

Направление: «Медиакоммуникации»

Профиль: «Менеджмент в СМИ»

КОД - 280

Время выполнения задания – 180 мин., язык – русский.

Максимальное количество баллов – 100.

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PUBLIC SERVICE BROADCASTING, CHILDREN’S TELEVISION, AND MARKET FAILURE: THE CASE OF THE UNITED KINGDOM

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Introduction

Children’s television (TV) is still an important part of what public service broadcasting (PSB) ¹ institutions are supposed to offer, and most are explicitly called upon to serve young audiences as part of their public service mandate. Most PSBs are expected to provide free, universally available, noncommercial content to all children. Indeed, without engaging with young audiences, there is a danger that children will fail to be “enculturate” in the public service ethos, and gradually drift away, rendering PSB smaller in scope and scale by default. As a core public service component, children’s content could, therefore, be seen as existential for an extended interpretation of PSB toward public service media as PSBs seek to engage young audiences beyond broadcast TV across different platforms in a networked society.

However, it could also be argued that the legitimacy of PSB children’s content is in fact undermined by the sheer abundance of what is now on offer commercially. After all, there are reputedly over 400 children’s channels globally, and swathes of free, on-demand content on YouTube, or at a price on subscription video-on-demand (SVOD) services, such as Netflix and Amazon Prime, who are ramping up commissioning of children’s programming to attract subscribers. Nevertheless, in the face of proliferating competition some national commercial broadcasters (for example in Australia, Denmark, Ireland, New Zealand, the United Kingdom) have virtually withdrawn from children’s content commissioning, ceding this to national PSBs, United States (U.S.) transnationals, represented by Disney, Nickelodeon, Cartoon Network, and SVODs. There are then clearly limits to what some commercial media companies are willing to offer children at a satisfactory profit, but does this constitute a market failure and justification for interventions like PSB?

Focusing on recent U.K. debates about the future of public service TV programs for children, this article poses the following research questions. First, how do you define market failure in children’s content and what are the key issues? Second, how was market failure understood in the U.K. market for children’s TV? Third, what are the implications for children’s content of recent U.K. policy initiatives to address market failure through (1) the possible introduction of a contestable fund for public service content; (2) more stringent obligations to children for publicly funded PSB, the British Broadcasting

¹ In U.K. there are two kinds of PSB television channels. First, all channels owned by British Broadcasting Corporation (BBC) where any advertising is forbidden, and commercial PSB channels (ITV, Channel 4, and Channel 5) where advertising is very limited. All other television channels are considered as commercial with a larger norm for advertising.

Corporation (BBC); and (3) the re-imposition of quotas on commercially funded PSBs (ITV/Independent Television, Channel 4, Channel 5)? The article concludes by arguing that recent policy decisions in the U.K. children's sector could create obstacles to innovation because of an overemphasis on the problems of domestic children's TV rather than those forces that are driving a new media eco-system in the children's content market.

The research presented here first provides context by unpacking the market failure characteristics of children's TV as a framework for analyzing the validity of market failure arguments across a range of platforms. It then assesses the roots of perceived market failure in U.K. children's TV. The final section analyses recent U.K. policy responses to provision for children and what these might mean for the long-term future for production of U.K. originated TV content for children. As a contribution to debates within media management, the focus on policy-making for children's programming and services goes beyond industry and company level issues. It does this by demonstrating the continuing and central importance of media policy in determining both the constraints and incentives that affect both managerial decisions making and responsibilities.

Findings are based on an examination of government and stakeholder documents, including BBC Charter Review, analysis of interactions between stakeholders at public events, oral and written evidence to public inquiries, press reports, and participant observation.¹ Findings also draw on further analysis of data originally collected for the purposes of a stakeholder report on the funding of public service children's content in Australia, Canada, Denmark, France, Ireland, New Zealand, and the United Kingdom.

Children's TV as a market failure “genre”

British scholar Dieter Helm argues that the causes of market failure are “multiple” and that such failures “rarely point straightforwardly to state provision or single-form solutions.” This is certainly true of children's TV where various market interventions, including PSB, have been employed to address market irregularities. How then has market failure in the children's TV market been articulated, and are these arguments still valid in a multi-platform environment? Historically, children's TV may have demonstrated market failure in two ways: the failure of the market to allocate sufficient resources to children's content, and second, the failure of the market to generate enough domestically produced content to contribute to children's sense of identity.

Efficiency—The failure to allocate resources

Children's TV is not a market failure in terms of quantity because of numerous channels showing copious amounts of cheaply acquired animation, often from North America and Asia, that is easily dubbed and repeated again and again as children grow up to be replaced by new generations of children. Nor are children or children's content alone in being pinpointed as segments of the audience or types of content that are potentially underserved by the market. Potentially underserved genres include religion, arts, education, and classical music.

Where the children's market is often deemed to fail is in supporting sustainable amounts of domestically produced first-run children's content, one part of the market for children's content. This excludes the United States whose large, wealthy, commercially funded, and mostly self-sufficient domestic market has propelled U.S. children's content to international prominence, leveraging the global supremacy of Disney, Warner (Cartoon Network), and Viacom (Nickelodeon). Rather than commissioning content targeted at individual non-U.S. markets, U.S. transnationals have concentrated on content forms (animation, U.S.-based sitcoms) and age-groups (preschool, 6–10 years) where audiences

can be aggregated by age across borders for greater economic efficiency, but at the expense of cultural or geographic specificity. This was underlined in a 2012 study of what U.S. owned channels offer European children, revealing, not unsurprisingly, that they schedule predominantly (50–80%) U.S. shows (animation, sitcoms), leaving national PSBs as the main broadcasters of national content.

While there are numerous channels and several platforms for children’s content, there are few commissioners of original first-run children’s content because of consolidation among transnational commercial providers (broadcast and now SVOD), who operate alongside one or two state or public service providers in most countries. Beyond the United States, other national markets have been too small to support home-grown children’s content on a sustainable commercial basis without policy interventions because there are few commercial benefits from the restricted advertising opportunities arising from small domestic child audiences with limited purchasing power. The most lucrative advertising has typically been for toys, snacks, and beverages, supplemented by the small number of children’s properties (e.g., Peppa Pig, SpongeBob SquarePants) with value in licensed merchandise, mostly revolving around toys, publishing, and games. In recent years, advertising restrictions have made children’s broadcast content even less attractive to domestic commercial players with bans on advertising for “junk” food and fizzy drinks around children’s broadcast content in Australia, Germany, Greece, Norway, Sweden, and the United Kingdom. Declining interest is particularly evident in reduced expenditure on original children’s content by commercial multi-genre broadcast channels, even in those countries with a strong tradition of domestic production for children, including Australia, New Zealand, the UK, France, and Denmark.

A further aspect of resource allocation and a challenge for all broadcasters, are shifts by child audiences away from linear channels to online platforms, necessitating research and investment into new types of content (short-form, interactive), new creative tools and new ways of reaching (streaming, apps) and engaging (social media, personalization) with young audiences to maintain discoverability and relevance across on-demand platforms, which do not fit the broadcast model of scheduled appointments to view. For example, between 2011 and 2016, viewing by U.K. children aged 4-to 15-years-old of broadcast TV on a TV set fell by one-third to 101 minutes a day, as their watching shifted to other devices. In meeting these challenges of distribution and access, all broadcasters, aggregators and producers need to establish how they will fund new online and digital initiatives from a less certain funding environment, seeking, in the words of Alice Webb, Director of BBC Children’s, to ride the “two horses” of online and broadcast platforms simultaneously.

Failures to allocate resources to children’s content are also influenced by industry definitions of childhood. Childhood is a social and cultural construct with no fixed or agreed universal concept of what it means to be a child, or even of how long childhood lasts. This understanding also applies to TV, where children’s programming departments, both PSB and commercial, rarely cater for children over 12, even though the United Nations defines a child as anyone under 18. This failure by industry to serve all children with diverse content is compounded by the frequent labeling of children’s content as a genre, although it comprises many genres (drama, factual, entertainment), targeted at diverse audiences (age, gender, ethnicity) in much the same way as adult content.

Failure to generate local content that contributes to children’s sense of identity

Alongside the market’s failure to produce enough domestic children’s TV content in some markets, the children’s market could also be characterized by a failure to advance other desirable goals. While desirable media policy goals for adults, underpinning support for PSB, might involve social cohesion and contributions to democracy and citizenship, justification for intervention in the children’s market usually centers on normative goals that children should be protected from harm, but should also have access to

content that reflects their diverse lives, providing the “prerequisites to children’s participation in society”. Market failure in the children’s market is, therefore, linked to externalities or external effects that are deemed to require either negative regulation (to regulate against negative effects) or positive interventions (to regulate for positive outcomes).

Negative regulation in the children’s market has focused on potentially adverse market impact on vulnerable children who need protection from commercialization, inappropriate sexual or violent content, or technological overload. However, as a merit good with positive effects, certain types of children’s content might be regarded as potentially beneficial and deserving of positive policy interventions, because they have “inherent value for society that extends beyond what can be measured or expressed in market terms”. Children’s provision is not the only example of a merit good. Arts or educational content might also come under this classification, but the reasoning here suggests that diverse and wide-ranging “quality” originations for children, such as news, drama, and factual programs, could stimulate children’s perception of themselves as citizens, or encourage other forms of positive behavior (healthy eating; care for others) that are beneficial to society. Children’s content becomes a desirable merit good in as far as it meets normative requirements to provide children with content that allows them to see their own lives and culture reflected on screen, a view reinforced by children’s media advocacy organizations like the U.K.’s Children’s Media Foundation (CMF), which campaigns for “content which is specifically made for them and connects them to the culture in which they live—in all its diversity”. Even if there is little quantifiable evidence that watching domestic content is more beneficial than watching imported content, what matters is whether governments are actually prepared to intervene to reinforce the perceived cultural value of particular types of domestic content in society’s interest, even if the arguments are not necessarily backed up by incontrovertible evidence.

Market failure in the United Kingdom

Given the complexities of market failure in the children’s TV market, how did arguments unfold in the United Kingdom in the wake of BBC Charter Review between 2015 and 2017 when the U.K. Conservative Government directly addressed market failure in children’s TV for the first time?

When the U.K. Government published its Green Paper on the BBC in 2015, few doubted that the U.K. children’s production sector had been in trouble for years. Between 2004 and 2014, the first-run U.K. originated children’s hours from the BBC and commercial PSBs combined slumped 64% from 1,887 to 672 hours with expenditure dropping 44% from £159 million to £88 million. The fall on both counts was mainly due to commercially funded PSBs, primarily ITV, but also Channel 4 and Five, who in return for free-to-air broadcast licenses had been obliged in the past to serve children through transmission and output quotas. They were liberated from these obligations, when children’s content became part of Tier 3 PSB programming under the 2003 U.K. Communications Act, which did not allow quotas.

The removal of quotas had consequences. Between 2004 and 2014 commercial PSB commissioned hours slumped from 555 hours to just 93 hours and investment in commercial PSB originations dropped from £48 million to just £3 million. The withdrawal from commissioning was accelerated when a ban on advertising for food and drink high in fat, sugar, and salt (HFSS) was introduced around children’s broadcast content in 2006. By 2014 the BBC accounted for 95% of total PSB expenditure on first-run U.K. children’s content and 86% of commissioned PSB hours, but it too was scaling back because of budgetary pressures. Between 2004 and 2014 the BBC reduced its hours of first-run originations by 57% as it pursued a “fewer, bigger, better” strategy that concentrated spending on fewer projects.

Policy responses to market failure

If U.K. children's TV content was considered a market failure “genre” what were the responses, and what might these mean for the long-term future of children's content? Between 2015 and 2017 three responses were formulated by policy-makers. These were:

- Plans for a contestable fund for at risk genres including children's content, conceived by the Conservative Government in the wake of BBC Charter Review, and put under consultation by the government in December 2016.
- The inclusion of first-run U.K. origination quotas for children's programming in the BBC's proposed operating framework, put out for consultation by regulator Office of Communications (Ofcom) in March 2017.
- The re-imposition of quotas on commercial PSBs, an intervention that was secured in an amendment to the 2017 Digital Economy Bill in April 2017.

Contestable funding

In May 2016, the U.K. government's BBC White Paper proposed a £20 million a year pilot fund for at risk genres (arts, music, education, religion, children's) and underserved minority and regional audiences, financed over 3 years from leftover licence fee funding that had been topsliced from the 2010 licence fee settlement. Referencing similar funds that operate independently of public service institutions in Ireland (Sound and Vision) and New Zealand (NZ on Air), the fund would support content free at the point of use on platforms with an “appropriate reach”. Pointing to the BBC's “near monopoly” in children's content, the government had argued that other providers offered content “with public service characteristics” and that such a fund could “deliver quality and pluralistic public service content, using competitive forces to ensure the highest quality for the best value for money”. The proposed fund was a political choice that clearly signalled that the BBC has no sole claim to the licence fee, with the Conservative Government expecting competition to encourage “new voices”. Ostensibly designed to tackle the failure of incentive, the key question is whether such a fund would tackle market failure in the children's market, by promoting greater diversity of providers (more commissioners) and more plurality in provision (a greater range of producers and by extension diversity).

With few exceptions, industry and children's advocacy stakeholders had reservations and were particularly opposed to top-slicing the licence fee to support contestable funding, fearing that it risked undermining BBC core funding over time. All expressed doubts about the efficacy of a fund targeted at reluctant U.K. commercial broadcasters and a vast online universe where content might easily disappear without promotion and marketing.

First-run origination quotas and the BBC

A further outcome of BBC Charter Review was the imposition of first-run origination and transmission quotas on the BBC for children's content as part of a draft BBC operating licence, put out to consultation by Ofcom in March 2017 to ensure that the BBC adheres to the new Charter and Agreement. Schedule 2 of the Agreement allows Ofcom to set requirements on the amount and prominence of certain “genres” (children's, arts, religion, music, comedy) that contribute to the BBC's mission and purposes, but which may be “underprovided or in decline across public service broadcasting”.

In the draft operating licence Ofcom raised broadcast transmission quotas for CBBC drama and factual programming to 1000 and 675 hours respectively from 665 and 550 hours previously, alongside a news quota of 85 hours. Annual quotas on first-run U.K. originations for CBBC (400 hours) and CBeebies (100 hours) are new, but replicate what the BBC had been commissioning in 2016, so halting further commissioning reductions. The BBC was also required, for the first time explicitly, to serve older

children and teenagers, a requirement that goes further than the 6–12 age target of CBBC, a channel for pre-teen children.

The reintroduction of quotas for commercial PSBs

The most unexpected intervention in 2017 was the reintroduction of quotas for commercial PSBs in an amendment to the U.K. Digital Economy Bill which was approved by the House of Commons on April 26th ahead of the June 2017 general election. The amendment gives Ofcom the power to impose the quotas, but crucially it also allows Ofcom to take account of children’s programs on “services related to those channels” such as ITV’s CiTV children’s channel or online platforms, which are not included in the PSB mandate of commercial PSBs. Ofcom has to publish criteria for children’s programming on commercial PSBs and consult publicly on any proposals, but the powers could counter the failure to regulate since 2003 when transmission and output quotas were abolished for commercial PSBs.

The type of quotas is not yet specified. Transmission quotas (amounts broadcast) might not benefit domestic origination if broadcasters simply acquire content off the shelf, as opposed to quotas, which specify amounts of domestic production, possibly even in underprovided genres, such as drama or factual content or content for older children. Production investment quotas, specifying levels of investment in children’s content could have the most significant effect, particularly if these are applied to the commercial PSBs’ non-PSB channels (CiTV, E4) and online services. The introduction of quotas would make a contestable fund more feasible, countering the failure to regulate, because it would give commercial PSBs an incentive to commission content supported by a contestable fund, although this would not necessarily result in significantly more investment by commercial PSBs.

Conclusion

This study has attempted to evaluate responses to market failure in the U.K. children’s TV market. By the end of 2017, it looked as if some of the issues associated with failures of incentive, regulation, and structure had been addressed through contestable funding, BBC origination quotas, and the promise of quotas for commercial PSBs. These interventions came about because of intense campaigning by stakeholders with vested interests represented by industry and consumer/advocacy groups including the CMF and Save Kids’ Content.

However, what has been remarkable about these policy interventions is that they make little reference to changes in children’s consumption and seem largely geared to supporting broadcast content rather than digital media, user participation, and new forms of non-linear content. Strictly speaking, the children’s TV market, as a whole, is not a market failure, but the arguments around children’s content go beyond management and economic issues. A key factor here was the perception of market failure that mixed both normative and emotive arguments about the need to provide U.K. children with U.K. content, and less transparent arguments about a section of the production industry that was facing terminal decline. These rather than managerial concerns drove stakeholder debates.

It could be argued that U.K. policy-makers neglected to think about new forms of content for children beyond TV, because of their inability to engage with wider issues beyond the narrow and politically charged terms of BBC Charter Review, where contestable funding was first outlined. This limited perspective was compounded by industry and advocacy (CMF, Save Kids’ Content) lobby groups, who found themselves having to focus on the government’s narrowly framed proposals for contestable funding, BBC quotas, and the rather hurried reintroduction of commercial PSB quotas in the Digital Economy Bill. These more speculative and reactive concerns took precedence over more substantive issues related to the long-term future of children’s content in the United Kingdom. In media management

terms, these interventions which underemphasized new developments in favor of TV, reveal how short-term policy initiatives can create barriers to innovation, which may result in providers ultimately failing to meet either societal expectations for public service children's content, or market requirements. The imposition of quotas on the BBC's linear children's channels and some kind of children's content quotas for commercial PSBs promise to turn the clock back, but may not provide a long-term solution for the health of U.K. production for children, particularly as the BBC shifts its priorities to online platforms and infrastructure. The contestable fund consultation for a limited 3-year pilot partially addressed options to support content on non-broadcast platforms, but offered little scope to address what range and type of children's content and services (short-form content, games, apps), public funding should be supporting.

This demonstrates that issues of funding and policy cannot be viewed in isolation from considerations of where audiences for children's public service content are heading, and how children are likely to discover public service content in future. Interventions have to be seen in the context of more holistic approaches that reflect other issues associated with children's media consumption including their use of social media and games, and growing public concern about the dangers of online content and issues of care and protection as children become more involved with digital media and are targeted by new commercial practices and data collection. Yet current approaches to children's public service content production and funding in the United Kingdom, have, in large part, been driven by an industry-focused, broadcasting-led stance rather than a child-centered discourse. Following the practical disassembly of public service production for children over a decade because of failures in incentive, regulation, and structure, the unanswered question is whether recent interventions, focused largely on broadcast platforms, will address the underlying realities of children's changing media experiences, which are less likely to be channel-based in future. Recent interventions in the United Kingdom may be ill-designed to sustain U.K. originated public service content over the longer term, and will require close scrutiny and evaluation over the coming years.

Вопросы к статье

1. Какую проблему рассматривает статья?
2. Является ли данная проблема актуальной для России или же ее актуальность касается только Великобритании? Дайте развернутый ответ.
3. Какие исследовательские вопросы ставит автор? Дается ли на них исчерпывающий ответ? Какие источники информации и из каких стран использует автор в своем исследовании? Какие методы исследования использует автор в своей работе? Почему автор относит детские телепрограммы к «провальному жанру» рынка телепередач? Какие еще «провальные жанры» рынка телепередач называет автор?
4. Автор упоминает два аспекта «провалов» рынка детских телепередач. Назовите их и дайте свой комментарий по каждому из двух аспектов.
5. Какие виды негативного воздействия телепередач на детей отмечает автор? Как исключить или снизить эти негативные воздействия?
6. Какие виды позитивного воздействия телепередач на детей отмечает автор? Как усилить эти позитивные воздействия?
7. Какие способы поддержки детских телепрограмм выделяет автор? Дайте краткую характеристику каждому из них.
8. В чем состоят основные выводы исследования?
9. Какова роль государства в вопросах поддержки детских телепрограмм в Великобритании?
10. Применимы ли способы поддержки детских телепрограмм в Великобритании, описываемые автором, для детского телевидения в Российской Федерации?