 commissioned 19 new shows, of which 6 were recommissioned, while 6 transferred to the main channel. E4's share in multichannel homes, excluding *Big Brother*, was 0.5 percent (*Media Guardian*, 14 Jan. 2002: 2–3).

19. The *Big Breakfast* was C4's entertainment-led breakfast show. Significantly, the tender was won by Sky, its first commission for original production on terrestrial British television.

20. Jackson's exemplars were the programmes *Queer as Folk*, *Ali G*, *So Graham Norton*, *This is Modern Art*, *Big Brother* and *Channel Four News* (Jackson, 2000, 2001).

21. C4's regulation by the ITC has been complex and partial. C4's public service remit applies only to the main channel. The new subscription channels must abide by the ITC's Codes but have no public service requirements on cable and satellite. If carried on digital terrestrial television they have vestigial PSB requirements. Internet services fall outside the remit of the ITC unless support material for PSB programming.

22. See 8.2.7 of the policy statement accompanying the Bill, at http://www.communicationsbill.gov.uk/policy_narrative/550809.html

23. For an analysis of the BBC's digital television strategy, see Born (2003).

24. For contrasting discussions of the 1962 Report of the Pilkington Committee and its effects on public service broadcasting in Britain, see Curran and Seaton (1997) and Caughie (2000).

25. In 2002 4Ventures, incorporating E4 and FilmFour, made an operating loss of £56 million (Channel Four, 2002).

26. C4's overall share in all homes has remained 10 percent in the past two years. In multichannel homes the main channel's share remains *c.* 7 percent, but in 2002 E4 and FilmFour added 1.5 percent to this figure to give a total of 8.6 percent (Channel Four, 2002).

27. See Latour (1999), who writes of the 'sedimentary succession of time'. On the performative nature of future-oriented discourses, see Brown et al. (2000) and Adam (2000: xii).

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