

The background of the cover features a blurred, warm-toned photograph of two people sitting on a couch, viewed from behind. They are watching a television screen which displays a blue-toned image. A hand is visible in the center, holding a remote control. In the foreground, a clear glass bowl filled with popcorn sits on a blue and white plaid blanket. The overall atmosphere is cozy and domestic.

International perspectives on public service broadcasting

EY report for Ofcom

October 2020

Executive Summary



Fundamental shifts in recent years in the ways that audiences consume content have resulted in significant new challenges and opportunities for public service broadcasters (PSBs) across the world.

Against this background, Ofcom commissioned EY to carry out a piece of research into international perspectives on the UK system for public service broadcasting.

As part of the research, we interviewed 21 experts from across the world. The experts we spoke to were from a mix of PSBs and commercial broadcasters in other markets, multinational media companies, streaming services, international broadcasting bodies and academic institutions.

Our discussions covered topics including the quality of content produced by the UK PSBs, measures to support the independent production sector, approaches to funding public service broadcasting, and strategies to appeal to young people and respond to increasing online viewing.

This report sets out the detailed findings and insights from our research. The five key findings from our research are summarised in the table below.

Key research findings

01

Although the UK ranks broadly in the middle of the countries considered in our analysis in terms of public funding for PSBs per head of population, the UK PSBs' content is recognised globally for being among the best in the world in terms of quality. UK nature documentaries, drama and comedy are popular genres internationally. The BBC has a strong global brand, with significant global influence and reach. There is a sense that the challenge for the UK PSBs isn't rooted in the quality of the content they produce, but in how they promote and distribute that content to audiences.

02

Supporting the domestic independent production sector is seen as a key role for PSBs across the world. The UK PSBs are seen to play an important role in investing in and developing UK talent at an early stage, which can be more difficult for purely commercial organisations to do to the same extent.

03

Stability and independence are important considerations in funding public service broadcasting, but there is no 'one-size-fits-all' approach to funding. The most appropriate funding method will vary between countries depending on cultural, historical and commercial factors, and so a bespoke approach needs to be taken to designing funding for public service broadcasting in each country.

04

PSBs globally need to do more to attract young people. Content must be relevant for young people, but equally, should be distributed on platforms that resonate with them – though there is a risk that young people may not recognise that the content on these platforms is provided by the PSBs. Generally, PSBs we spoke to recognised the importance of finding ways to remain relevant to younger audiences to support the long term sustainability of public service broadcasting.

05

The fragmentation of media consumption may mean that new metrics are needed to measure the distinct value that PSBs bring to a society, relative to commercial competitors. The challenge is to articulate the value of public service broadcasting in a way that resonates with all parts of modern societies.

The media landscape for public service broadcasting has fundamentally changed



Today, PSBs across the world are operating within a fundamentally changed marketplace, which is almost unrecognisable compared to the media landscape when PSBs were first established.

PSBs are responding to changes in audience viewing habits, seismic shifts in technology and intense competition from multinational media companies with global reach, including streaming services. This competition has increased choice for audiences, created new opportunities for the creative sector and driven high quality TV production. But PSBs globally are now under increasing pressure to ensure that they remain relevant to audiences in the long term, despite the significant changes and fragmentation observed in the market. As such, PSBs in different markets across the world are facing some of the same challenges and opportunities, and are looking at how they can remain competitive while still fulfilling their public service remits.

In this context, understanding how the UK system for public service broadcasting is seen comparatively is a key goal of this research. Our research aims to develop understanding of where the UK PSBs are perceived to be performing strongly, and where lessons can be learnt from PSBs across the world and from the purely commercial sector.



Our research explores international views on UK public service broadcasting



Ofcom has launched ‘Small Screen: Big Debate’¹, a national conversation to seek ideas and prompt discussion on how to make sure the UK has a resilient public service broadcasting system that continues to adapt to meet audience needs.

To support this review, Ofcom has commissioned EY to carry out a piece of research to understand international perspectives on the UK system for public service broadcasting.

Our findings are based on a combination of our own research and interviews with 21 international media experts from non-UK PSBs, commercial broadcasters, multinational media companies, international broadcasting bodies and academic institutions.

This report provides a summary of interviewees’ opinions. The views summarised in this report represent interviewees’ individual views, rather than the views of their respective organisations.

Our report is structured as follows:

- ▶ Firstly, we have described the different international public service broadcasting models relevant to the countries where interviewees are located.
- ▶ The remainder of our report is structured according to a number of themes that emerged during our research. These themes included the quality of content broadcast by UK PSBs, reflecting UK culture and values to the rest of the world, different models for funding PSBs, appealing to younger audiences, and measuring the value of public service broadcasting, among others.

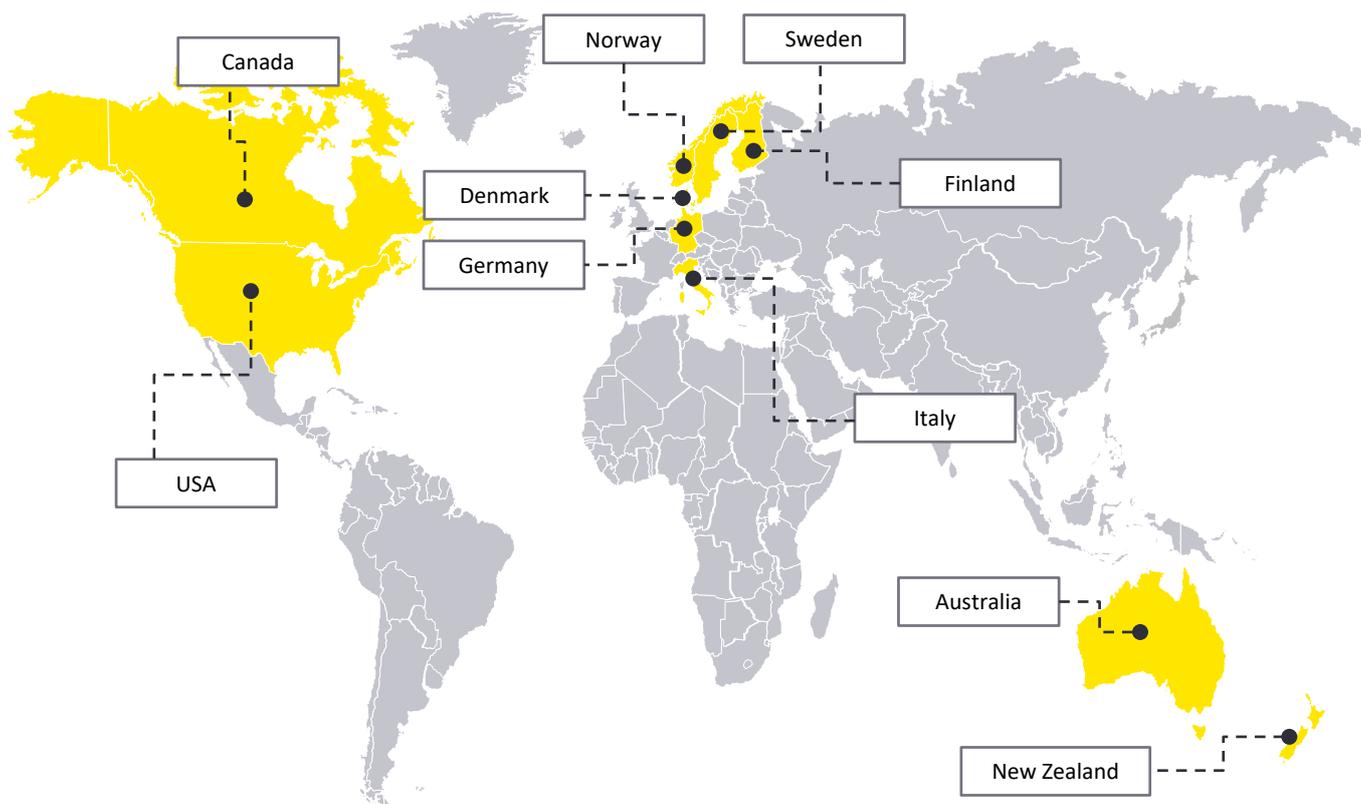
¹<https://www.smallscreenbigdebate.co.uk/>



Our research covers perspectives from the public and commercial sector internationally

The map below shows the countries where the media experts interviewed as part of our research are located. Our research has focused on countries with public service broadcasting systems that have the most comparable characteristics to the UK system, and that are therefore most relevant to the research.

We have worked collaboratively with Ofcom to identify relevant public service broadcasting systems, key multinational media companies, international broadcasting bodies, and academics with a distinct focus and view on delivering public service broadcasting internationally. We also worked with Ofcom to develop a targeted set of interview questions in line with the scope of the research – to understand international perspectives on the UK system for public service broadcasting.



We have also interviewed 11 international media experts from organisations across the wider media sector, including:

Six multinational media companies – including multinational broadcasters and streaming companies

International broadcasting bodies – European Broadcasting Union; North American Broadcasters Association

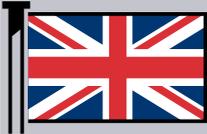
Academics – Reuters Institute; Institute for Multimedia Production, University of Applied Sciences of the Grisons

We have compared different approaches to funding PSBs in relevant countries

There is no universal approach to delivering public service broadcasting. The structure of each country's public service broadcasting system is determined by a number of factors, including historical differences in countries' broadcasting markets, the specific remit and objectives of PSBs, as well as national culture and values.

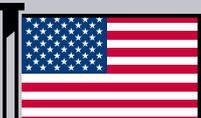
The main differences between each country's public service broadcasting system are summarised in the table below, and may provide some context to interviewees' views throughout this report. One of the main points of difference between each country's public service broadcasting system is the different funding model adopted. We have therefore summarised the main sources of funding for PSBs in each of the countries included in our research. For each country included in this overview, we have looked at total public funding per head of population, rather than on a per household basis, to make sure that the analysis is comparable across markets*.

Public funding is made available for PSBs to support them in fulfilling their public service remit. This remit generally covers the provision of specific genres, such as news and children's, and national and regional content.

Country	Overview of PSB system	Public funding per head of population	Comments
 United Kingdom	1x licence fee model – BBC. 3x advertising model – ITV/STV, Channel 4, Channel 5. 1x hybrid government funding and commercial model - S4C.	£56	The BBC is funded by the licence fee. ITV, Channel 4 and Channel 5 are commercially funded, but Channel 4 is a state owned non-profit entity. The BBC is governed by the Royal Charter and Framework Agreement, agreed with the government every 11 years. The Charter sets the BBC's funding for an 11-year period. There is a mid-term review of the Charter, where government can change the level of funding but not the funding structure.
 Norway	1x tax-funded model – NRK (from 2020). 1 x advertising funded model, with a state grant to provide a national news service – TV-2.	£100	From 2020, NRK will be funded through a public service media tax, which has replaced the licence fee system. NRK funding is set for a four-year period. The four-year funding cycle was set so that it does not coincide with the election cycle. TV-2 receives a state grant to deliver an alternative national news service.
 Germany	2x domestic PSBs, both licence fee model – ZDF, ARD. Both ZDF and ARD have a number of affiliates. 1x international PSB, government funded – Deutsche Welle. 1x national radio service, licence fee model – Deutschlandradio.	£92	Public service broadcasting in Germany is mainly financed by broadcasting fees, payable by private households as well as businesses and public institutions. Special advertising regulations apply to ZDF and ARD as PSBs (with commercials legally restricted). The 16 Länder parliaments jointly set the fee for a period of usually four years.
 Denmark	1x tax-funded model – DR. 1x advertising model – TV-2. 8 x regional PSBs receiving tax funding. 1x public service radio station, receiving tax funding - Radio LOUD.	£86	Over a period of four years starting in 2019 to the end of 2022, the media licence will be replaced by a tax-funded model for all public service broadcasters. DR's funding will be gradually reduced by 20% over five years, resulting in a reduction in the number of TV channels from six to three, and a cut in radio channels from eight to five. Cuts will affect entertainment, sport and imported drama more than news.
 Finland	1x tax-funded model – Yle.	£78	Yle moved to a tax-funded model in 2013. The Yle tax is paid by individuals and companies. It is ringfenced for Yle at c. €472m per year and is itemised on Finnish citizens' tax bills. Each year, the parliament can decide whether to adjust the Yle tax in line with changes in cost-of-living indexes.

*Public funding per head of population has been calculated using the total public income for all PSBs within each country listed (direct government funding, a public service media tax, or licence fee funding). Our analysis focuses on the main sources of funding; as such, contestable funds, which support the production of certain genres of content, are not included in our analysis. PSBs also receive non-financial benefits in many markets such as free spectrum and regulation that ensures their services are easy to find.

We have compared different approaches to funding PSBs in relevant countries (cont.)

Country	Overview of PSB system	Public funding per head of population	Comments
Sweden 	3x tax-funded model - SVT, SR & UR.	£71	Since 2019, Swedish PSBs have been financed through a tax-funded model. As is the case in Finland, it is a special public service fee, ringfenced outside the state budget. Under the current Charter period, funding is set for a six year period from 2020-2026; there has been a provisional government decision to increase this funding period to eight years from 2026.
Australia 	2x government funded model - ABC, SBS.	£28	The Australian government funds the ABC and SBS as part of the budget each year, with funding for the PSBs protected for a three year funding period through triennial funding arrangements. However, unlike in Finland (where the cost for Yle is itemised on tax bills), the cost for ABC and SBS is not itemised on Australian citizens' tax bills.
Italy 	1x hybrid licence fee and advertising model - Rai.	£27	Rai is partly funded through an annual television licence fee, which has been collected through electricity bill since 2016, as previously there were high rates of evasion and ineffective enforcement. The licence fee is paid by all households that own a television or equipment that can receive television signals.
Canada 	1x hybrid government and advertising model - CBC/Radio-Canada. 4 x provincial PSBs owned by provincial governments and receiving some direct government funding each year*.	£21	CBC/Radio-Canada operates both English and French television networks. The Canadian government provides funding to CBC/Radio Canada through appropriations approved by parliament on an annual basis, representing about 70% of revenues. Advertising is the largest commercial source of revenue. Other forms of funding include subscriber fees (fees from discretionary services - CBC News Network), and commercial financing from other income.
New Zealand 	1x advertising model - TVNZ 1 x government funding agency - NZ on Air; invests in local content. 1 x government funded model - Radio NZ; crown entity with full government funding from NZ on Air.	£15	Although TVNZ is a state-owned company and could in theory be given non-commercial directives by the government, it is now thoroughly commercial in focus (90%+ revenue from commercial activity). The remainder of its funding comes from government funding agencies, such as NZ on Air, which was set up to provide financial incentives for local production.
United States 	1x hybrid government funded, sponsorship and individual contributions and donations model - PBS.	£2	While funding for PBS is derived from various sources (including the US federal government and state governments), individual philanthropy represents the largest source of revenues. Advertising is not permitted; sponsorship is permitted providing sponsors appear between programmes.

*There are several provincial PSBs in Canada, all of which have an educational remit, and which are a mix of publicly and privately owned organisations, with funding sources including advertising, donations and government funding. Our analysis focuses on the four provincial PSBs that are owned by provincial governments and receive some direct government funding.

The UK PSBs have a global reputation for world class, high quality content

In discussing the quality of the UK PSBs' content, interviewees frequently mentioned trust in news content produced by the UK PSBs, as well as the high production values of UK content.

Interviewees also mentioned the high popularity of UK content with domestic audiences in different countries, particularly UK nature documentaries, drama and comedy. Interviewees also pointed to the high amount of UK PSBs' content made available on global streaming services as indicative of the quality and popularity of this content.

The BBC's brand was perceived to be particularly strong and

associated with high quality content. Interviewees suggested that consumers in international markets would be less familiar with the ITV, Channel 4 and Channel 5 brands.

There was a sense that the challenge for the UK PSBs isn't rooted in the quality of the content they produce, but in how they promote and distribute that content to audiences in a highly competitive market where consumers can choose between a large number of content providers and distributors.

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British public service media is among the best in the world in terms of quality. People all around the world have relied on the World Service for decades as a voice of trust and integrity, and today the BBC continues to enjoy a reputation for high-quality journalism

– Jeremy Millar, Australian Broadcasting Corporation (ABC)

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It is massively challenging to compete when you look at the money that multinationals are willing to spend on content – but despite this, the UK PSBs' content holds up quite well

– Keir Menzies, Creative Manager at Disney

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Rai has a well-established programme of content exchange with the BBC, particularly scientific programmes and documentaries. The BBC is perceived as top quality and is highly appreciated by Italian audiences. Channel 4 also has excellent movies and realities, and we look to Channel 4 for inspiration on how to address younger audiences

– Simona Martorelli, Rai

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There's a huge spectrum in terms of type and quality of output. At its best, what the PSBs do is often peerless in setting a creative bar and a level of production quality, and they still have the ability to generate TV that drives the cultural zeitgeist and cultural engagement. There is also a lot of mid-range content, but then we have to remember that everything in a creative business is a risk and there are often more misses than hits. When the PSBs do get it right, it really resonates

– Media expert, multinational media company

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UK PSBs' content is of very high quality, not just from the BBC but also the other British PSBs. You look towards them as role models, and people take inspiration from them in terms of content and format

– Ulrika Von Celsing, Sveriges Television (SVT)

“

British productions are high quality, British content is world class. But it has to be. Because today, more than ever, audiences have access to all the best content in the world – and the competition is getting tougher

– Olav Nyhus, Norsk rikskringkasting (NRK)

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A lot of the content which the new streaming providers were showing in the early days came from the PSBs. It was an early strategic failure for the PSBs to not have their creation of content attributed in early days. The lesson for the PSBs is that their content is really good and people want it, and if the PSBs can find a way to promote their content correctly, they can still compete

– Senior broadcast lead, multinational media company



19 out of 20* interviewees agreed that
content broadcast by the UK PSBs is
creative**

19 out of 20 interviewees agreed that
content broadcast by the UK PSBs is
high quality

**20 out of 21 interviewees responded to the survey questions highlighted in this report.*

***The definition of 'creative' and 'high quality' was left to interviewees' interpretation.*

The UK PSBs showcase the UK's culture and values to the rest of the world

Our research suggests that the UK PSBs are perceived to perform strongly in reflecting national culture through their content, and then showcasing UK national culture to the rest of the world.

A number of interviewees noted the wide range of genres of UK content made available internationally, and the different aspects of life in the UK represented through the UK PSBs' content. However, some interviewees felt that the UK PSBs' content wasn't very diverse in terms of ethnicity in particular, though they acknowledged this impression may be a function of the type of content from the UK PSBs that is purchased by international broadcasters.

Investment in local content, that reflects and represents audiences, was seen by many interviewees not just as a core duty for PSBs, but as key to attracting audiences when competing with multinational media companies and streaming services.

However, some interviewees pointed to the particular popularity among young people of content with global appeal, and noted that the UK PSBs could find it difficult to compete for audiences with a preference for high budget, globalised content.

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UK PSB content is a powerful way to show the UK to the rest of the world. In UK PSB content, you can see very different aspects of British life and niche British cultures, from gardens to antiques. You can see all sides of the UK, from the Scottish highlands to UK cities

– Dr David Fernández Quijada, European Broadcasting Union (EBU)

“

Local PSBs across Europe are going to look increasingly anachronistic as content tastes become globalised. People across the world are increasingly watching the same TV programmes in the same way. There's a place for both local and global content, but if you look at what young people are watching, the trend towards globalised content is clear

– Media expert, multinational media company

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The BBC is one of the greatest disseminators of British culture there is. It's not as influential as it was, but that's just the nature of the market now – people are used to consuming international content

– Keir Menzies, Creative Manager at Disney

“

UK PSB reflects a wide range of content, which is based in British culture, with recognisable regional settings. You can see what both literary and contemporary UK is all about. The BBC in particular has been very successful in reflecting the UK to the world, and has recognisable production values which are a unique selling point

– Andrea Zuska, Mediengruppe RTL

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The content that we see from the UK is very white. It doesn't reflect the cultural diversity of Britain. Perhaps that's partly down to what type of content that broadcasters globally are buying from the UK PSBs

- Broadcasting executive, New Zealand

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PSBs should be better placed to determine what content is going to be most appealing to UK audiences and can make content that is super culturally relevant to the UK. It's an opportunity and a risk for the PSBs – they need to be locally relevant first, and then they can use the commercial advantage they have through English language content to make money from exporting abroad

– Senior broadcast lead, multinational media company

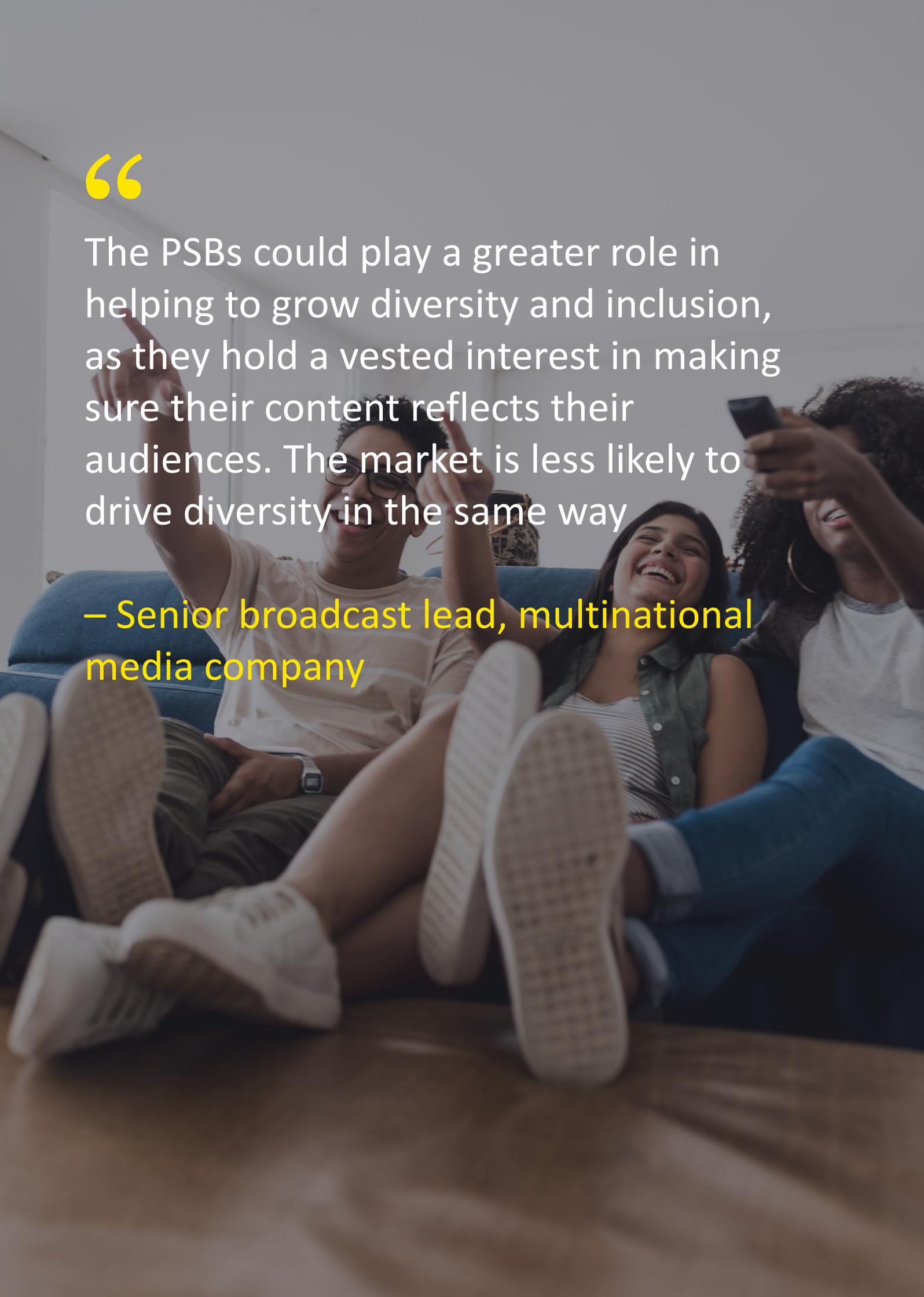
11 out of 20 interviewees agreed that content broadcast by the UK PSBs is **diverse***

**The definition of 'diverse' was left to interviewees' interpretation and could cover both range of genres as well as diversity in terms of the representation of different characteristics on screen.*

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The PSBs could play a greater role in helping to grow diversity and inclusion, as they hold a vested interest in making sure their content reflects their audiences. The market is less likely to drive diversity in the same way

– Senior broadcast lead, multinational media company



The BBC is a global brand, with significant international influence and reach

Many interviewees expressed how the BBC brand is a symbol of high-quality output and trust, in terms of its production values and World News Service, among other factors. Our research suggests that the BBC brand finds an audience globally, even in very competitive media markets where audiences have a variety of content choice, such as in the United States.

Some interviewees commented on how the BBC acts as a competitor in other national media markets to both national

PSBs and multinational media companies.

The other UK PSBs are recognised by industry experts but have less brand recognition with international audiences.

The multinationals we spoke to noted that, in a rapidly changing global media market, it may be more difficult for the BBC to achieve the same level of brand recognition and influence that it has today. Some interviewees suggested that the UK PSBs in future may consider partnerships to remain competitive on a global scale.

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The BBC has a brand that is so strong that it can operate as a domestic competitor in foreign markets

– Heaton Dyer, CBC/Radio-Canada

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Many countries that have geopolitical ambitions are investing heavily in state owned media. If imitation is the highest form of praise, this trend indicates that other countries think that the international news provided by BBC is important

– Rasmus Nielsen, Director of the Reuters Institute for the Study of Journalism and Professor of Political Communication at the University of Oxford

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British content always plays well abroad. TV benefits from scale and export markets and, with the UK's English language connection, UK PSBs will always have the opportunity to sell content abroad. The challenge for the UK PSBs is to decide if they want to sell what they are currently making abroad or become a global brand and distributor and compete with multinational streaming services. However, it is harder to become a global streaming provider of scale and easier to partner with other PSBs and multinational media organisations

– Senior broadcast lead, multinational media company

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The strategies of the BBC are still very influential across Europe. For example, many countries took the way the BBC thinks about public value and introduced this concept into their national systems. Another example is BBC Sounds – other PSBs in Europe are now trying to introduce audio portals like BBC Sounds. What the BBC does has always been an important model for other countries

– Matthias Künzler, Institute for Multimedia Production, University of Applied Sciences of the Grisons

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At some point, you have to question whether the UK needs four BVOD [broadcaster video-on-demand] PSB services. At what point do you get together and create a PSB super-brand for BVOD services to take on the multinational streaming services? This might undermine the PSBs' different remits and purposes and also presents challenges if the PSBs do not complement each other. However, it's a key question – will PSBs need to collaborate to compete in the long-term?

– Media expert, multinational media company

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The BBC has always been a role model. When Rai has a reorganisation or reshuffle, we often look to what the BBC has done in terms of governance. Rai was also inspired by the BBC iPlayer when developing its own online player

– Simona Martorelli, Rai

The UK PSBs provide a solid foundation for the production sector and emerging talent

Supporting the sustainability of the local independent production sector is seen as a crucial role for PSBs. Many of the international PSBs we spoke to said that supporting the domestic production sector in their market was one of the most important aspects of their public service remit.

The terms of trade for production companies in the UK, where independent producers retain the international rights to their content, is seen as a key factor in supporting the success of the UK creative sector and the level of UK exports.

Many PSBs we spoke to emphasised the importance for PSBs in having the rights to make content available on their video-on-demand services for a longer period in response to growing 'binge viewing' behaviours and box set watching among audiences.

The covid-19 outbreak is seen to have intensified the need for PSBs to support the independent production sector, given the increased financial pressures the pandemic has caused for the sector, particularly for smaller production companies. Some interviewees also saw government support as crucial to supporting the domestic production sector from the impact of

the pandemic.

Outside the effects of the pandemic, increased competition from multinational streaming services is seen to have provided new opportunities for independent producers, allowing them to build a global profile. While a strong local production sector benefits PSBs, this competition is also seen to have resulted in challenges for PSBs in terms of cost inflation, extremely high content budgets, and shortages in the availability of studio space.

Partly in response to the increasingly high content budgets driven by global competition, PSBs are increasingly looking to co-produce content, either with other PSBs or with purely commercial media companies.

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The specific terms of trade in UK broadcasting law, where IP goes to producers, gives producers an incentive to sell content abroad to generate revenue. This model is strong and doesn't exist in many other countries, and contributes positively to UK creative exports

– Dr David Fernández Quijada, European Broadcasting Union (EBU)

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The UK's global strength is rooted in its PSBs' track record of producing distinctly British content that is loved by audiences around the world. If the support for PSBs producing this kind of content isn't there, the UK industry risks becoming commoditised and production will simply move to the most cost-effective locations, and that's probably not the UK

– Heaton Dyer, CBC/Radio-Canada

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The UK PSBs and the terms of trade have helped the UK production sector to grow its revenues and become a powerhouse globally. This has driven a virtuous circle in terms of talent, attracting more investment

– Media expert, multinational media company

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The creativity and quality is definitely there. There is a tight TV ecosystem on the production side which has benefited from digital disruption as they have financially strong PSBs to support them

– Senior broadcast lead, multinational media company

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There are opportunities for production companies driven by increased competition. Talents are thriving, with more flexibility about the content they produce provided by streaming customers – they don't need to target certain audiences at certain time slots

– Andrea Zuska, Mediengruppe RTL

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The PSBs have a positive impact on the wider market. They can afford to invest in nurturing and developing talent at an early stage, which can be more difficult for commercial organisations. There's a lot of talent that comes through the PSBs' ability to invest locally in the UK

– Commercial director, multinational media company

A high-angle, top-down photograph of a group of five young adults sitting on a dark sofa in a living room, watching a sports game on a large television. The room is dimly lit with a blueish tint. The group is engaged and cheering, with several people raising their fists and one person holding up a green beer bottle. In the center, a coffee table holds bowls of popcorn, a plate of snacks, and orange plastic cups. The television screen shows a close-up of a player in a red jersey with the number 10. The overall atmosphere is one of social enjoyment and excitement.

19 out of 20 interviewees agreed that the UK has a **strong production sector**, which is globally recognised for its output

Covid-19 has heightened awareness of the value of public service broadcasting

PSBs across the world have seen growing audiences as citizens turn to them for impartial news and information about covid-19. PSBs have also increased their educational and cultural content during the pandemic, and some have broadcast exercise and fitness content to support people during lockdown.

Beyond these obvious public service requirements, PSBs have seen themselves as performing an important role throughout the pandemic in meeting audiences' needs for nostalgic content and escapism.

Several interviewees at national PSBs said that public approval

ratings for the PSB had increased significantly since the beginning of the pandemic.

The large peak in audiences observed in many countries at the beginning of the pandemic has begun to subside as time goes on. In contrast, streaming services have generally maintained the new subscribers gained at the beginning of the pandemic.

Some interviewees noted that the pandemic may have accelerated trends for changes in viewing behaviours, with increased demand for streaming services. Interviewees also noted financial pressures for advertising-funded PSBs.

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Italians really turned to public service media during the period of crisis. We saw a big increase in news audiences, including among young audiences. When audiences increase at those levels, it's a recognition that public service media is perceived by audiences as trustworthy. The challenge for PSBs is to maintain the very high levels of younger audiences and online audiences that we have seen during covid-19

— Simona Martorelli, Rai

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Covid-19 has been a huge challenge but also to some extent a boost to the PSB sector, in terms of its primary function to deliver objective news and information. Governments have had to get messages out to the public on respected and trusted platforms. PSBs have played an important role in education and national representation, creating cultural partnerships with theatres, artists and museums

— Richard Burnley, European Broadcasting Union (EBU)

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There's definitely a sense of where do you go to for reassurance. Even though people get news from online services and social media, they know there's a discussion on fake news, they know that they're having a curated experience on those platforms. In the UK, we have a genuine commitment to impartiality of news so viewers know they will get news that is honest, truthful, fair and balanced

— Media expert, multinational media company

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The pandemic has caused a step change in demand for content streaming. While subscriber numbers for streamers may only have increased by a modest amount, the degree to which those customers want content has massively increased. There's very little that the UK PSBs can do to meet that demand because they still have basically the same suite of content. The streaming companies have a lot more flexibility to meet that demand

— Media expert, multinational media company

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PSBs need to be trusted and need to be used even when there is not a crisis – why would people turn to us during a crisis if they didn't have trust in us up front? It's very important to remember that we need a broad remit to get out to the whole of society, to build trust in every part of our society, then when the crisis hits, all parts of society can turn to us

— Olav Nyhus, Norsk rikskringkasting (NRK)



A photograph of a couple sitting on a light-colored sofa in a living room, watching a television. The man is on the left, wearing a blue shirt and jeans, holding a white remote control. The woman is on the right, wearing a light grey long-sleeved shirt, with her back to the camera. The television is mounted on a wooden stand in the background, displaying a landscape scene. The room is dimly lit, with soft light coming from the TV and possibly a lamp on the right.

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Media usage is so fragmented that there are fewer things that bind people together. Public service media can bind people together to create shared experiences and traditions

- Ulrika Von Celsing, Sveriges Television (SVT)

There is no ‘one-size-fits-all’ approach to funding public service broadcasting today



The UK is seen to be unusual in supporting three different funding models for public service broadcasting (licence fee, commercial not-for-profit and fully commercial) within the same market.

Currently, there are seen to be three main funding models for public service broadcasting across the world: public funding, commercial funding, and donations. With these three models, there is significant variation in approaches across markets. Our research found very mixed views about the most appropriate model for funding public service broadcasting.

Several interviewees emphasised that the most appropriate funding model will be different in different markets, depending on factors including public and political acceptance of public funding approaches, and audience receptiveness to advertising. Cultural and historical differences between markets are seen to be very important in determining the most appropriate funding model, with no ‘one-size-fits-all’ approach to funding public service broadcasting. Interviewees also noted the importance of obtaining broad public consent for the funding model.

Public funding

Our discussions around public funding related to the difference between a licence fee model or taxation.

Many of our interviewees supported the licence fee model for the UK given how embedded the model is in the UK public service broadcasting system and culture. There was a general sense that licence fee systems are good for the independence of PSBs, and provide funding certainty for a long period. But licence fees can also result in some unfairness when people do not pay according to their income or usage, and when licence fee contributions are tied to certain technologies or platforms.

Some interviewees noted declining willingness to pay for the licence fee across markets, potentially undermining the long term sustainability of the licence fee.

Funding PSBs through taxation was seen to be more future proof and progressive if the funding is agreed for a long-term period and is ringfenced for the PSBs. However, government funding brings a risk of political interference and loss of independence of the PSB. Robust measures need to be in place to protect the independence of PSBs and to prevent the funding being influenced by short-term political considerations each year or when it is renewed.

Regardless of which approach is taken, interviewees emphasised the importance of long-term stability for PSBs to enable business planning and risk-taking, reducing the need to respond to short-term commercial or political influences.

Commercial model

Fully commercially funded PSBs, like ITV and Channel 4, are relatively unusual; most commercial funding models are hybrid and have an element of public funding too (in addition to benefits such as free spectrum and regulation that ensures PSB services are easy to find).

Several interviewees saw an advertising-funded model as a distraction from PSBs’ core public service remit as the need to pursue advertising revenues was seen to result in less distinctive content, with output more similar to that of the commercial sector.

Others, particularly those at commercially funded PSBs, strongly opposed this view, stating that the remit of the PSB ensured

robust delivery of public service content regardless of the funding model. Some fully or partly commercially funded PSBs do not believe that their governments would be able or willing to replace the revenues currently generated through advertising, partly due to the strength of the local advertising sector, lack of historical precedent and political support for high levels of public funding, or the small size of the market.

Interviewees noted that commercial models provide less long-term stability and predictability for PSBs, and have been negatively affected by the covid-19 outbreak.

Donations, sponsorship and fundraisers

Donations, sponsorship and fundraisers are part of the model for funding public service media in the US. Financial support comes from both individuals and from large corporate supporters.

It both requires and results in high engagement with niche audiences. Similar approaches to raising revenues through voluntary donations have been observed in print media.

Some interviewees noted the high level of audience trust required to make this approach effective, and the need to create programming that appeals to broad audiences across the political spectrum to maintain audience trust.

Other interviewees felt this approach resulted in less diversity of public service content. There was a perception among some interviewees that providers need to target relatively affluent individuals for donations, and would therefore be more likely to focus on producing content that appeals to these narrower audiences.

Like commercial models, donations and sponsorship are vulnerable to economic downturn.

A bespoke approach to funding needs to be taken by each country

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It is possible to move to tax funding without compromising the independence of public service media. Everything hinges on the governance structure. Changes to funding PSBs in Finland and Denmark are promising – they retain the independence and remit of public service media. In a worst case scenario, a tax-funded PSB would be state media, responsive to the government of the day, and a political football. But in principle, there is no reason why you shouldn't be able to have full and genuine independence with a tax funding system, which would be marginally more efficient as well as, importantly, could be designed to be less regressive in terms of who pays what

– Rasmus Nielsen, Director of the Reuters Institute for the Study of Journalism and Professor of Political Communication at the University of Oxford

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The good points for a taxation approach are that it's stable and predictable, it's platform and technology neutral, and it's fair and progressive, because you pay according to your means. But every system has its problems and weaknesses. The problem is the word 'tax'. In many countries, it would be politically very difficult to encourage people to pay more taxes

– Broadcasting expert, Finland

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You need long term financial stability for public service broadcasters. To depoliticise the process, there should be a negotiation around funding but then the funding should be agreed and committed to for a set timeframe. When PSBs don't know what their budget is next year, it's subject to political considerations or government austerity initiatives

– Michael McEwen, North American Broadcasters Association (NABA)

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The huge benefit for the BBC of the licence fee is that, as tough as negotiations are, BBC gets certainty for 10 years which enables them to do things that no other PSB – no other business of that size – would be able to do

– Senior broadcast lead, multinational media company

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You have a race to the top that actually works in the European media market, and the microcosm of that is the UK. The UK has the gift of having three thriving public service broadcasters with different funding models, including fully commercially funded public service broadcasters. It's a really thriving, rich market in the UK, which other countries look to as a gold standard

– Richard Burnley, European Broadcasting Union (EBU)

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The licence fee funding enables the BBC to make decisions that are tougher to make if you're a purely commercial organisation – investing in certain types of content that aren't commercially valuable, investing in new talent on screen and off screen

– Commercial Director, multinational media company

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PSBs operate in a mission driven way. Whether they are commercially funded or publicly funded, there is a higher sense of purpose and mission, which ultimately leads PSBs to make decisions around how to serve audiences best

– Heaton Dyer, CBC/Radio-Canada

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Part of the challenge in analysing different models is understanding the environment around the public service broadcaster. In the United States, there is a great historical tradition of philanthropy and voluntarism that runs quite deep in society.

– Paula Kerger, PBS

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I believe very strongly that the UK PSBs are critical to the wider media ecosystem, and it's critical to find that a way forward with respect to funding that means that the PSBs are sustainable in the long term

– Media expert, multinational media company

New approaches to revenue generation need to be consistent with PSBs' values

The UK PSBs are all looking at how they can increase their commercial revenues in future. Even the BBC, which is funded by the licence fee, raises supplementary revenue through commercial activities in production and distribution, providing studio facilities, and through some of its international news, sport and features content.

Some interviewees were cautious about the notion of publicly-funded PSBs seeking to increase commercial revenues, and felt that publicly-funded PSBs should focus on their core public service remit. There was a strong feeling among some interviewees that subscription funded models could undermine the universality of public service broadcasting, which is key to its remit. Currently, no PSBs are funded through a subscription model.

Other interviewees saw generating commercial revenues as crucial for the long term sustainability of public service broadcasting.

There are different cultural approaches to generating commercial revenues. For example, taxation-funded PSBs in

the Nordic countries are less focused on generating commercial revenues than PSBs in other markets.

Throughout our research, the importance of intellectual property, and generating revenues through sale of content and formats internationally, was noted as key to future commercial growth for PSBs. The BBC was noted as unusual in the extent of its success in generating commercial revenues through content sales. For some PSBs, language barriers prevent further content exports; the UK PSBs benefit from a large market for English-language content.

Some interviewees discussed future commercial 'tiered' models, where audiences pay for access to premium services from the PSBs or to access their content first, with access to free content at a later date. Some interviewees saw this approach as a commercial opportunity for PSBs; others felt it undermined the universality of public service broadcasting.

Generally, our research suggested that any new commercial funding approaches pursued by the PSBs need to be consistent with the purpose and values of public service broadcasting.

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The role of the BBC should be universality and reach. Breaking it down depending on what you pay risks undermining universality and reach. There are untapped opportunities for the BBC to make more money from exports so it's not completely about the licence fee – it's about revenue diversification, growing the share of production revenues or online revenues and other service revenues. In terms of advertising, addressable advertising is a major untapped opportunity for PSBs

– Senior broadcast lead, multinational media company

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A subscription model is dangerous, as it's not public service broadcasting. Universality is fundamental to public service broadcasting. PSBs shouldn't just be giving audiences what they already like, but should be looking to open people's minds and give them a broad view. Too much personalisation undermines the whole concept of PSB

– Richard Burnley, European Broadcasting Union (EBU)

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The challenge for commercial PSBs is that the commercial model still relies on linear TV, so there's not a financial incentive for commercial PSBs to move wholesale to online. And the point of public service broadcasting is that it's supposed to be universally available and free at the point of access, so PSBs still have a public purpose as a primarily linear service. This is critical for audiences who are in households without strong broadband access

– Media expert, multinational media company

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The British system has been very strong in being able to broadly monetise its content and gaining brand recognition internationally. This is a major difference between the British and the German PSB systems

– Andrea Zuska, Mediengruppe RTL

Many PSBs are in favour of regulation to help audiences find their services online

In today's fiercely competitive and crowded market, many new content providers and platforms are competing for the attention of audiences. People of all age groups increasingly consume content on a wide range of platforms.

Among the PSBs we spoke to, there is a perception that it is the content itself which is important from a public service perspective, rather than the platform by which PSBs deliver that content to consumers. Some interviewees discussed the

importance of transferring the values of public service broadcasting to new distribution platforms.

Others discussed the importance of updating prominence regulation to ensure that consumers can find PSBs' services on a broad range of platforms, noting that breaking up PSBs' services into different pockets of content can undermine the purpose of public service broadcasting.

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The values of public service media can readily migrate to new distribution platforms. It's about the independence, rigour and unbiased inquiry of the actual content, rather than fixating on the platform

- Jeremy Millar, Australian Broadcasting Corporation (ABC)

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The market is changing in terms of distribution. People are accessing TV in many more ways than DTT, where there are guarantees that PSBs' content can be reached. Cable TV, satellite, IPTV, and OTT are some of the platforms that can be used to guarantee visibility to global audiences. However, distribution companies have an interest in promoting their own services instead of PSB content, which challenges the findability of PSBs' content and therefore the universality principle

- Ulrika Von Celsing, Sveriges Television (SVT)

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At an EU-level, we are asking to establish specific rules on content attribution so that platforms are required to leave the branding and attribution of content creators intact. We are also asking for specific rules on prominence because it is in the interests of citizens to have access to content that meets the democratic and social needs of European societies

- Simona Martorelli, Rai

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We have been deeply involved in negotiations with streaming platforms to make sure our brand is present in the content we make available on these platforms. We would argue that our brand – like the BBC brand – has value, so the streaming platforms should want to highlight it. We want to create the connection in people's minds that this content is coming from PBS so we can show audiences the full value of their donations, beyond TV and cable

- Paula Kerger, PBS

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One of the big questions and concerns among PSBs in Europe is whether, as PSBs, their full service will be found in the future. Prominence will be critical and the PSB service must be on every platform possible to appeal to a wider audience, and to compete and survive in an increasingly competitive market

- Richard Burnley, European Broadcasting Union (EBU)



7 out of 20 interviewees agreed with the statement: “The UK PSBs are struggling to compete in a global market.”

PSBs need an effective strategy to respond to new online distribution platforms

There were mixed views about the extent to which PSBs should perceive new online distribution platforms as partners or competitors. Some interviewees stressed that public service content should be universal, and that PSBs should meet audiences where they are, both to deliver on their public service remit and to remain relevant to people. Others noted that there is a risk that PSBs are not recognised by audiences as the content provider when their content appears on other platforms. Determining which approach they should take is a fundamental strategic decision for PSBs.

Generally, many PSBs we spoke to felt that the UK PSBs, particularly the BBC, had found some success in attracting online audiences through their video on demand platforms. The BBC and the Nordic PSBs are perceived as early movers among PSBs globally; there is a perception that PSBs who were early movers into digital have been able to gain market share, but that it has been more challenging for PSBs who developed their own online platform later to attract audiences.

The multinationals we spoke to generally thought the UK PSBs should be doing more to compete online in a fundamentally changed market. These interviewees thought the UK PSBs could be doing more to improve their own online platforms, for example by investing in recommendations and personalisation, to make these platforms more into destinations for content rather than catch up services. Interviewees also felt that the UK PSBs should do more to make their content and brands available on new distribution platforms, including social media.

Two interviewees discussed the challenge for PSBs in meeting the costs of traditional forms of distribution while also investing in new distribution platforms.

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The BBC iPlayer was the torch bearer. It was incredibly prescient to invest to the degree that the BBC did. Where PSBs have lived up to their role as innovators, they have benefitted from their early starts from investing in OTT and digital

– Heaton Dyer, CBC/Radio-Canada

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Strong editorial output drives audiences to iPlayer because audiences want to catch up on a certain programme, rather than the service being a destination for people in itself. The other PSBs' online platforms are more technologically rudimentary than iPlayer and are seen as catch up players rather than destinations for content, even more so than iPlayer. The PSBs' platforms have limited thoughtful recommendations for what to watch next

– Media expert, multinational media company

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In Europe, you have the television-radio-internet PSB model, which is highly established, but which is about to become significantly disrupted. More and more, the BBC will become more content provider among many, just another subscription service. In that world, is there any argument for the government to force the entire population to effectively subscribe to a BBC subscription service through the licence fee?

– Media expert, multinational media company

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The UK PSBs aren't doing a good job in brand recognition. Some of this comes down to the unique ways the PSBs are set up, and where the rights for content sit and who the root owner of the content is, the producer or the broadcaster. There is a role for Ofcom to articulate how brand attribution should work in the producer-broadcaster landscape in the UK

– Senior broadcast lead, multinational media company

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Broadcasters treat programming on demand as though it's another linear channel. Broadcasters traditionally come from a catch up view, but the linear television audiences and digital audiences are miles apart, and you have to have different strategies for the two

– Broadcasting executive, New Zealand

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An online player cannot be like the linear TV service, it's a fundamentally different experience. The online player has to be dynamic and it's becoming increasingly important to add both personalisation and additional on-demand content

– Jeremy Millar, Australian Broadcasting Corporation (ABC)

PSBs need to be relevant for young people, in terms of both content and distribution

The market for younger audiences is perceived to be very competitive, with competition for attention from multinational streaming providers, social media as well as short-form video providers.

Interviewees acknowledged the challenge for PSBs in attracting younger audiences. There was recognition that PSBs across the world could be doing more, including the UK PSBs.

Several interviewees noted the importance of relevance in reaching young audiences. Relevant content – specifically for younger people, which reflects their lives, takes their perspectives seriously, and treats them with respect – was seen as key. Relevance was also seen as important in terms of distribution, with many young people starting their content journeys on digital platforms rather than via linear television.

Many interviewees felt strongly that PSBs need to make their content available where young people are, including on social media and other online platforms. However, they

acknowledged the risk that younger audiences may not recognise that this content is provided by PSBs.

There is uncertainty around whether young people will return to watching more PSB content as they grow older. Most interviewees considered the changes in the market to be fundamental. Generally, PSBs we spoke to recognised the importance of remaining relevant to younger audiences to support the long term sustainability of public service broadcasting. There was acknowledgement that the drivers for audiences to return to the PSBs' content later in life will be diminished if PSBs do not invest in building their brand with younger audiences today. There was also a sense that PSBs should be aiming to serve the whole of society.

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Younger audiences are finding content where they want it to be, and broadcasters are not keeping up with it. Audiences have significantly different viewing behaviours – older audiences browse to see what content is available on a platform, while younger audiences are looking for a specific piece of content, and wherever it is, they'll watch it

– Broadcasting executive, New Zealand

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We have to accept that young people want to use certain types of content and content platforms. They like short form videos, they like podcasts, and we have to give them what they want

– Broadcasting expert, Finland

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For young people, streaming services are just a better way of consuming content. Increasingly for a younger generation, the idea that they would watch something at a certain time is ridiculous – for them, that's what their grandparents did

– Media expert, multinational media company

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Our research has shown that young people say public service broadcasting is very important and they strongly support public service broadcasting values like diversity, reflecting national culture, and bringing the country together. But if we ask younger people what role public service broadcasting content plays in their every lives, their answer is 'not much'. So young people support the abstract values of PSBs, but there is a big gap between their values and their everyday user habits

– Matthias Künzler, Institute for Multimedia Production, University of Applied Sciences of the Grisons

PSBs in other markets offer examples of new approaches to engaging young people

Producing content that resonates with teenagers and older children is perceived to be particularly difficult, with some interviewees acknowledging a gap in content for this age group.

In response to the challenges in reaching younger audiences outlined on the previous page, PSBs in some markets are taking innovative approaches to making content that is relevant to young people.

Some PSBs have found success in reaching younger audiences with peer-to-peer content, either run by young people or told

from a young person's perspective. Some PSBs are working more collaboratively with young people throughout the production process to try to create content that resonates more naturally with young people and addresses issues that they are concerned with. Other PSBs are experimenting with new forms of distribution, using social media and taking innovative approaches to scheduling content outside a traditional linear schedule.

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DR changed the entire way it thought about, made and scheduled children's news content. It isn't made in studios but with children in schools, in the real world and their natural environment about their own experiences. DR took children's news out from the news department because it doesn't correspond with the way traditional news for adults is made

– Media expert, Denmark

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Creating *Skam/Shame* was a mental shift for NRK to get closer to our audience, spending more resources on listening to what they are interested in, rather than trying to give them something that we think they would or should be interested in

– Olav Nyhus, Norsk rikskringkasting (NRK)

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Triple J is an ABC radio network in Australia that is run by young adults who are living the life of their audience, and these staff have a great deal of freedom to make decisions within the ABC editorial framework. As a result, Triple J has prospered with both broadcast and digital content. Many of their content initiatives have been incredibly successful with young audiences – despite the ever-changing market conditions

– Jeremy Millar, Australian Broadcasting Corporation (ABC)

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We've developed short form video content specifically for online platforms to connect with younger audiences using those platforms. We've also been investing in games, which work terrifically well in an educational context and which appeal to kids looking for content that is more interactive than television.

– Paula Kerger, PBS



A new approach may be needed to measure the distinct value of the PSBs

Some of our interviewees discussed the challenges of measuring the value of public service broadcasting, given the changes in the media market. While historically the success of PSBs may have been measured in audience reach, share of viewing or time spent watching public service content, the fragmentation of media consumption may mean that new metrics are needed to measure the distinct value that PSBs bring to a society, relative to commercial competitors. The challenge raised by interviewees was to articulate that distinct value in a way that makes public service broadcasting relevant to modern audiences in the long term.

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The move to digital is not incremental, it's transformative, and the measures of success for public service broadcasters need to change in response to the market context. The purpose of public service media can't be to aggregate attention in bulk, or to attract a large proportion of viewing time, because these metrics don't capture the distinct value of public service broadcasting and justify its long-term funding. So value needs to be measured in a different way

- Rasmus Nielsen, Director of the Reuters Institute for the Study of Journalism and Professor of Political Communication at the University of Oxford

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Public service broadcasting is about the value that broadcasting can contribute to society. It's not about attracting the largest audiences but it's about what public value you deliver, how you raise awareness about issues, change people's values, and prompt them to act. The next step will be a move from quantitative metrics to qualitative, measuring how meaningful and valuable is public service content to society

- Dr David Fernández Quijada, European Broadcasting Union (EBU)

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After cuts to its budget, DR knew it would decline in standard metrics like reach, share and time spent – but these aren't so important any more. DR had to invent a new metric to measure its value, including metrics around relevance, time well spent for audiences and quality. DR changed its focus from being large to assessing whether its content really makes a difference for the people watching it. At the same time, frequency of use really matters – if you want to be part of people's lives and part of society, you need them to drop by

- Media expert, Denmark

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It's getting more and more difficult to measure success just looking at the share and hours metrics looked at for many years. What Yle has been doing is trying to create new kinds of audience groups to understand what kind of needs they have according to their lifestyle, age and viewing behaviours – and then thinking about how it can answer their needs. It's getting more difficult to serve everybody because media consumption is fragmented but PSBs need to serve everyone

- Broadcasting expert, Finland

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If you took away all of the public funding, would everything that the BBC produces continue to be produced by the commercial sector? The answer is no. But is UK society better as a result of that content? The answer to that is subjective, and has a degree of bias. The market wouldn't produce this content, but is it valuable? If your objective is to encourage participation in the market, to encourage investment and various viewpoints, you might want to think about allowing these big monolithic viewpoints to dominate

- Media expert, multinational media company

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