



Core activities:

Production

Programme and packaging
(libraries, sales, and channels)

Broadcasting (scheduling
and media sales)

Transmission

13 Television & Radio

Related activities:

Internet and digital radio

Digital media broadcasting

Digital and interactive television

Computer games

Multimedia and digital media

Personal video recorders
(PVRs, e.g. TIVO)

Video on demand

Art and creative studios

PR companies

TV commercials production

Photography

Manufacture of hardware

Related industries:

Advertising

Film & Video

Performing Arts

Software & Computer Services

Publishing (including music press)

Interactive Leisure Software

Merchandising

Tourism

REVENUES £10,591 million (1998) £12,136 million (1999) ^a
 EXPORTS £444 million (1998) £440 million (1999) ^b
 EMPLOYMENT 101,000 (1998) 102,000 (2000) ^c

13 TELEVISION & RADIO

^a ONS, 2001: News Release on Distributive and Services Trades, 2000 (third quarter). ^b ONS, 2000. These figures include TV exports only. Radio exports estimates for 1999/2000 were between £653,000 and £803,000 (Quinn, 2000). ^c ONS, 2000: Labour Force Survey, 1998, 2000 (spring quarter).

INDUSTRY REVENUES

Official figures for radio and television turnover in 1998 were £10,591 million, increasing to £12,136 million in 1999. The estimated gross value added for 1998 was £3,729 million.¹

Television

The total size of the television broadcasting industry was estimated to be around £6.7 billion in 1999.² This represented a growth of 50% in relation to the assessed size of the business in 1994/95.

Net advertising revenue is the dominant source of revenue for commercial channels; however, subscription revenue has been growing at a much faster rate.³

BREAKDOWN OF THE NET INFLOW INTO THE UK TELEVISION BUSINESS, 1999

(£ MILLIONS)	
MONEY FROM LICENCE FEE	1,748
NET ADVERTISING REVENUE (NAR)	3,092
SPONSORSHIP	68
SATELLITE SUBSCRIPTION REVENUE	979
CABLE REVENUES FROM TV	590
DIGITAL TERRESTRIAL	20
EXPORTS, INTER-BROADCASTER SALES	236

BBC LICENCE FEE, LESS STATED EXPENDITURE ON RADIO, ONLINE. CORPORATE OVERHEADS DIVIDED 2:1 IN FAVOUR OF TELEVISION ACTIVITIES. BBC WORLDWIDE'S PAYMENT TO BBC ADDED BACK IN. FIGURES APPLY TO YEAR ENDING 31 MARCH 2000.

NAR FOR CALENDAR 1999 AS RECORDED BY ZENITH MEDIA. RECONCILED TO ITC FIGURES.

ESTIMATED SPONSORSHIP REVENUE FOR 1999. ITC FIGURES PLUS ESTIMATES FOR OTHER CHANNELS.

BSKYB DTH SUBSCRIPTIONS FOR YEAR TO JUNE 2000.

DGA ESTIMATES OF CABLE TV REVENUE ACCRUING TO TV ACTIVITIES.

ON DIGITAL TURNOVER, 1999.

EXPORTS AND INTER-BROADCASTER SALES, LESS MONEY INCLUDED IN BBC ANALYSIS. CALENDAR 1999.

¹ ONS, 2001: News release on Distributive and Services Trades.

² David Graham and Associates, 2000.

³ DGA, 2000: Out of the Box.

Source: Chris Goodall & Co. and DGA, in DGA, 2000, p.51.

Radio

Commercial radio revenues continue to increase. In the year to September 2000 advertisers invested £522 million in commercial radio. This is an increase of 15.5% on the previous full year and is leading commercial radio to a 6% share of the advertising market in 2000.⁴

ANNUAL (YEAR ENDING SEPTEMBER) COMMERCIAL RADIO REVENUES, THIRD QUARTER 1993-2000

YEAR	£ (MILLIONS)
1993	<u>164</u>
1994	<u>208</u>
1995	<u>260</u>
1996	<u>300</u>
1997	<u>341</u>
1998	<u>400</u>
1999	<u>451</u>
2000	<u>522</u>

Source: RAJAR in RAB, 2000.

UK MARKET SIZE

Over the last 20 years watching television remained the most common leisure activity, closely followed by visiting or entertaining friends or relations and then by listening to the radio.⁵ On average people aged 4 and over in the UK spent about 25 hours per week watching television in 1998.⁶

Television is still the primary source for news, according to an ITC survey. But over the last year there has been a fall in the number of people relying on television as their primary source of news, and an increase in the number relying on radio.⁷

Television

BBC and ITV have a large share of the television audience. The terrestrial television audience is showing a slight decline, while satellite and cable audiences are continuing to increase.

The growth in channel availability has resulted primarily in a redistribution of viewing between channels rather than an increase in overall time spent viewing.

⁴ Sampson, 2000.

⁵ ONS, 2000: *Social Trends 30, General Household Survey*.

⁶ BARB; AGB Ltd; RSMB Ltd.

⁷ ITC, 1999: *Television: The Public's View*.

THE TELEVISION AUDIENCE SHARES, 1993-1999

%	1993	1994	1995	1996	1997	1998	1999
BBC1	32.7	32.4	32.2	32.5	30.8	29.5	28.4
BBC2	10.2	10.6	11.1	11.5	11.6	11.3	10.8
ITV AND GMTV	40.0	39.5	37.3	35.1	32.9	31.7	31.2
CHANNEL 4 AND S4C	11.0	10.7	10.9	10.7	10.6	10.3	10.3
CHANNEL 5	•	•	•	•	2.3	4.3	5.3
SATELLITE AND CABLE	6.1	6.8	8.5	10.2	11.8	12.9	14.0

Source: BARB in Channel Four, 2000.

Radio

The success of commercial radio is at a local level. At the national level, the BBC still holds the lead.

RADIO AUDIENCE SHARES, 1996-1999

% SHARE	1996	1997	1998	1999
BBC NETWORK:				
– RADIO 1	12.4	9.9	10.6	10.4
– RADIO 2	12.8	13.0	13.1	12.6
– RADIO 3	1.2	1.4	1.3	1.3
– RADIO 4	10.7	10.4	10.5	11.0
– RADIO 5 LIVE	3.1	3.6	3.6	4.2
– BBC LOCAL	9.3	9.6	9.3	10.7
TOTAL BBC	49.5	47.9	48.4	50.2
NATIONAL COMMERCIAL:				
– CLASSIC FM	3.2	3.4	3.7	4.2
– VIRGIN AM	2.4	2.6	2.6	2.2
– ATLANTIC 252	2.7	2.1	1.4	0.8
– TALK RADIO	1.9	1.9	1.6	1.6
ALL LOCAL COMMERCIAL	38.2	39.5	40.0	39.0
TOTAL COMMERCIAL	48.4	49.5	49.3	47.8
OTHER	2.1	2.6	2.2	2.0

Note: RAJAR reporting methodology changed in 1999.

Source: RAJAR in AA, 2000.

BALANCE OF TRADE

Television

ONS figures for international exports showed a small fall from £444 million in 1998 to £440 million in 1999. However, the imports for television companies increased from £692 million to £843 million. As a result the balance worsened from a deficit of £248 million to £403 million in 1999. This is heavily influenced by the purchase of rights to show US films on UK television.

The largest exports were to the EU and the US, amounting to 64% of the television industry's exports.

Within the EU, Germany and France are the two major export markets, making up a market share of 34%, worth £34 million and £20 million respectively. The imports market is significantly different. Netherlands,

France and Denmark are the major partners, with £54 million, £38 million and £24 million respectively, occupying a market share of 71%.

On the American continent, the US has the lion's share. Exports amount to £122 million and imports to £553 million (66% of the UK's imports), leaving a negative balance of £431 million.

The BTDA (with the assistance of the DCMS and the ONS) compiles UK TV export figures for programme and format sales. The total overseas TV sales in 1999 by BTDA members (which in terms of value account for the majority of the industry) amounted to £325 million. The 1998 total was £307 million, indicating that total sales had increased nearly 6% over the year.

INTERNATIONAL TRANSACTIONS OF BRITISH TELEVISION COMPANIES (TELEVISION MATERIAL), 1993-1999

(£ MILLIONS)	1993	1994	1995	1996	1997	1998	1999 (a)
EXPORT (b)	181	255	245	234	313	444	440
IMPORT (c)	268	317	400	516	606	692	843
NET	-87	-62	-155	-282	-293	-248	-403

(a) Provisional data. (b) Sums receivable from residents in other countries.

Includes transactions in respect of BBC sound broadcasting and Independent Television News.

(c) Sums payable to residents in other countries.

Source: ONS, 2000.

INTERNATIONAL TRANSACTIONS OF BRITISH TELEVISION COMPANIES BY GEOGRAPHICAL AREA, 1999

(£ MILLIONS)	EXPORTS	IMPORTS	NET
EUROPEAN UNION	160	163	-3
OTHER EUROPEAN COUNTRIES	207	241	-34
AFRICA	11	5	6
NORTH AND SOUTH AMERICA	139	572	-433
ASIA	37	11	26
AUSTRALIA AND OCEANIA	46	14	32
WORLD TOTAL	440	843	-403

Source: ONS, 2000.

BTDA UK TELEVISION PROGRAMME RIGHTS EXPORT STATISTICS BY TERRITORY, 1998-1999

SALES BY TERRITORY (£ MILLIONS)	1998	1999
USA	87.0	99.4
CANADA	8.3	8.5
GERMANY	29.5	27.5
FRANCE	20.5	19.6
SPAIN	10.9	13.4
ITALY	9.5	11.0
SCANDINAVIA	13.0	13.4
REST OF WESTERN EUROPE	28.3	26.8
EASTERN EUROPE	7.3	7.3
AUSTRALIA/NEW ZEALAND	31.9	37.2
LATIN AMERICA	10.4	8.5
ASIA	30.6	27.5
NOT ELSEWHERE CLASSIFIED	20.1	24.4
TOTAL	307.3	324.5

*Note: Original figures given in US dollars.
Conversion: interbank rate 1 US\$=0.61 GBP
(average for 1998/1999).
Source: BTDA, 2000.*

Radio

The UK international radio sales market has four major players. When combined they are estimated to account for at least £653,000 worth of exports.

Industry sources⁸ identify music as the key export element and Europe as the biggest market. There is a growth trend in exports but the UK needs to keep refining its products, using original talent and innovative formats.

The UK and Germany each holds a quarter of the audio visual market in the EU.

In 1998, 39 UK companies were among the 200 leading European radio and television companies listed according to revenue.⁹ Of those, 23 rank in the first 100. The BBC Home Service ranks number one and British Sky Broadcasting number three. Most ranked companies deal only with television, but six are “pure” radio companies. The highest UK radio company in the rankings, in position 46, is the BBC World Service.

⁸ Quinn, 2000.

⁹ European Audiovisual Observatory, 2000.

ESTIMATE OF RADIO EXPORTS, 1999-2000

	(£ THOUSANDS)
BBC WORLD WIDE	<u>253</u>
THE UNIQUE BROADCASTING COMPANY	<u>200 TO 250</u>
WISE BUDDAH	<u>100 TO 150</u>
MINISTRY OF SOUND	<u>100 TO 150</u>
TOTAL	<u>653 TO 803</u>

Source: Quinn, 2000.

SIZE OF THE AUDIO-VISUAL MARKETS OF THE EUROPEAN UNION, 1997-1998

COUNTRY	%
UNITED KINGDOM	<u>25</u>
GERMANY	<u>25</u>
FRANCE	<u>19</u>
ITALY	<u>10</u>
SPAIN	<u>7</u>
AUSTRIA	<u>2</u>
BELGIUM	<u>2</u>
NETHERLANDS	<u>2</u>
SWEDEN	<u>2</u>
DENMARK	<u>1</u>
FINLAND	<u>1</u>
GREECE	<u>1</u>
IRELAND	<u>1</u>
LUXEMBOURG	<u>1</u>
PORTUGAL	<u>1</u>

Source: European Audiovisual Observatory,
2000 Statistical Yearbook.

EMPLOYMENT

The ONS Labour Force Survey 2000 (Spring Quarter) reports employment in television and radio at 101,000 in 1998, 87,000 in 1999 and 102,000 in 2000.

According to the first ever Audio Visual Industry Census 2000 undertaken by Skillset and DCMS Audio Visual Industries Training Group on 19 May 2000, 115,769 people are employed in TV, radio and new media industries.

Freelancers account for 35% of the people working in the audio-visual industry; but Skillset estimates that 20,000 or more freelancers may have been inactive on

Census Day, and argues that they represent closer to 50% of the employment pool.

Women make up 36% of the audio-visual industry's workforce. Overall 5.4% of all employees and 6.4% of freelancers are from ethnic minorities. Less than 1% of employees and 0.4% of all freelancers surveyed were disabled.

Broadcast television and radio are the sectors employing the majority of people in the audio-visual industries.

NUMBER OF EMPLOYEES AND FREELANCERS BY OCCUPATIONAL GROUP, MAY 2000

OCCUPATIONAL GROUP	EMPLOYEES	FREELANCERS	TOTAL
PRODUCING	6,531	3,606	10,137
PRODUCTION	6,419	8,647	15,066
JOURNALISM AND SPORT	9,277	1,881	11,158
RADIO BROADCASTING	6,037	2,756	8,793
TELEVISION BROADCASTING	2,684	225	2,909
PROGRAMME DISTRIBUTION	269	12	281
TRANSMISSION	869	35	904
BROADCAST ENGINEERING	2,330	245	2,575
STUDIO OPERATIONS	1,431	193	1,624
NEW MEDIA	7,592	3,309	10,901
ANIMATION	334	236	570
ART AND DESIGN	1,208	1,919	3,127
CAMERA	965	2,273	3,238
COSTUME/WARDROBE	58	816	874
LIBRARY/ARCHIVES	1,202	159	1,361
LIGHTING	1,401	7,159	8,560
MAKE UP & HAIRDRESSING	106	798	904
POST-PRODUCTION	4,050	1,498	5,548
SOUND	787	1,439	2,226
SPECIAL PHYSICAL EFFECTS	204	23	227
RUNNERS	651	1,478	2,129
OTHER GROUPS	20,382	2,273	22,655
TOTAL	74,788	40,981	115,769

Source: Skillset/DCMS Audio Visual Industries Training Group, 2000.

EMPLOYMENT BY SECTOR (EMPLOYEES AND FREELANCERS), MAY 2000

SECTOR	TOTAL NUMBER	PERCENTAGE
BROADCAST TELEVISION	24,102	20.8%
BROADCAST RADIO	22,899	19.8%
NEW MEDIA	19,966	17.2%
FACILITIES	13,035	11.3%
INDEPENDENT PRODUCTION	11,572	10%
COMMERCIALS	10,600	9.2%
CABLE / SATELLITE	6,077	5.2%
CORPORATE PRODUCTION	3,550	3.1%
OTHER AREAS	2,628	2.3%
ANIMATION	1,340	1.2%

Source: Skillset/DCMS Audio Visual Industries Training Group, 2000.

INDUSTRY STRUCTURE

In spite of the increasing number of commercial television and radio services available in the UK, ownership consolidation is a strong trend.

Television

There has been substantial consolidation of ITV ownership.□

The concentration of ownership is also a trend in Pay-TV. There are five serious pay-TV “gatekeepers”: one satellite (BSkyB), two cable (NTL and Telewest), and two digital terrestrial services (ONdigital and SDN). Content owners are more numerous, but there are only a few large companies: BSkyB, Flextech, Carlton, Granada and BBC (under the UKTV

branding). The arrival of ONdigital in 1998, owned by Carlton and Granada, made little impact on this structure.¹⁰

The independent production sector remains unconcentrated. 563 independent companies produced programmes for the terrestrial network channels in 1999. Of these, 56% produced at least one programme for Channel 4, 26% for BBC2, 17% for ITV and BBC1, and 15% for Channel 5. Channel 4 continue to invest most in independent production, with an estimated value of £299 million, in

1999. The majority (79%) of the companies produced only one network programme during the year and only 2% produced four or more programmes.¹¹

Despite the growth of the independent production sector, the UK production industry remains heavily concentrated. BBC’s in-house production accounts for a total share of the original production market just under 40%, and the top 12 production companies account for just over 80% of the market.¹²

¹⁰ Zenith Media, 1999: UK Media Yearbook 2000, p.30.

¹¹ PACT, 2000 and DGA, 2000, p.8.

¹² DGA, 2000.

UK INDEPENDENT FIRST RUN PRODUCTIONS: HOURS BY CHANNEL AND ESTIMATED VALUE, 1999

	HOURS	ESTIMATED VALUE (£ MILLIONS)
BBC1	873	121
BBC2	804	95
ITV	889	151
CHANNEL 4	2,500	299
CHANNEL 5	1,260	77
NON-TERRESTRIAL	4,113	49
TOTAL	10,439	792

Note: Figures for non-broadcaster production do not necessarily reflect the figures for independent production as defined by the Broadcasting Act 1990, under the Broadcasting (Independent Productions) Order 1991. Estimates derive from average genre costs. The value given for non-terrestrial television excludes sports rights.

Source: DGA/BARB in PACT, 2000.

WORK BASE OF THE INDUSTRY

GEOGRAPHIC LOCATION	%
LONDON	54
SOUTH EAST ENGLAND	12
SOUTH WEST ENGLAND	6
EAST OF ENGLAND	4
NORTH WEST ENGLAND	4
SCOTLAND	4
WALES	4
NORTH EAST ENGLAND	3
WEST MIDLANDS	3
EAST MIDLANDS	2
NORTHERN IRELAND	2
YORKSHIRE & HUMBERSIDE	2

Source: Skillset/DCMS Audio Visual Industries Training Group, 2000

Radio

The Radio Authority currently licenses 3 national and 248 local analogue radio stations and 34 cable and satellite radio stations. There is also a restricted service radio class.

The national digital multiplex service, Digital One, began broadcasting in November 1999. The Radio Authority has so far awarded 18 local digital multiplexes.

The four largest Independent Radio Owners are GWR Group PLC, EMAP Performance Limited, Capital Radio PLC and Chrysalis Radio.

REGIONAL DIMENSIONS

Over half of the audio-visual industry works in London and more than one-tenth elsewhere in South East England. The remainder is distributed fairly evenly throughout the UK.

Television

In addition to its national services, the BBC also provides tailored programmes for the nations and regions. News and current affairs programmes integrate headlines for Scotland, Wales, Northern Ireland and each English region.

Besides BBC Scotland, BBC Wales and BBC Northern Ireland, the BBC has 11 regional television centres in England: North East & Cumbria, North West, North, West Midlands, East Midlands, East, London, South East, South, West and South East. All provide programming relevant to their regions.¹³

There are 15 regional Channel 3 (ITV) licensees and one licensee providing the national breakfast-time service.

The ITV regional licensees are required by the terms of their licenses to provide specific amounts of regional programmes including news programmes and at least 80% of those programmes per year must be made within the region. Additionally, Grampian and Scottish Television have specific licence conditions to produce and broadcast Gaelic programmes. The Gaelic Broadcasting Committee (Comataidh Craolaidh Gaidhlig, CCG) is charged

with funding up to 200 hours of Gaelic television programmes, and with enhancing and widening the range of Gaelic sound programmes, to be broadcast mainly in Scotland. In practice, funded programmes are broadcast by the BBC as well as ITV.¹⁴

Since 1982 all Welsh language TV programmes, from whatever source, have been transmitted on S4C to create one comprehensive Welsh medium service. Prior to S4C's establishment, the limited number of Welsh programmes produced were scattered throughout BBC1 and ITV schedules.¹⁵

CHANNEL 3 (ITV) REGIONS AND LICENSEES

REGION	LICENCEE
EAST OF ENGLAND	ANGLIA TELEVISION
BORDERS AND THE ISLE OF MAN	BORDER TELEVISION
LONDON WEEKDAY	CARLTON BROADCASTING
EAST, WEST AND SOUTH MIDLANDS	CARLTON BROADCASTING – CENTRAL REGION
CHANNEL ISLANDS	CHANNEL TELEVISION
NORTH OF SCOTLAND	GRAMPIAN TELEVISION
NORTH-WEST ENGLAND	GRANADA TELEVISION
WALES AND WEST OF ENGLAND	HTV GROUP
LONDON WEEKEND	LWT
SOUTH AND SOUTH-EAST ENGLAND	MERIDIAN BROADCASTING
CENTRAL SCOTLAND	SCOTTISH TELEVISION
NORTH-EAST ENGLAND	TYNE TEES TELEVISION
NORTHERN IRELAND	ULSTER TELEVISION
SOUTH-WEST ENGLAND	CARLTON BROADCASTING – WEST COUNTRY REGION
YORKSHIRE	YORKSHIRE TELEVISION

Source: ITC, 2000.

¹³ BBC website.

¹⁴ Gaelic TV and radio information website.

¹⁵ S4C website.

Radio

BBC has national radio stations for Wales, Scotland and Northern Ireland: BBC Radio Cymru, BBC Radio Wales, BBC Radio Scotland, BBC Radio nan Gaidheal and BBC Radio Ulster, and 39 local stations in England.¹⁶

Since January 1991 the Radio Authority has awarded three national licences and 135 new local radio licences (including 14 regional licences), giving a current total of 249 radio stations.

A new West Midlands regional licence was awarded in January 2001. A new regional licence for South and West Yorkshire was advertised in Autumn 2000 and is due to be awarded in summer 2001; the new regional licence for the East Midlands is due to be advertised in summer 2001 and awarded in spring 2002.¹⁷

Local digital services started to broadcast from May 2000. In the early years of digital radio development the pattern of development intended by the Radio Authority will concentrate

on the main population centres within the UK. The aim is to facilitate the establishment of up to two local/regional multiplexes (in addition to BBC and commercial national multiplexes) in each of the main conurbations apart from Greater London, where a third multiplex will be available.¹⁸ The Radio Authority, in granting local radio multiplex licences, reserves appropriate digital capacity for BBC local radio and BBC national radio stations for Wales, Scotland, or Northern Ireland to be accommodated.

INDEPENDENT RADIO STATION LICENSEES

NUMBER OF STATIONS	
ANALOGUE	
NATIONAL	3
LOCAL:	
– SCOTLAND	31
– NORTHERN IRELAND	5
– WALES	8
– ENGLAND	233
DIGITAL:	
– NATIONAL	1
– LOCAL	21
SATELLITE	67
CABLE	30
ANALOGUE ADDITIONAL SERVICES	1
DIGITAL ADDITIONAL SERVICES	9

Source: Radio Authority, 2000.

¹⁶ BBC website.

¹⁷ Radio Authority website.

¹⁸ Radio Authority, 2000: Pocket Book.

INTERNATIONAL CRITICAL ACCLAIM

The UK has a worldwide reputation for its innovative television industry, and its audio-visual market is acknowledged as one of Europe's most dynamic.¹⁹

The UK's performance in international awards events has been consistently high:

International Emmy Awards

- in 1998 4 out of 6 International Emmy Awards;
- in 1999, 6 out of 7;
- in 2000, 4 out of 7 (including *Gloriana, an Illuminations production for the BBC*).

Monte Carlo Television Festival

- in 1998, 3 out of the 16 prizes;
- in 1999 5 out of 20;
- in 2000 7 out of 16.

Banff Television Festival 2000

- 7 out of 19 awards (including *Best Comedy: Smack the Pony, produced by TalkBack Productions for CA*).²⁰

The BBC World Service Radio continues to enjoy a strong international reputation. In October 1998, the UN Secretary-General, Kofi Annan, described it as "perhaps Britain's greatest gift to the world this century".²¹

SECONDARY ECONOMIC IMPACT

The broadcasting industry impacts on the economy in many ways. It has close links with the advertising industry which should develop further with commercial digital television and radio.

Broadcasting shares with the arts and other creative industries a set of inter-relating technical and creative skills.

Television and radio provide a fine showcase for British culture abroad and their impact on the tourism and publishing industries and their contribution to raising the profile of the English language are significant.

The convergence of markets and technologies will intensify the economic secondary impacts of the broadcasting industry.

POTENTIAL FOR GROWTH

CIA MediaLab/Admap forecasts predict commercial radio growing at twice the rate of other media in 2000, at 12%. The effect of these growth rates would give commercial radio a 6.2% share of advertising in 2000.

In television a growth of 6% is predicted. The growth is expected to come from new Satellite, Cable and Digital channels, and Channel 5, as the combined ITV and GMTV drop below a 60% share of revenue for the first time.²²

Television

Revenues in the broadcasting sector are expected to continue to grow, especially resulting from digital TV. Advertising space is more in demand and, as it is limited, prices for advertising in the broadcasting sector should continue to rise.²³

Personal video recorders (PVRs), such as TiVo, could have a huge potential impact on advertising revenues. One of the possible scenarios is the "telescoping ads": normal broadcast TV ads with an added interactivity feature that turns them into "infomercials".²⁴

Digital television has quickly gained wide acceptance as the future mode of distribution, thanks to enthusiastic participation by the BBC and heavy promotion by the pay suppliers. The public has readily accepted that digital television means improved choice, diversity, picture, and interactivity.²⁵

The present analogue television services will be fully switched to digital when virtually all viewers can receive the main free-to-air analogue channels digitally: the cost of switching to digital is within the reach of all consumers and 95% of the population has digital equipment. The target timetable set by the Government is 2006-2010.²⁶

As digital services become more widely available the dominance of the mainstream channels will come under pressure.²⁷

¹⁹ IDATE, 2000.

²⁰ BFI, 1999 and 2000, and International Emmy Awards, Monte Carlo Television Festival and Banff Television Festival websites.

²¹ Financial Times, 1999: *Media & Telecoms: European Public Broadcasting in the Digital Age*.

²² CIA MediaLab in RAB, 2000.

^{23, 25} Zenith Media, 1999: *Television in Europe to 2008*.

²⁴ Financial Times, 2000: *Creative Business*.

²⁶ DCMS website.

²⁷ TARIS/BARB, 1999.

Moreover, the market position of the traditional broadcasters faces a further challenge from emerging technologies, such as video on demand and personal television recorders which, potentially, have the ability to dissolve schedules and eclipse channel brands.²⁸

Interactivity will be a new battleground between the platforms.

Radio

Radio advertising grew very popular in the 1990s, and at present rates of growth commercial radio will soon dispose of greater funds than BBC radio.

There is not much more spectrum to enable new analogue independent local radio services to be licensed, especially in the metropolitan areas. This is one of the reasons digital radio is so keenly awaited.

With the start of transmissions from Digital One in November 1999 it is now possible to hear more than a dozen terrestrially transmitted digital radio stations across most of the UK.

Some pay digital audio services are already working. An example is Music Choice Europe (www.musicchoice.co.uk), which broadcasts themed audio-channels on several pay-TV platforms across the continent.

Advertising and sponsorship are the main sources of revenue for analogue radio. In digital radio, advertising revenues will materialise only if there is a base of digitally equipped listeners.²⁹

IMPACT OF E-COMMERCE/ INTERNET/TECHNOLOGY Television

Recent technological developments in the broadcasting, computer and telecommunications industries are having a dramatic impact on the broadcasting and audio-visual sectors:

- *the digital revolution allows the broadcasting sector a more efficient use of the spectrum and the emergence of many new broadcasting services;*
- *the Internet is set to become a major delivery platform for audio-visual services;*
- *developments in telecommunications allow a growing number of products and services to be accessed via a number of different platforms.*

This convergence poses a number of challenges to broadcasters:

- *the introduction of digital broadcasting means more costs in the short and medium term;*
- *a greater complexity in the negotiation of certain types of programme rights and increased need to prevent abuse of market power.*

However, it will also mean:

- *the possibility to offer a broad choice of programming to the widest possible audience.*

Radio

The combination of wireless telecommunications and radio broadcasts could produce many interesting interactive portable services, with untapped potential for innovative forms of advertising. Portability is one of the key characteristics of radio receivers, and one of the reasons for the great success of radio. Digital radio is naturally well placed to become the leading portable multimedia tool of the future.³⁰

For the moment, the Internet works more as a business enabler for radio; it cuts costs and time on shipping product.

The number of people claiming to have listened to the radio via a station's website grew from 5.0% (April-June 2000 quarter) to 6.3% (July-September 2000 quarter) according to RAJAR. The figure is highest for the 15-44 age range and for men. Websites listened to are most likely to be national UK stations.³¹

²⁸ DGA, 2000.

^{29, 30} Mourroni, 1998.

³¹ RAB website, 2000.

GROWING THE SECTOR – POINTS FOR CONSIDERATION

The broadcasting sector is thriving. Digital technology has opened up a whole new era. Extensive public discussion is expected to clarify future developments.

The DCMS/DTI White Paper *A New Future for Communications*, published on 12 December 2000, sets out the Government's proposals for the reform of broadcasting and telecommunications regulation.

The main points to consider in the growing of the sector are:

- *regulation of cross-media ownership;*
- *regulation of ownership of distribution, retail and content for economic and public interest reasons;*
- *promotion of fair and effective competition;*
- *consistent regulation of converging markets;*
- *improvement of exports;*
- *investment in original and innovative programming;*
- *BBC's future and public service broadcasting;*
- *simulcast and digital switchover;*
- *spectrum management;*
- *implications of policy at EU level.*