



# Review of Channel 4 Corporation's delivery of its media content duties (2010 – 2013)

C4C's performance in meeting its media content  
duties introduced by the Digital Economy Act 2010

Consultation

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# About this document

This document reviews the extent to which Channel 4 Corporation has delivered its media content duties, as introduced by the Digital Economy Act in 2010.

These duties apply across its full range of services: its TV channels, on-demand and online services, and Film4 Productions. The duties include, but are not limited to, making a broad range of relevant media content that appeals to a culturally diverse society, the making of high quality films, the broadcasting and distribution of such content and films and supporting creative talent.

Ofcom is consulting on its Review of Channel 4 Corporation's delivery of its media content duties and Ofcom's provisional findings. We expect to publish a final statement in summer 2015.

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## Section 1

# Executive summary

- 1.1 Channel 4 Corporation (C4C) was created as a public institution in 1982. Its flagship service, Channel 4<sup>1</sup>, has a public service remit. Channel 4's role in the public service broadcasting (PSB)<sup>2</sup> system is explored in the PSB Review published alongside this report<sup>3</sup>.
- 1.2 This report reviews C4C's delivery of its wider media content duties which apply across its full range of services,<sup>4</sup> comprising its TV channels<sup>5</sup>, on-demand services, online<sup>6</sup> services<sup>7</sup> and Film4 Productions. These duties were introduced by the Digital Economy Act (DEA) in 2010 and formed part of the then Government's response to the rapid rate of change in media supply and consumption in the UK.
- 1.3 This is the first time Ofcom has undertaken such a review. It covers the period from June 2010 (when C4C's media content duties came into force) to the end of December 2013<sup>8</sup>. We are consulting on our provisional findings.

## C4C's response to the evolving media landscape

- 1.4 The media landscape has altered dramatically in recent years. There has been a marked increase in the range and availability of new TV channels, platforms and television services, which has contributed to all the main five PSB channels<sup>9</sup> losing audience reach and share over the last decade. Media consumption patterns have been affected by the mass market take-up of video capable devices and services including smartphones, tablets and smart TVs, all made possible by high levels of broadband penetration. As a result a 'generation gap' is emerging. Younger people are watching less television than they used to, and they are using a greater range of new media services and devices than older people. This is particularly relevant to C4C, given the relatively youthful audience profile of its channels.
- 1.5 There have also been a significant number of industry shifts in the broadcasting sector. On acquiring Channel 5 (completed in September 2014), Viacom outlined its channel strategy to target a younger audience, which may put it in direct competition with C4C for both audiences and the associated advertising revenues. There has also been considerable consolidation within the independent production sector, including the takeover of a number of major programme producers by major US studios and media groups, and the purchase of independent production companies

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<sup>1</sup> Channel 4 is a licensed public service channel with related obligations and benefits.

<sup>2</sup> 'PSB' is used in this report, as in the PSB Review, to mean both Public Service Broadcasting and Public Service Broadcasters (the providers of the PSB channels).

<sup>3</sup> *PSB Review Consultation*, 2014: <http://stakeholders.ofcom.org.uk/consultations/psb-review-3/>

<sup>4</sup> C4C is not restricted to delivery of its media content duties on C4C services. However, in the interests of proportionality, this review does not attempt to measure the impact of the wider distribution of existing C4C content via third party platforms such as Netflix, DVD releases and TV channels not provided by C4C.

<sup>5</sup> Currently Channel 4, E4, More4, Film4, 4Music, 4Seven, and HD and +1 versions of these channels.

<sup>6</sup> Channel4.com: including Channel 4 News and channel specific sites, micro sites, games and apps.

<sup>7</sup> Full definitions for channel groups and key terms used throughout this report are at Annex 2.

<sup>8</sup> As the data sets used to inform the review are produced using annual data, the analysis also includes the first five months of 2010.

<sup>9</sup> BBC1, BBC2, ITV, Channel 4 and Channel 5.

by UK broadcasters, resulting in greater vertical integration. In the light of these changes the PSB Review asks the question - whether the goals commonly associated with intervening in the programme production market are still desirable or necessary, and how the interventions might need to be updated. These changes also underline the particular challenges faced by C4C, given its reliance on the independent sector, and its relatively small size compared to its key competitors and some of the suppliers with which it has to negotiate for content.

- 1.6 Against this backdrop, C4C's content strategy over the review period was to continue to invest heavily in UK-originated content produced by the independent production sector, with a focus on overhauling the main channel's peak-time schedule. At the same time C4C placed considerable emphasis on pursuing a detailed data strategy to build direct relationships with viewers to deliver targeted content and advertising to them.
- 1.7 In terms of overall performance, C4C proved fairly resilient, with its total audience reach and viewing share for the C4C family<sup>10</sup> of TV channels falling only slightly between 2010 and 2013. However, the headline figures mask marked declines in both audience reach and share for the main channel, Channel 4. While this downward trend was true for all the main five PSB channels, Channel 4's declines were generally larger. But as the world has changed, so has C4C. It has largely managed to offset the declines to the main channel by achieving increases in viewing to the portfolio channels. Together C4C's portfolio channels collectively deliver the biggest reach extension of any of the PSB portfolios. The channels also continue to appeal strongly to young people, providing C4C with a particularly valuable advertising revenue stream. In addition, take up and use of C4C's on-demand and online services increased over the review period.

### **C4C performed well in regard to the media content duties introduced by the Digital Economy Act**

- 1.8 We consider that C4C broadly delivered its media content duties during the four-year review period. It performed strongly in relation to a number of duties including: the making of a broad range of high quality media content of wide appeal; the making of high quality films for cinema release; and support for creative talent. There are areas where we consider the findings present a more nuanced picture, particularly where the volume of original content provided has declined but audience appreciation levels appear strong, as is the case for both international content and output delivering diversity content. There are also some areas of concern; in particular, the limited provision of content made for older children (10-14s) and the continued decline in reach and viewing share to both the main channel and to *Channel 4 News*.
- 1.9 The majority of C4C's content-based duties were fulfilled primarily through the main channel, Channel 4. This is to be expected, because the vast majority of C4C's total UK originations spend was allocated to Channel 4 over the review period (89.7% of spend in 2013). But the portfolio channels, on-demand and online services also played an important role in delivering the duties: by providing some original content; by serving specific demographics or interest groups; and importantly, by extending the reach of Channel 4's original PSB programming through repeats or catch-up opportunities via these additional services.

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<sup>10</sup> C4C 'Family' refers to all C4C television channels: the main channel and the portfolio channels (see Annex 2 for full definitions)

1.10 The key findings are summarised in Section 2 and are explored in more detail later in the report. The evidence for the performance of C4C in regard to the full range of its media content duties can be found at Annex 3.

### **Next steps**

1.11 We are consulting on our provisional findings alongside the PSB Review.

## Section 2

# Summary of key findings

## **C4C continued to make a substantial investment in a wide range of high quality content, valued by a diverse audience**

### **C4C increased investment in first-run UK-originated content on the main channel**

- 2.1 Comparing 2010 and 2013, C4C increased its real-terms investment in first-run UK-originated content on the main channel by 8.2%, spending £382m on the service in 2013. This is in contrast to BBC One and ITV, which cut their equivalent investment by 22.7% and 9.2% respectively. C4C also spent 20% more on total originations (including repeats) for the portfolio channels (up from £30m to £36m over the period), but reduced spend on originated content for digital services beyond TV, from £13m to £8m (38.5%). C4C's content investment strategy lifted spend in a period more broadly noted for declining content investment, as discussed in the PSB Review.
- 2.2 Over the same period, the volume of first-run originated output broadcast was broadly stable (8.2 hours on average per day in 2010 versus 8.1 hours in 2013). In 2013 first-run originations accounted for 70% of peak-time output<sup>11</sup>, level with 2010. Across the entire day, an average of 34% of the 2013 Channel 4 schedule consisted of first-run UK originated content. When repeats of these UK originated programmes are taken into account, the figure for total UK originations on Channel 4 rises to 78% of peak output and 61% of output across the entire day.

### **and continued to provide a broad range of high quality content,**

- 2.3 In addition to broadcasting well-established Channel 4 programme brands, C4C's commitment to refreshing its schedule, after the decommissioning of *Big Brother* in 2010, saw it invest in a wide variety of new and one-off programmes on the main channel across a range of genres, e.g. *Utopia*, *Educating...*, *Gogglebox* and *The Mill*. The number of new and one-off programmes delivered by Channel 4 compared favourably with the other main PSB channels. While new TV programmes predominantly appeared first on the main channel, small amounts of new content were also premiered on the portfolio channels, on demand and online. Our audience research suggests that viewers consider the output of each of the C4C channels to be of high quality. C4C's online content and services also won a range of awards over the period.

### **generating strong improvements in viewer perceptions of the main channel's output among its broad audience**

- 2.4 Audience viewing figures show that Channel 4 continued to attract a broad audience, and C4C reports that between 2010 and 2013 it successfully reversed a number of negative trends in viewer attitudes towards the main channel. While we are unable to verify all of C4C's results independently, our own research supports a number of C4C's key findings.

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<sup>11</sup> Peak time is defined as 6:00pm-10:30pm

## and contributing towards the wider fulfilment of the public service objectives<sup>12</sup>

2.5 The DEA extended the duty *to contribute towards the fulfilment of the public service objectives* to all of C4C's services. Channel 4's contribution to this duty is assessed as part of the PSB Review. In the context of this review we consider that C4C's broader services also made a contribution to a number of the public service objectives. Although it has not generally been possible to accurately assess the scale of these contributions, we observe that for the most part they have been achieved in two key ways: through the delivery of limited amounts of new UK originated content shown solely (or first) on the portfolio channels, on demand or online; and through provision of repeats or repackaged Channel 4 PSB content made available via all of C4C's other services.

## Falls in viewing to the main channel were largely offset by growth in the portfolio channels' audiences

2.6 The weekly reach of the main channel was 48% in 2013, down 5.4 percentage points from 53.4% in 2010, equating to a drop of 10.1%. Audience share fell by 1.3 percentage points to 4.9% in 2013, from 6.2% in 2010, the equivalent of a 21% fall. In contrast the portfolio channels increased their collective additional<sup>13</sup> weekly reach by 3.5 percentage points (or 26.7%) and grew their collective share by 0.9 percentage points (17.3%) to 6.1% over the review period. However, this growth was not enough to fully offset the decline of the main channel. The total reach of C4C's family of TV channels fell by 1.9 percentage points to 64.6% in 2013, from 66.5% in 2010 (down 2.9%), while share declined by 0.4 percentage points; from 11.4% to 11% (down 3.5%) over the period.

2.7 The limited decline in total reach and share at the C4C TV family level is positive from the perspective of C4C's financial sustainability. Performance in peak time and among younger demographics is the most critical to the organisation, both in terms of delivering its remit and in attracting advertising revenue. We note C4C's concerted push to reinvent its schedule is nearing completion and that the rate of audience share decline in 2014 has slowed in the year to date. We also welcome the increase in consumption of C4C's on-demand and online services. But the continued decline of the main channel's audience reach and share, at the rate observed over the review period, remains a concern, and in our view creates the risk that C4C's impact in delivering its full range of duties and obligations will lessen over time. In the light of the above findings we will continue to closely monitor the reach and share performance of the main channel.

2.8 The current broadcasting landscape presents challenges for all of the PSBs, but the impact on C4C appears to be particularly acute, as reflected above. In response to falling viewing to the main channel, C4C has, to date, successfully adapted its approach by using its full range of services (particularly the portfolio channels) to attract revenue, deliver content and serve audiences. This strategy reflects the introduction of the media content duties considered in this report, but is not reflected

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<sup>12</sup> In performing its media content duties C4C must contribute towards the fulfilment of the public service objectives. As the main channel's contribution is covered in detail in the PSB Review and the 2014 PSB Annual Report, this report focuses on the contribution of C4C's portfolio channels and on-demand and online services to the objectives.

<sup>13</sup> Additive reach is calculated by taking the average weekly reach of the C4C family of channels combined, and then subtracting the main channel's reach.

in the traditional 'PSB compact', whereby channels get benefits such as spectrum and EPG prominence in return for providing public service content. In Section 6 of the PSB Review we consider whether there is a case for revisiting the form of the 'PSB compact' and the services to which it applies, and whether a more flexible system may help maximise PSB delivery and impact.

## At a genre level, the picture of provision and performance is mixed

### Limited provision of content for older children

- 2.9 C4C has a duty to make media content *that appeals to the tastes and interests of older children and young adults*. Over the review period C4C moved away from an online-only strategy for the provision of content for older children and young adults (defined by C4C as 10-14s and 14-19s respectively) to a multi-platform approach including television. Expenditure on programming specifically for these groups fell by 19.2%; from £9.9m in 2010 to £8m over the period. During that time the vast majority of spend and originated hours was targeted at 14-19 year olds. However, spend on new content for 10-14s did increase over the period, albeit from a very low base of around £148,000 in 2010 (1.5% of the £9.9m spend allocated to this duty), up to £2.2m, or 27.5% of spend, in 2013. This delivered four hours of content in 2013 (the E4 eight-part 30-minute drama series *Youngers*). Given the limited content provided for 10-14 year olds by the PSB system as a whole (other than by the BBC), and C4C's specific obligation to this age group, we consider that the level of original content provision targeted at this age group demonstrates a relative lack of ambition by C4C in the meeting of this duty.
- 2.10 Consumption patterns for 10-15s and 16-24s<sup>14</sup> were a more exaggerated version of the trends for all audiences. The loss of share to the main channel over the review period among 16-24 year olds was greater than for any other age group (26.3%), followed in second place by 10-15s (25.8%). However, increases in viewing to the portfolio channels by both age groups helped reduce the overall decrease in C4C's total TV family's share for 10-15s (down 4.4%) and for 16-24s (down 5.8%) between 2010 and 2013. The relatively youthful profile of C4C's channels also meant that despite the sizeable declines in share to the main channel, the C4C family of channels as a whole continued to perform better among these age groups than for all individuals (12.9% audience share for 10-15 year olds and 17.8% for 16-24s in 2013, compared to an 11.0% share for all individuals).
- 2.11 We consider C4C delivered its obligations to provide content for young adults (14-19s). However we are concerned about the extent to which C4C met its duty to provide content for older children, given that the volume of provision for 10-14 year olds remains very limited. We will seek information from C4C to better understand its future strategy for content provision for 10-14 year olds.
- 2.12 The annual Statement of Media Content Policy (SMCP) process<sup>15</sup> provides a mechanism for Ofcom to engage with C4C on the full breadth of its media content policy and performance. Through this process we have previously highlighted the need for C4C to establish effective ways of measuring the impact of its strategy for content targeted at 14-19 year olds. We welcome C4C's acknowledgement in its

<sup>14</sup> Standard BARB audience data are not available for the age groups 10-14 and 14-19.

<sup>15</sup> Section 198B of the Communications Act 2003 requires C4C to consult Ofcom in the preparation of its annual SMCP (C4C's proposals for delivering its duties over the year ahead and review of its previous year's performance) and have regard to guidance given by Ofcom. See Annex 2 of *the PSB Review* for the full Statutory Framework.

2013 SMCP of the need to address this issue through research measures beyond direct ratings and we continue to urge C4C to take this forward. In the light of this review's provisional findings on 10-14 year olds, we suggest the younger age group is also included in C4C's research considerations.

- 2.13 In addition we suggest that disaggregating the figures in future SMCPs, to show content spend and hours for each of the two age groups, would deliver more transparent reporting and facilitate more precise monitoring of delivery of the two parts of this duty.
- 2.14 As the continued low provision of original content for older children is not limited to C4C, there is a broader question about the provision of children's programming across the PSBs, which is considered in the PSB Review.

### **A decline in the reach and share of *Channel 4 News*, particularly among young adults**

- 2.15 *Channel 4 News* is a high-quality and distinctive programme. Importantly, 16-34s and BAME viewers account for larger proportions of Channel 4's news audience than they do for the other main PSB channels' news audiences. But in total audience terms, the ongoing performance of Channel 4's news output remains an area of concern. The average weekly reach of Channel 4's news programming fell more sharply than the other PSBs' news bulletins over the review period (by 22% for all individuals and by 31.5% for 16-34s). Channel 4's viewing share of news programming is small (2.9% among all individuals in 2013) and declining, falling by 19.4% over the review period. However in peak-time, where it broadcasts the vast majority of its news output, Channel 4 continued to represent a much larger share of news viewing, than across the day as a whole at 6.9% in 2013 (down 20.7% over the review period). We will continue to monitor the reach and share performance of Channel 4 News.
- 2.16 C4C has developed its online news offering in an effort to help counter this decline. Through the SMCP process we encouraged C4C to clarify the detail of its stated strategy to innovate online in order to increase the reach and impact of its news content (particularly with young people). There is some evidence that this approach is starting to bear fruit, with views to Channel 4 News video clips on YouTube in 2013 increasing 87% year on year; from 9.5m in 2012 to almost 18m in 2013. Channel 4 News also won a number of online media awards in 2013, including the best website for news-led journalism and the best use of social media. We welcome C4C's plans for further innovations (e.g. online-only programmes and a focus on social media) but recognise that C4C faces a tough challenge in the online space, dominated by established global providers and innovative new non-broadcast players.
- 2.17 In line with our comments in our response<sup>16</sup> to the 2012 SMCP, we continue to encourage C4C to consider whether there may also be other opportunities for delivering news content more effectively outside the main bulletin and the main channel, particularly to engage younger audiences.
- 2.18 One of the challenges for all of the PSBs is finding meaningful ways to measure the consumption and impact of news disseminated through a wide range of online platforms. Ofcom will continue to monitor C4C's progress in this area.

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<sup>16</sup> <http://stakeholders.ofcom.org.uk/binaries/broadcast/tv-ops/c4/media-content-policy.pdf>

## A significant ongoing commitment to peak-time current affairs

- 2.19 Between 2010 and 2013, C4C increased both its current affairs spend and output by 35.3% and 13.4% respectively. Channel 4 showed substantially more peak-time output than any of the other main PSB channels (133% more than the next highest PSB channel: Channel 4 at 142 hours vs. BBC Two at 61 hours in 2013). However, in common with all the other main PSB channels, the total amount of viewing to peak-time current affairs fell over the review period.

## Positive audience response to diversity<sup>17</sup> output

- 2.20 The duties introduced by the DEA do not place any specific obligations on C4C to deliver particular diversity outcomes. For this reason this review does not explore issues such as the diversity of representation either on-screen or off-screen. Nevertheless, we welcome C4C's recent announcement of plans to introduce a new in-house diversity initiative, and the creation of the broader industry-wide Diversity Monitoring System (DMS) from the Creative Diversity Network (of which C4C is a part), which will gather standardised real-time data on on-screen and off-screen diversity representation. We await the findings, due in 2015/2016, with interest.
- 2.21 With regard to the diversity aspect of the broader duty: *to participate in the making of a broad range of relevant media content of high quality that, taken as a whole, appeals to the tastes and interests of a culturally diverse society*, we consider that the findings are largely very positive. With high-profile shows such as *The Undateables*, C4C's channel reputations research suggests that C4C's output was highly rated by its audience as a whole, and by the different minority groups within it, for tackling diversity issues<sup>18</sup>. While we are unable to verify independently the detail of all of C4C's findings, audience research studies conducted for Ofcom also suggest that overall Channel 4 has a strong reputation for content that shows diversity, particularly through its documentaries, which are also well-regarded for showing alternative lives<sup>19</sup>.
- 2.22 In the run-up to the London 2012 Paralympic Games, C4C substantially increased the volume of its first-run originated diversity output on the main channel, from 120 hours in 2010 to 305 hours in 2012 (an increase of 154.2%). The Games coverage itself consisted of over 500 hours of content delivered across a range of services and attracted the biggest UK audience in the event's history. While we would not necessarily expect C4C to sustain the volume of new diversity output associated with the Paralympics in a non-Games year, in 2013 first-run originated diversity output levels fell to 14.2% below those of 2010 (to 103 hours).
- 2.23 Despite the fall in output levels, research commissioned by C4C showed some sizeable increases in C4C's channel reputations survey scores in the area of diversity in 2013. It is unclear whether this is due to the provision of a smaller number of higher-profile programmes which may have resonated strongly with viewers (e.g. *The Last Leg* continues to be commissioned two years on), or whether it reflects a lag in public opinion generated by the Paralympics. It is of course possible that it represents a combination of the two factors. We are also aware that the provision of diversity content beyond the main channel is not captured by C4C's existing metrics. While this is unlikely to account for the disparity between the recent reduction in

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<sup>17</sup> Defined by C4C as output covering multiculturalism, disability, religion and sexuality.

<sup>18</sup> C4C commissioned channel reputations research, reported in SMCPs 2010-2013.

<sup>19</sup> Ipsos MORI research, 2014. Published as part of *PSB Review*.

<http://stakeholders.ofcom.org.uk/consultations/psb-review-3/supporting-documents/>

output levels on the main channel and the improvement in audience appreciation scores, it underlines the point that limited reporting of diversity content delivered beyond the main channel may result in C4C's output across all of its services not receiving the full recognition it deserves. It is possible that this issue may be addressed by C4C's new in-house diversity initiative, or the DMS scheduled for implementation in 2015/16.

- 2.24 We will continue to monitor the volume of output covering diversity-focused content on the main channel, and will liaise with C4C to understand more clearly its future strategy for content provision and reporting in this area.

### **Volume of international programming**

- 2.25 Excluding news, C4C's data show that the volume of first-run content on the main channel<sup>20</sup> covering international matters fell by more than 40%, from 120 hours in 2010 to 70 hours in 2013 (and dipping to a low of 54 hours in 2012). The range of genres covering international content in 2013 was also narrower than in previous years. We understand from C4C that the steep drop in 2012 was primarily due to C4C's decision to cut the volume of *True Stories* films. It points out that having moved the strand from More 4 to the main channel it increased the impact of the remaining hours, attracting average audiences of 1.6 million in 2012 compared to 200,000 in 2011. As with diversity output, we will continue to monitor the volume of international output and will seek information from C4C to better understand its strategy for future content provision in this area.

## **Positive content-related findings beyond TV**

### **Consumption of on-demand and online content services increased, but growth is slowing**

- 2.26 The decline in viewing to the main channel highlights the importance of C4C increasing the reach and impact of its media content outside linear TV. Over the review period, viewing to C4C's on-demand programme service 4oD rose by 28% to 476 million full-length programme views initiated on demand (including simulcast viewing) in 2013, but the pace of growth has slowed. Encouragingly, 4oD had the second highest reach (5.9%) of the PSBs' on-demand websites in September 2014, behind BBC iPlayer (14%)<sup>21</sup>, and quantitative research conducted for Ofcom in 2014 for the PSB Review<sup>22</sup> showed that among all adults<sup>23</sup>, 4oD was the third most popular service used for monthly online/on-demand TV and film consumption, behind the BBC and ITV's on-demand services. After C4C introduced user registration for 4oD in 2011, the number of registered users increased rapidly. The 2013 SMCP stated that by the end of 2013, 4oD had 10.2 million registered users, including half of all UK 16-24 year olds.
- 2.27 Between 2012 and 2013 there was also an increase in the consumption of C4C's other online services. Total visits to C4C's websites, mobile sites and apps grew by 6.1%, from 506 million to 537 million, driven by a 24% increase in app visits<sup>24</sup>. Over

<sup>20</sup> Channel 4 plus the *True Stories* strand broadcast first on More 4 between 2010-2012.

<sup>21</sup> comScore MMX MP, September 2014. Base: Total Digital Population (n = 47,312,000). Note: This only includes the catch-up websites via browsers.

<sup>22</sup> Ipsos MORI Research, 2014. Published as part of *PSB Review*:

<http://stakeholders.ofcom.org.uk/consultations/psb-review-3/supporting-documents/>

<sup>23</sup> All adults is total sample, not just those who are listed as users of on-demand/catch-up services.

<sup>24</sup> Prior to 2012, this measure did not include app visits.

the entire review period, visits to C4C's websites alone decreased slightly (by 2.5%) from 360 million in 2010 to 351 million in 2013. However, it is likely this fall was directly related to the growth in app use. We note C4C's intention to innovate further in the on-demand and online space in 2014-15, with the announcement that it intends to replace 4oD with a new single on-demand/online service *All4*.

### **Increased investment in feature film development**

2.28 C4C increased its spend on UK film production in real terms, after committing to invest at least £15m a year from 2011. The number of Film4-supported films released in UK cinemas doubled over the review period, from six in 2010 to 12 in 2013. It also won 144 awards in 2013. This included three Oscars, two BAFTAs and one Golden Globe for *12 Years a Slave*.

### **C4C demonstrated an ongoing commitment to its off-screen duties over the review period**

#### **C4C continued to nurture new talent**

2.29 Despite the challenging economic backdrop, C4C continued to provide a variety of internal work placements and off-screen opportunities, aimed at people seeking a career in the media sector, through a range of in-house and external initiatives. C4C also increased the volume of on-screen strands dedicated to new talent.

#### **C4C partnered with a range of cultural organisations**

2.30 C4C worked with a variety of cultural organisations over the review period, in a range of capacities from producing content to its distribution. Examples of partnerships include the BFI, the Science Museum, Arts Council England and a range of art galleries such as the Tate.

### **Consultation**

2.31 The findings contained within this report form Ofcom's provisional view of the extent to which C4C has delivered its media content duties, as required by Section 198C of the Communications Act 2003. We are consulting on these findings alongside our PSB Review and welcome responses to the following question:

*Do you agree with Ofcom's provisional findings in the Review of C4C's delivery of its media content duties?*

2.32 We invite responses to the consultation question before the consultation closes on 26 February 2015. More details of how to respond, along with Ofcom's consultation principles are set out in Annex 3 and Annex 4 of the PSB Review.

## Section 3

# Background to the review

## C4C's place within the evolving media landscape

- 3.1 In recent years there have been a range of changes to the media landscape, which have provided both opportunities and challenges for all of the UK PSBs. However, the combination of C4C's publicly-owned status, size and scale, its regulatory remit and business model, and its particular target audience means that the issues it faces are perhaps more acute than those currently confronting the other main PSBs.
- 3.2 With the growth in multichannel TV, all of the main five PSBs have lost audience share over the last decade, but C4C's main service, Channel 4, has been particularly badly hit; its total audience share has fallen by almost half (4.5 percentage points) over the past ten years, from a share of 9.4% in 2003 to 4.9% in 2013. Despite this drop, C4C's total audience share for its family of channels has remained resilient. C4C actually managed to grow its total family share by 6.8%, from 10.3% in 2003 to 11% in 2013. It achieved this through the successful development of its wider portfolio of channels, which continue to deliver key advertising demographics and provide essential cross-subsidy funding for content broadcast on the main channel. However, over the narrower timeframe of the review period (2010-2013) the total family share fell slightly.

## The Digital Economy Act set out new media content duties for C4C to deliver via its full range of services

- 3.3 As part of the then Government's response to the changes in media content supply and consumption, the Digital Economy Act 2010 ("the DEA") extended C4C's obligations beyond the main channel by introducing media content duties<sup>25</sup> for C4C to deliver across its full range of services. These duties span a number of areas including (but not limited to) content-focused obligations, such as requirements to deliver certain content genres, e.g. news. In performing its duties C4C is obliged to promote particular societal objectives; for example, to support and stimulate well-informed debate. It is also required to make high-quality films for cinema release, and to deliver a range of off-screen obligations covering (among other things) the distribution of media content, supporting the development of creative talent and working with cultural organisations.
- 3.4 The DEA also introduced a requirement<sup>26</sup> for Ofcom to carry out reviews of the extent to which C4C has discharged its media content duties, and to report on its findings. The period to be covered by such a review is the period selected by Ofcom for a PSB Review. Ofcom is undertaking a PSB Review covering the years 2008-13. This review of C4C therefore covers the period from June 2010 (when C4C's media content duties came into force) to the end of December 2013<sup>27</sup>.

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<sup>25</sup> Inserted into the Communications Act 2003 as Section 198A. See Annex 1 for summary of media content duties and Annex 2 of the *PSB Review* for full Statutory Framework.

<sup>26</sup> Inserted into the Communications Act 2003 as Section 198C. See Annex 2 of the *PSB Review* for full Statutory Framework.

<sup>27</sup> As the data sets used to inform the review are produced using annual data, the analysis also includes the first five months of 2010.

## C4C's content strategy over the review period 2010-2013

- 3.5 In its annual SMCPs, C4C sets out its content strategy for the coming year and reviews its performance over the previous 12 months. The overarching narrative in the SMCPs throughout the review period focused heavily on C4C's decision to overhaul the main channel's peak-time schedule, a process referred to in the SMCPs as '*Creative Renewal*'. C4C characterised 2010 as a year of transition. In response to falling viewing share to the main channel and declines in several audience survey measures focused on channel reputations, C4C prepared to 'revitalise' the schedule under the leadership of new Chairman, Lord Burns, and new Chief Executive, David Abraham. Proposed changes included axeing *Big Brother* and other long-running series in order to release funding and slots in the schedule for a larger volume of new programming.
- 3.6 In 2011 C4C appointed a new Chief Creative Officer, Jay Hunt, and increased the number of new and one-off programmes on the main channel between 6pm and midnight by 10%. New shows included drama series *Fresh Meat*, comedies *Friday Night Dinner* and *Black Mirror*, and documentaries such as *24 Hours in A&E*.
- 3.7 2011 also represented a year of development for C4C's on-demand and online services. To extend further its delivery of content, the 4oD app was launched on a range of new devices including iPhones, iPads and Xboxes. C4C also focused on its provision of multi-platform content in this year, experimenting with a range of new content online to complement its broadcast output, e.g. play-along games for the *Million Pound Drop* and *The Bank Job*, and the live streaming of *Hippo: Wild Feast Live*. C4C also started the Convergent Formats fund, to experiment with new formats.
- 3.8 In 2012 C4C launched its two-year Investing in Innovation strategy, drawing down surplus cash reserves from previous years to boost its originations budget in 2012 and 2013. In addition to *The Paralympics*, new content shown on the main channel included *The Undateables* and *The Bank of Dave*.
- 3.9 In a move to help increase the reach of its new PSB content C4C launched 4Seven in 2012, a channel dedicated to re-broadcasting the most popular Channel 4 shows from the past seven days. This formed part of a broader strategy to help C4C meet the challenges of a converging media landscape, which also included investing in mobile apps and connected television, and its data strategy. By the end of 2013, 4Seven had achieved an audience share of 0.3%, equivalent to 2.7% of all viewing to the C4C family of channels. C4C also rebranded More4 in 2012 with a greater focus on lifestyle programming such as *Grand Designs* and *Phil Spencer: Secret Agent*.
- 3.10 C4C reduced its total content spend and UK-originated spend slightly, to £597m and £429m respectively, in 2013, in line with its *Investment in Innovation* plan. C4C continued to schedule a raft of new shows including *Utopia*, *Gogglebox*, *The Mill* and *The Fried Chicken Shop*, but also started placing greater focus on commissioning series of successful programmes generated during the previous two years. These included a second series of *Black Mirror* and fixed-rig documentary *Educating Yorkshire*, which followed the success of *Educating Essex* in 2011.
- 3.11 Following the boost in investment in 2012 and 2013, C4C reported that it planned to move the business back to break-even in 2014. In its 2013 SMCP, C4C stated that its focus in 2014 would be to commission longer runs of returning shows to create a strong spine to the peak-time schedule, as well as 'peppering' the schedule with further new and one-off programmes. Specifically, C4C stated the ambition to grow

E4's audience share in 2014, while still maintaining its appeal to young people and its provision of distinctive original commissions, particularly drama and scripted reality commissions such as *Made in Chelsea*.

### **C4C's data strategy over the review period 2010-2013**

- 3.12 C4C placed considerable emphasis throughout the review period on pursuing a detailed data strategy to build direct relationships with viewers. In 2011 it appointed a new Director of Audience Technologies and Insight and made a substantial investment in a new database of C4C-registered users. By the end of the review period, more than 10 million people had registered with 4oD, including half of all UK 16-24 year olds. As well as continued growth in the number of registered users, C4C focused on consolidating levels of 'logged-in viewing', in order to gain more precise data about what registered users were watching. C4C reports that the benefits of this strategy have been two-fold:
- i) **providing registered users with a more personalised viewing experience.** C4C uses viewer behaviour data from 'logged-in viewing' to recommend content it thinks users will want to watch, both through personalised email recommendations and a 'watch next' function on 4oD. Registered users also have access to additional content, including online premieres of programmes e.g. *Fresh Meat* and archive content; and
  - ii) **increasing C4C's commercial returns from advertisers.** In 2013 C4C introduced demographically-targeted advertising for the first time, enabling advertisers to promote products tailored to specific viewers or groups.
- 3.13 By 2013, an average of 29.5% of all 4oD views came from logged-in registered viewers.

## Section 4

# C4C's overall performance

- 4.1 This section focuses on the initial key findings related to C4C's performance in meeting the broad duty to participate in *the making of a broad range of relevant media content of high quality that, taken as a whole, appeals to the tastes and interests of a culturally diverse society*. Detailed supplementary data for these findings, and for C4C's performance with regard to duties not considered in this or the following sections, can be found at Annex 3.
- 4.2 'High quality' can be assessed in a range of ways which are explored below. The first way is by using content expenditure as a proxy for quality.

## C4C increased investment in first-run originated content on the main channel over the period of the review

- 4.3 Over the review period C4C increased its first-run originated spend on Channel 4, showing a high number of new and one-off programmes on the main channel, particularly in peak time. Across the review period, the vast majority of content spend was invested in the main channel (81.4% of total content spend and 89.7% of UK originated content spend in 2013). The volume of new content shown on C4C's different services reflects this distribution of spend.

### Content investment – expenditure

- 4.4 Section 3 described C4C's strategy to overhaul the output of Channel 4 (and to some extent its portfolio channels) by drawing down cash surpluses generated in previous years to fund a two-year Investing in Innovation strategy in 2012 and 2013. C4C reported that this represented a record spend on content in nominal terms, with both total content spend and first-run originated content spend increasing over the review period<sup>28</sup>.
- 4.5 However, Ofcom adjusts expenditure figures for inflation (see Annex 2 for details). Once this is taken into account, the data<sup>29</sup> indicate that, in real terms, C4C's total content spend (first-run originations plus UK and global acquisitions and repeats combined) across its full suite of media services actually fell by 6.3% over the review period, from £637m in 2010 to £597m in 2013. The same was true for the main channel<sup>30</sup>; with total spend falling by 7.1% in real terms, from £523m in 2010 to £486m in 2013. However, this represented a smaller decline than the decline in total spend seen for all of the main five PSBs' spend combined (15.8%).
- 4.6 In contrast, C4C increased its real-terms investment in first-run originated content on the main channel by 8.2% over the review period, spending £382m on the service in 2013, while the main five PSB channels' spend combined fell by 12%. BBC One and ITV reduced their equivalent investment by 22.7% and 9.2% respectively. This greater investment by C4C is encouraging, particularly in the context of a period of considerable economic uncertainty.

<sup>28</sup> C4C Annual SMCPs can be found here: <http://www.channel4.com/info/corporate/annual-report/>

<sup>29</sup> Total content spend across all C4C services taken from C4C SMCPs 2010-2013

<sup>30</sup> Total content spend on the main channel taken from annual broadcaster returns 2010-2013

Figure 1.1 PSB first-run originations spend, by channel, real terms (£m): 2010-2013



Source: Ofcom/Broadcasters. Note: Figures are expressed in real terms (2013 prices). BBC Digital includes BBC Three, BBC Four, CBBC, CBeebies, BBC News, and BBC Parliament. The analysis does not include S4C, BBC Alba, or BBC HD. Figures exclude nations/regions programming.

4.7 As Figure 1.2 shows, C4C also increased its real-terms spend on total originated content (first-run and repeats) over the review period, by £30m (7.5%) to £429m (peaking in 2011) as shown below. The growth was largely driven by an increase in total originated content spend on the main channel. This represented 89.7% of the total originations budget in 2013. Spend on total originations on C4C's portfolio channels increased by £6m (20%) to £36m, while spend on originated output on digital media services fell by £5m (38.5%).

Figure 1.2 C4C spend on total originated content (including repeats), real terms (£m): 2010-2013

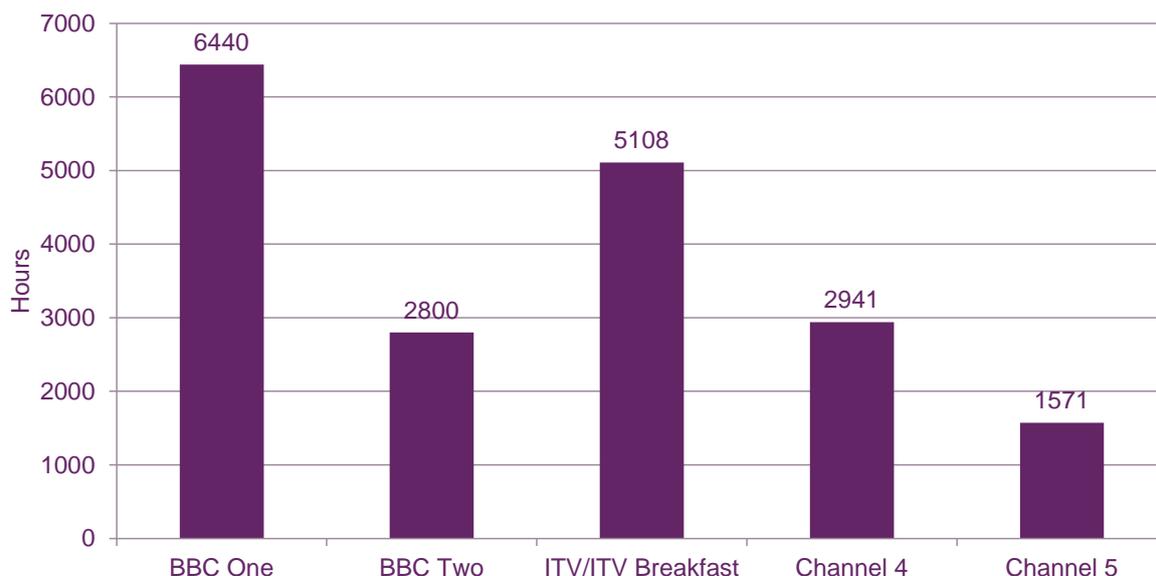


Source: C4C Statements of Media Content Policy data. Note: Figures were provided in nominal terms but have been converted into real terms (2013 prices)

## Content – output hours

4.8 The volume of originated content on Channel 4 fluctuated over the review period, mirroring the patterns in content spend. In 2013, Channel 4 broadcast the third highest number of first-run originated hours of all the main five PSB channels, behind BBC One and ITV and just ahead of BBC Two. It showed 2.3% (69 hours) fewer hours in 2013 than in 2010, when Channel 4 was still broadcasting *Big Brother*. 2012 represented a peak in first-run originated hours (3305 hrs) reflecting the corresponding peak in first-run originated content spend in that year.

Figure 1.3 PSB first-run originated hours, by channel: 2013



Source: Ofcom/broadcasters. The analysis does not include S4C, BBC Alba or BBC HD. Figures exclude nations/regions programming. Output hours are based on slot times.

4.9 Comparing 2010 and 2013, the average daily hours of first-run originated content on Channel 4 were stable, falling by an average of just 0.1 hours per day, from 8.2 hours in 2010 to 8.1 in 2013. Figure 1.4 shows that if *Big Brother* output on the main channel is excluded from the figures, the volume of other new UK output actually increased over the review period, with an average of 0.7 hours per day more first-run content in 2013 than in 2010. As with spend, the vast majority of first-run originated content was shown on the main channel (94.2%).

Figure 1.4 Average daily hours of first-run originations across C4C's TV channels: 2010-2013



Source: C4C Statements of Media Content Policy data 2010-2013

4.10 The average daily hours of first-run originations broadcast on the portfolio channels fell by 81.5% between 2010 and 2013. However, as Figure 1.4 above shows, the entire reduction can be attributed to the loss of *Big Brother*. A daily average of half an hour of other first-run originated content was shown across the portfolio channels during each year of the review period.

4.11 C4C continued its strategy to schedule the majority of its new programmes during peak time, with the objective of maximising the impact of its output, both in viewing and advertising revenue terms. In 2013 70% of output broadcast on the main channel during peak time<sup>31</sup> was first-run originated content, compared to 34% of output across the day. When repeats of these new programmes are taken into account, the figures for originations on Channel 4 rise to 78% of peak-time output and 61% of output across the entire day.

## Provision of a wide range of high quality, original content

4.12 Throughout the review period C4C invested in a blend of successful established Channel 4 programme brands such as *Grand Designs*, *Hollyoaks* and *Embarrassing Bodies* and a range of new content including *Utopia*, *Educating...* and *Gogglebox*, which collectively attracted a broad spectrum of viewers to the main channel. Ofcom's research shows that 66% of the viewers interviewed agreed that Channel 4 shows well-made, high-quality programming, versus a PSB average of 65%. C4C also delivered a wide variety of new and one-off programmes on the main channel, in numbers that compare favourably with the other main PSBs. As with the total hours of first-run originations, the total number of new and one-off programmes produced in each year mirrors the pattern of spend over the period

<sup>31</sup> Peak time is 6pm – 10.30pm

**Figure 1.5 Number of new and one-off programmes shown on the main five PSB channels between 6pm and midnight: 2010-2013**



Source: C4C Statements of Media Content Policy data. Analysis carried out by Attentional commissioned by C4C

- 4.13 The 5.4% reduction in the total number of new and one-off evening programmes shown on the main channel between 2012 and 2013 reflects, in part, C4C’s strategy to spend slightly less on content in 2013, as well as its decision to spend more of its budget on additional episodes of successful series generated by the Creative Renewal process, e.g. *Black Mirror* and, as a result, spend proportionally less on fewer one-off programmes.
- 4.14 Given Channel 4’s relatively strong provision of new and one-off programmes compared to the other main PSBs, it is interesting that Ofcom’s PSB tracker suggests that only 49% of viewers interviewed strongly agreed with the statement that Channel 4 “shows new programmes made in the UK”, below the main PSB average score of 53%<sup>32</sup>. This may reflect the smaller total number of UK-originated hours shown by Channel 4, compared with BBC1 and ITV (see Figure 1.3) or it may indicate a lack of awareness of some of C4C’s output among some viewers. In contrast, 63% of viewers taking part in the same survey agreed<sup>33</sup> with the statement that Channel 4 “shows programmes I want to watch” which is a strong performance compared with the main PSB average score of 56%.

## Genre range and performance

- 4.15 The main channel also showed a variety of first-run originated programming in a broad range of genres. Across C4C’s total TV family, the genre mix for first-run originations remained relatively stable between 2010 and 2013, except for factual content, which nearly halved from 2010 to 2011 following the decommissioning of *Big Brother*. The volume of first-run originated drama output fluctuated over the period,

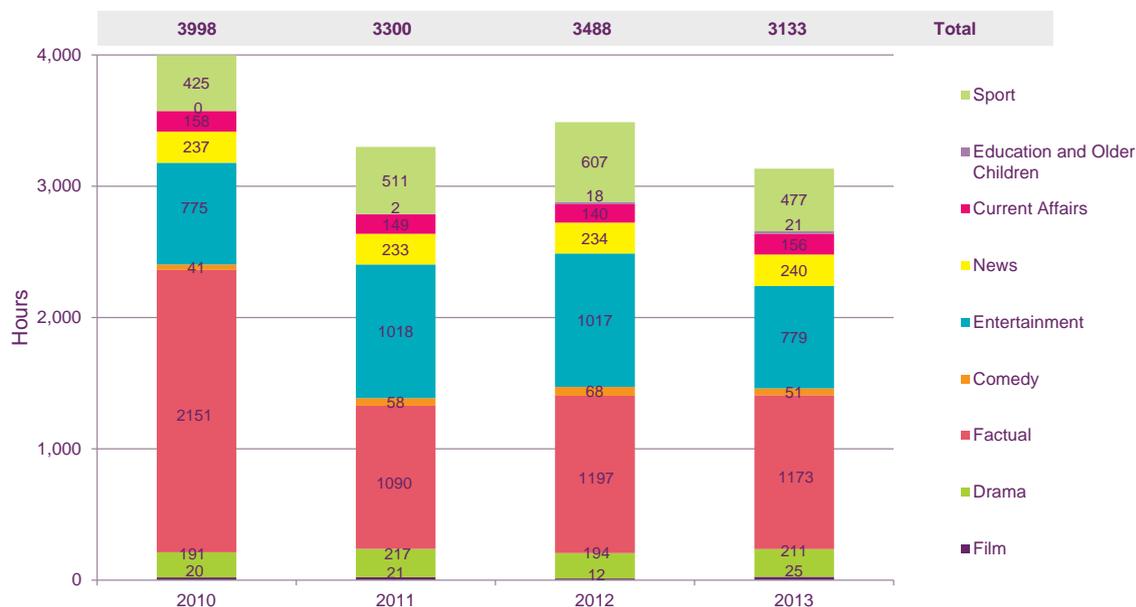
<sup>32</sup> Ofcom *PSB Tracker* 2013. Information about the research can be found in Annex 2. Data tables published:

[http://stakeholders.ofcom.org.uk/binaries/research/statistics/2014May/PSB\\_Tracker\\_2013\\_tables.pdf](http://stakeholders.ofcom.org.uk/binaries/research/statistics/2014May/PSB_Tracker_2013_tables.pdf)

<sup>33</sup> Percentage of regular viewers rating the channel 10/9/8/7 out of 10 (where 10 is the highest and 0 is the lowest) against the statement shown.

with an increase of 20 hours, or 10.5%, when 2010 and 2013 are directly compared. While the number of hours of first-run originated entertainment programming in 2013 was comparable to 2010, it was a lot lower than the number of hours shown in 2011 and 2012.

**Figure 1.6 Hours of first-run originations shown across the C4C TV family, by genre: 2010-2013**



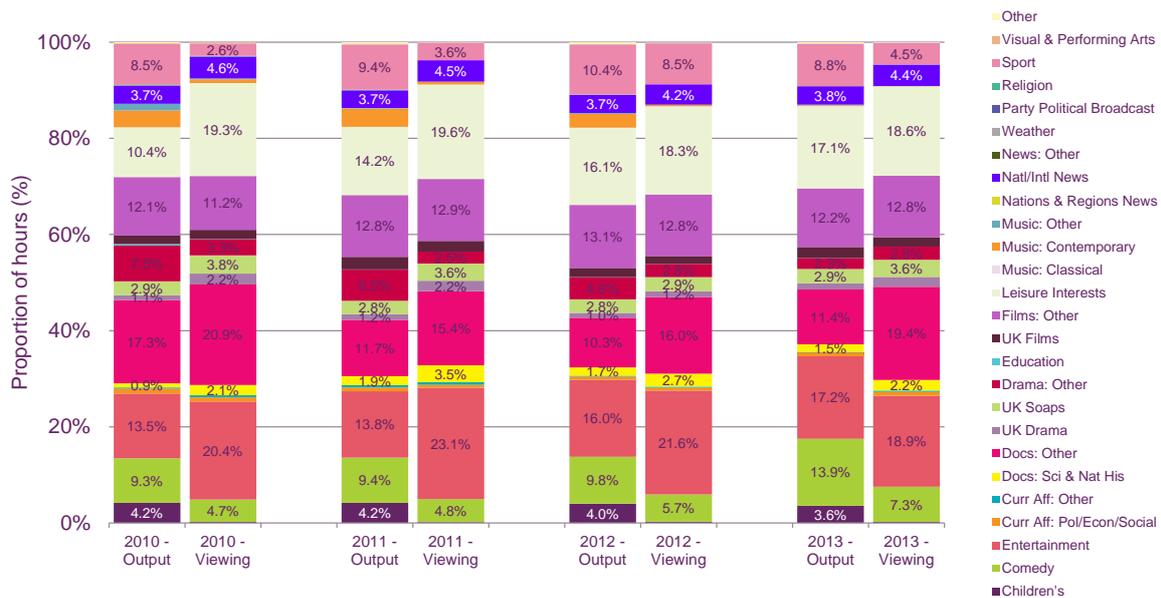
Source: C4C Statements of Media Content Policy data

4.16 Analysis of BARB data shows that on the main channel the proportion of total output hours and corresponding viewing hours for each genre were broadly similar in most cases. However, documentaries<sup>34</sup> performed particularly well on Channel 4. They attracted proportionally more viewers than any other genre in 2013, delivering 21.6% of all viewing to Channel 4 despite accounting for just 12.9% of the main channel's output. Figure 1.7 shows that this was a stronger performance than in 2010, when documentaries made up a greater proportion of Channel 4's output, but viewing was at a similar level. Entertainment and leisure programming were the next most popular genres with viewers, accounting for 18.9% and 18.6% of the audience respectively. However, entertainment did not perform as strongly in 2013 as it did in 2010; although output increased from 13.5% to 17.2% over the period, viewing share fell from 20.4% to 18.9%. Genres which underperformed (where the proportion of output exceeded the proportion of viewers) included comedy, children's and sport<sup>35</sup>.

<sup>34</sup> Total documentaries (including science and natural history documentaries and 'other' documentaries as classified by BARB)

<sup>35</sup> Genre categorisations may differ between the broadcaster returns data used in the previous analysis compared to this BARB analysis.

Figure 1.7 Range of viewing, by genre versus output range on Channel 4 - all individuals, all day: 2010–2013

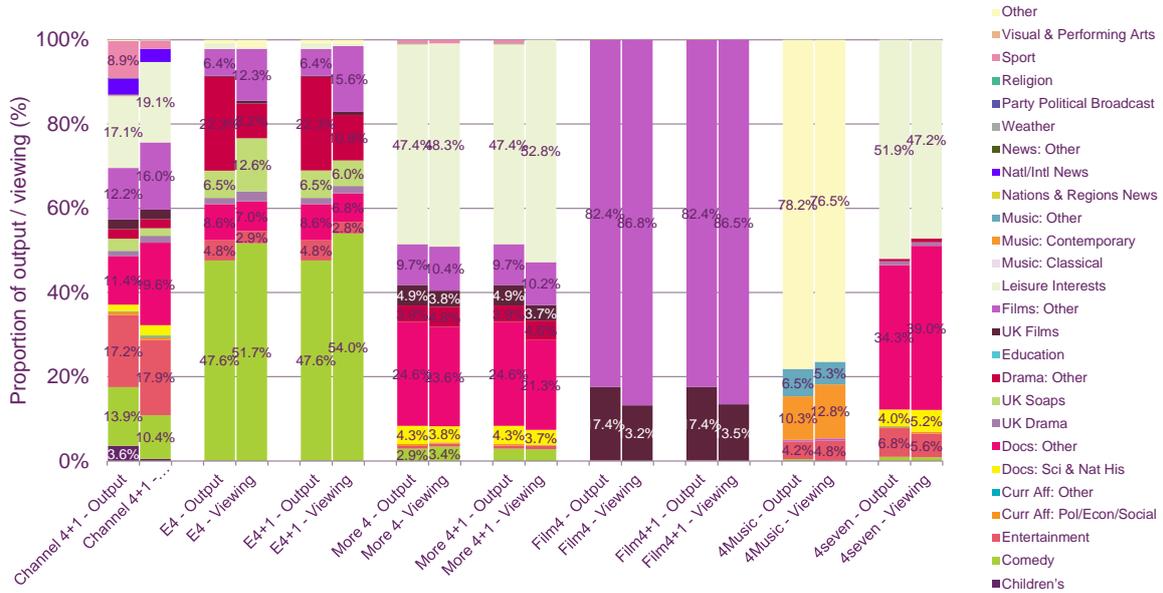


Source: BARB. All Individuals (4+), Network. Network programming based on 4+ area filter.

## The portfolio channels

4.17 The content mix on each of the portfolio channels differs substantially from the main channel. Acquired programmes and repeat originations make up a much greater proportion of their output. The range of genres covered also tends to be narrower, reflecting a focus on a specific age or interest group. Audiences for comedy, lifestyle and film were particularly well served by the portfolio channels E4, More4 and Film4 respectively. Over the review period, an increasing proportion of viewing to E4 was to comedy, rising above 50% of all viewing in 2013, while around half of viewing to More4 was to leisure programming.

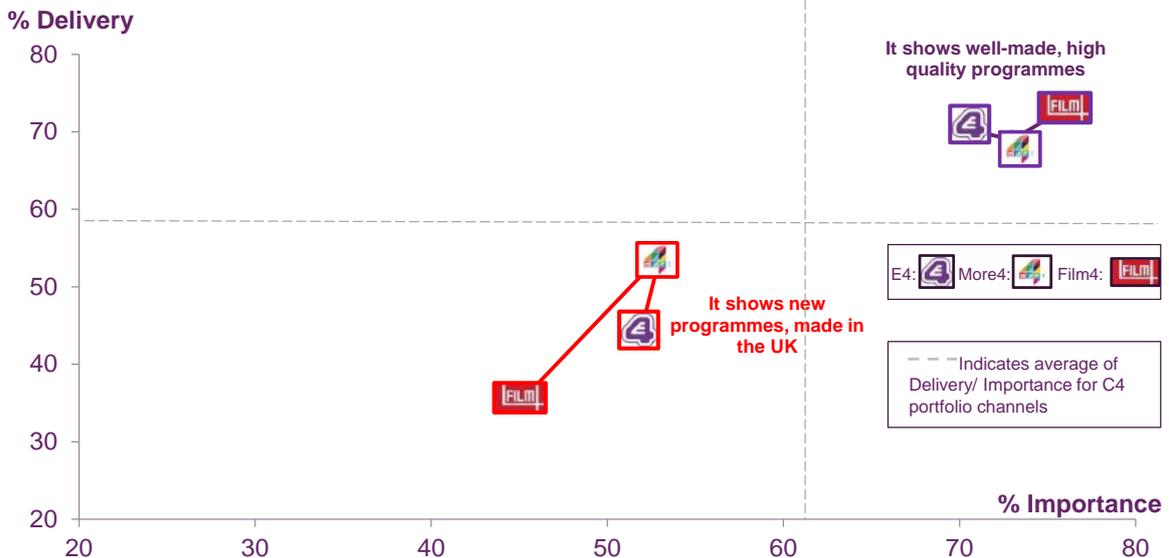
Figure 1.8 Range of viewing, by genre versus output range on the Channel 4 portfolio channels, all individuals, all day: 2013



Source: BARB. All Individuals (4+), Network. Network programming based on 4+ area filter.

4.18 Consistent with our findings for the main channel, respondents to Ofcom’s audience research also considered the output of C4C’s portfolio channels to be high quality. However, reflecting C4C’s limited investment in first-run originated content beyond the main channel, the portfolio services received lower scores than the main channel for delivering UK original content.

Figure 1.9 Extent to which regular viewers to C4C’s portfolio channels rate the channel for the statements shown



Source: Ofcom PSB portfolio channels research 2014. Summary % of respondents rating 10/9/8/7, where 10 is the highest and 0 is the lowest. Base: Regular viewers to each channel (E4 387, More4 229, Film4 329)

## On demand and online

- 4.19 C4C showcased some first-run originated content on its on-demand and online platforms during the review period, including the *Comedy Blaps* strand, which featured online and on 4oD exclusively, without a TV component. C4C also experimented with premiering episodes of UK-originated content, such as *Fresh Meat* and *Misfits*, on 4oD before they were broadcast on television. During the review period C4C also experimented with a range of multiplatform projects built around TV brands, including the *Million Pound Drop* and *Made in Chelsea* games. This multiplatform element worked particularly well for *Embarrassing Bodies*; a study conducted by Bournemouth University estimated that the range of advice and self-tests provided by the multi-platform experience saved the NHS £280,000 per month in GP surgery time in 2011<sup>36</sup>. In 2010 C4C used the SMCP to highlight its provision of online educational games for young adults (aged 14 – 19), such as *Superme*, *Privates* and *Battlefront*. We note that from 2014 C4C has also made available its *Shorts* series, a range of original ‘bite-size’ shows including *Jamie’s Food Tube* and *Random Acts*, exclusively to all 4oD users.
- 4.20 C4C’s successful cross-platform coverage of the London 2012 Paralympic Games also deserves recognition. C4C broadcast over 500 hours of coverage across multiple platforms, including television and online channels. This was significantly higher than its initial commitment of 150 hours. There were also dedicated Paralympics apps for mobiles and tablets, which allowed users to keep up to date with the leader board, watch clips from events and (for tablet users only) stream the Games live. C4C won a British Interactive Media Award (BIMA) in 2013 for its multiplatform coverage of the Paralympic Games.

## Contributing to fulfilment of public service objectives

- 4.21 The DEA extended a duty *to contribute towards the fulfilment of the public service objectives* to all of C4C’s services. The contribution of the main channel, Channel 4, is assessed as part of the PSB Review. In this review we focus on the contribution of C4C’s wider services, including its portfolio channels, on demand and online services and its film production arm, Film4. This duty is addressed here as it tends to cover a number of similar areas as the requirement *to participate in the making of a broad range of relevant media content of high quality that, taken as a whole, appeals to the tastes and interests of a culturally diverse society*. At a headline level we consider C4C has contributed to a range of the public service objectives in two key ways.
- i) **The provision of new originated content by C4C, which contributes to the public service objectives.** E4’s 2013 series *Youngers* is an example of content that delivered in support of the public service objectives to provide drama, reflect UK culture and provide content for children and young people. C4C also delivered some exclusive content on its on-demand and online services in 2013, including new apps and games, and new content to support its broadcast content, via a range platforms including Instagram and Vine. However, we would expect the impact of such content to be relatively small, due to the limited volume of new originated content available on the portfolio channels, on demand and through its online services.

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<sup>36</sup> *Multiplatforming Public Service Broadcasting* (2012)  
<http://eprints.bournemouth.ac.uk/21021/1/bennett-strange-kerr-medrado-2012-multiplatforming-psb-industry-report.pdf>

- ii) **The distribution of repeats or repackaged Channel 4 (and other C4C PSB-like) content via all of C4C's services** offers audiences additional opportunities to view C4C's PSB output, beyond the main channel. Analysis of BARB data shows that, collectively, the portfolio channels extended C4C's reach by 16.6% (more for younger audiences) in 2013<sup>37</sup>. This represented the greatest level of portfolio reach extension achieved by any of the main PSBs, and is potentially an important tool for exposing viewers to content they might otherwise be unlikely to see. On-demand and online services also offer opportunities to increase the reach and impact of PSB content. For example, the recent *Random Acts* shorts series (produced in conjunction with Arts Council England) contributed to the portrayal of visual and performing arts. It was first aired on Channel 4, and in 2014 was made available on 4oD in the new shorts format. *Channel 4 News* also repackaged some of its long-form output as short-form clips in order to attract new audiences to the material.

- 4.22 It is difficult to assess accurately the scale of the contribution C4C's wider services make to the fulfilment of the public service objectives. While 4Seven's output consists exclusively of highlights from the main channel, and is therefore likely to contain a significant amount of very new originated PSB programming, this is not necessarily the case for the other portfolio channels. For instance, C4C increased its total spend across its TV family on programming which included content of an educational nature (including dramas, history programming, and specialist factual content e.g. cookery shows) by 9.3%, from £92.4m in 2010 to £101m in 2013 (peaking at £109.8m in 2011). The corresponding hours broadcast, more than doubled over the review period (from 5,458 hours in 2010 to 11,794 hours in 2013). It is likely that some of this output will have contributed towards the public service objective to provide *a suitable quantity and range of programmes on educational matters, of programmes of an educational nature and of other programmes of educative value*, but it has not been possible to determine what proportion of hours and spend were allocated to the main channel versus the portfolio channels, or what proportion of this output was UK-originated. Similarly, comedy accounted for 47.6% of E4 output in 2013, but a large proportion of this was US acquired programming and so is unlikely to have contributed to the public service objective to *reflect cultural activity in the UK*. However, the proportion of UK feature films broadcast on Film4 (17.4% in 2013<sup>38</sup>) is likely to have contributed to this objective, as well as the requirement to *reflect the lives and concerns of different communities and cultural interests and traditions within the UK*.
- 4.23 We also note that C4C spent £173m on content from outside London in 2013 for its family of channels, up by approximately 7% in real terms from 2012. Again, the data do not enable us to determine what proportion of TV spend was attributable to services beyond the main channel. But we do know that 33% of the online budget was spent outside London in 2013, demonstrating the contribution of C4C's broader services towards the public service objective to: *so far as they include material made in the United Kingdom, include what appears to Ofcom to be an appropriate range and proportion of material made outside the M25 area*.
- 4.24 For completeness, it should also be noted that in 2014 Ofcom decided to increase the main channel's out-of-England production quota as part of the Channel 4 licence

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<sup>37</sup> Analysis looks at the reach of each PSB family's channels combined, the main PSB channel and the additive reach from the portfolio channels among all individuals. Reach criteria = 15mins consecutive viewing.

<sup>38</sup> Based on BARB subcategory output data. This may vary to broadcaster annual returns data.

renewal process;<sup>39</sup> to 9% by volume and spend from 1 January 2020. Until then it will remain at 3%. Channel 4 has exceeded the current out-of-England quota since its introduction<sup>40</sup>. C4C has also confirmed to us its intention to increase commissioning from the nations on a broadly steady level between the outset of the licence period in 2015 and 2020, and its aspiration to commission in each of the nations<sup>41</sup>.

Productions made in the nations, or in any other geographic location, may not necessarily reflect the place in which they are made; nor should nations' producers be limited to making such programming. However, programmes that go to meet the out-of-England quota may contribute to the public service objective to *reflect the lives and concerns of different communities and cultural interests and traditions within the UK and locally in different parts of the UK*. We have discussed with C4C, as part of the SMCP process, how Channel 4's contribution to this public service objective should be reported in its SMCP. We will continue to engage with C4C on developing appropriate metrics for this.

- 4.25 In fulfilling its media content duty to *distribute content via a range of electronic communications networks*, C4C increased the opportunities to view PSB output. C4C has made its channels and on-demand service, 4oD, available on an increasing range of platforms and devices over the review period, up from six in 2010 to 19 in 2013. These included mobile devices, YouView and Netflix.
- 4.26 Despite the difficulties of measurement, the available evidence indicates that C4C's wider services made a positive contribution to the fulfilment of the public service objectives over the review period, particularly with regard to extending the reach of UK-originated content.

### **Audience perceptions of delivery of the public service objectives via the portfolio channels**

- 4.27 The findings from Ofcom's PSB portfolio channels research<sup>42</sup> suggests that viewers perceive that C4C's portfolio channels contribute to the public service objectives. As previously discussed, overall, viewers considered that the portfolio channels provided 'high quality' programming - this is a key PSB content characteristic. The higher score for drama and soaps on E4 (shown in Figure 1.10) is likely to reflect the provision of *Hollyoaks* and a small amount of original drama shown exclusively on E4. Portfolio channels scored less well for providing programmes about history, science and the arts (More4 performed best here); but viewers do not appear to place a great deal of importance on the provision of this type of content on these services. This may reflect audiences' expectations of the content genres they expect to find on tightly-targeted channels such as E4.

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<sup>39</sup> Ofcom *Channel 4 Licence Renewal Statement* 2014:

[http://stakeholders.ofcom.org.uk/binaries/consultations/renewal-c4-licence-out-of-england-quota/statement/Channel\\_4\\_Licence\\_Renewal\\_Statement.pdf](http://stakeholders.ofcom.org.uk/binaries/consultations/renewal-c4-licence-out-of-england-quota/statement/Channel_4_Licence_Renewal_Statement.pdf)

<sup>40</sup> Ofcom *PSB Compliance Report* 2013 (C4C figures taken from annual returns):

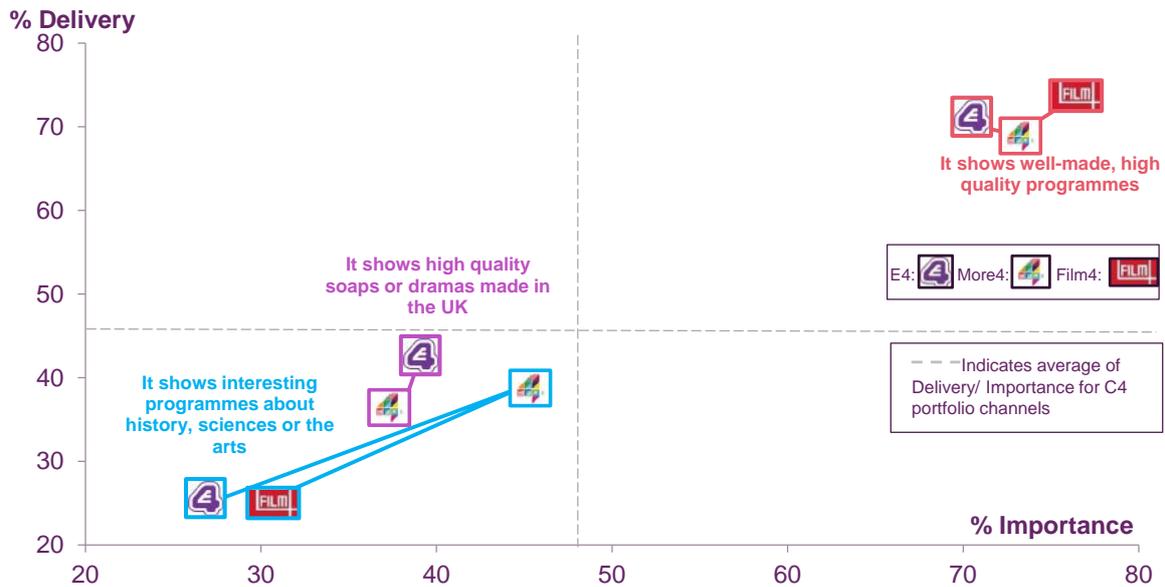
<http://stakeholders.ofcom.org.uk/binaries/broadcast/reviews-investigations/psb-review/compliance14/Network.pdf>

<sup>41</sup> The condition in Channel 4's renewed licence will require that in each annual period from 2020 production spend must be attributable to production centres in each of Scotland, Wales and Northern Ireland.

<sup>42</sup> Ofcom *PSB portfolio channels research*, 2014. Information about the research can be found in Annex 2. Published as part of the *PSB Annual Report* 2014:

<http://stakeholders.ofcom.org.uk/broadcasting/reviews-investigations/public-service-broadcasting/annrep/psb14/>

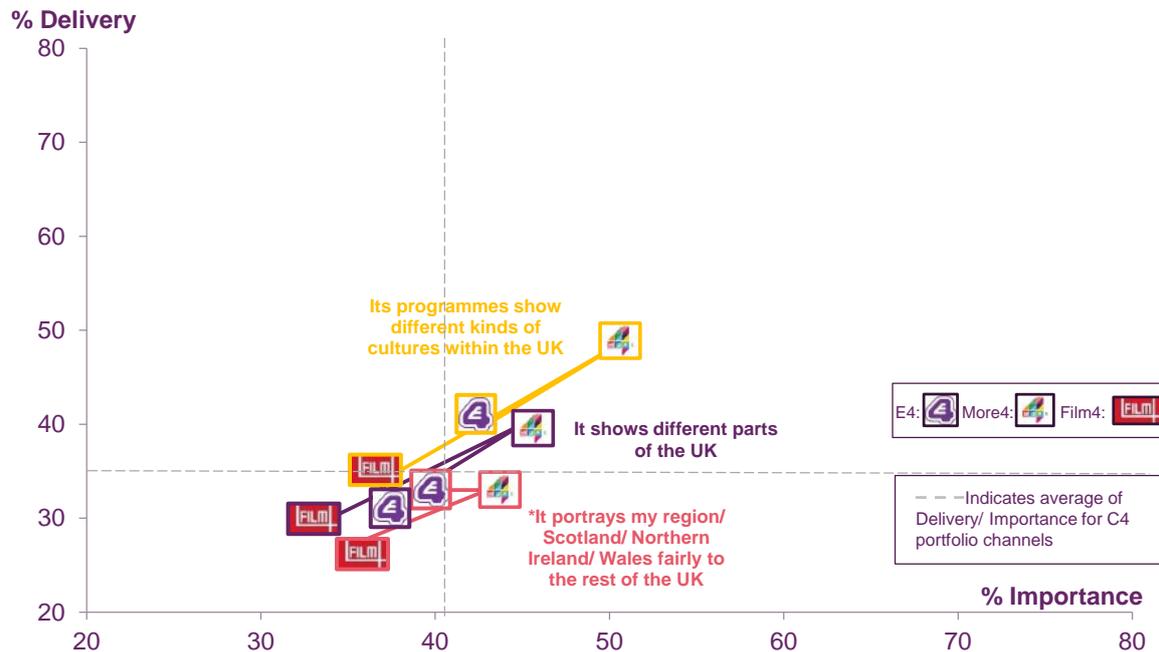
Figure 1.10 Extent to which regular viewers to C4C's portfolio channels rate the channel for the statements shown



Source: Ofcom Online PSB portfolio channels research 2014. Summary % of respondents rating 10/9/8/7, where 10 is the highest and 0 is the lowest. Base: Regular viewers to each channel (E4 387, More4 229, Film4 329)

4.28 With regard to on-screen representation of people and places in the UK on the portfolio channels, Ofcom’s audience research suggests that viewers consider that More 4 performs most strongly in this area, particularly for “showing different types of cultures within the UK”. It also has the highest score of C4C’s portfolio channels for “showing different parts of the UK”. However, like the main channel, which performed less well than the PSB average for “portray[ing] my regions/nations fairly to the rest of the UK” (38% vs. PSB average of 44%), all of the portfolio channels received lower scores for this statement.

Figure 1.11 Extent to which regular viewers of C4C's portfolio channels rate the channel for the statements shown



Source: Ofcom Online PSB portfolio channels research 2014. Summary % of respondents rating 10/9/8/7, where 10 is the highest and 0 is the lowest. Base: Regular viewers to each channel (Channel 4 530; E4 387; More 4 229; Film 4 329) \*Dependent on location of participant

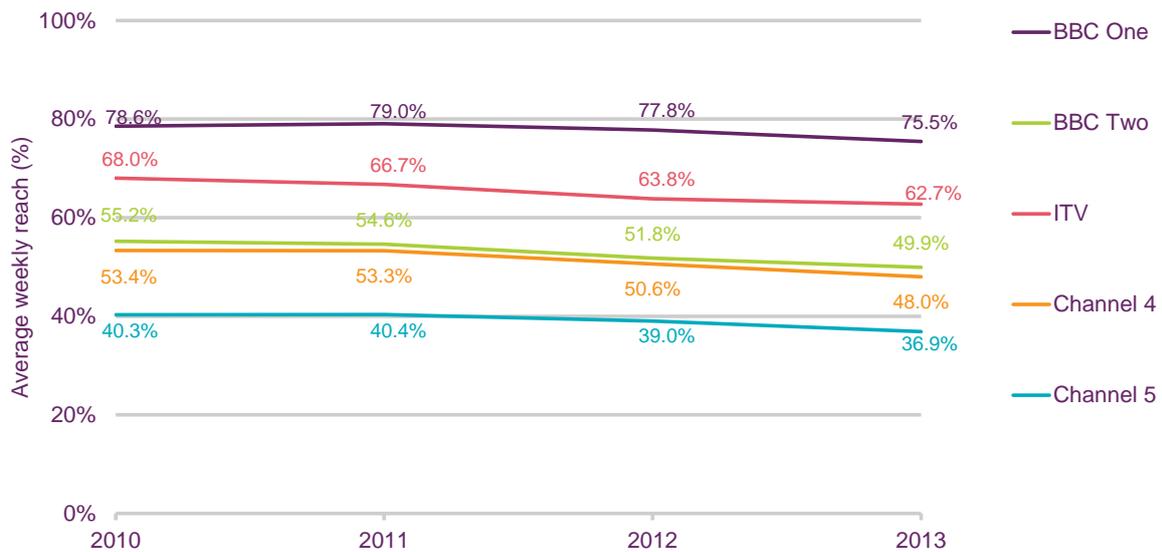
## The main channel's audience reach and share has continued to decline

4.29 In order to deliver its full range of duties successfully, C4C must attract audiences in sufficient numbers to demonstrate the appeal of its content, create impact and generate levels of advertising revenue that can be used to fund high-quality content.

### TV audience reach

4.30 The growth of multichannel TV over the last decade has fragmented traditional TV audiences and has contributed to the fall in average weekly reach for all the main PSBs. But as described in Section 3, C4C faces a unique set of challenges, which means it has been particularly hard hit by this and other changes in consumption patterns in recent years. Channel 4's average weekly reach has dropped most sharply of all the main PSBs over the review period, falling to 48% in 2013 from 53.4% in 2010, a drop of 10.1%. This compares to falls of 9.6% for BBC Two, 8.4% for Channel 5, 7.8% for ITV and 3.9% for BBC One.

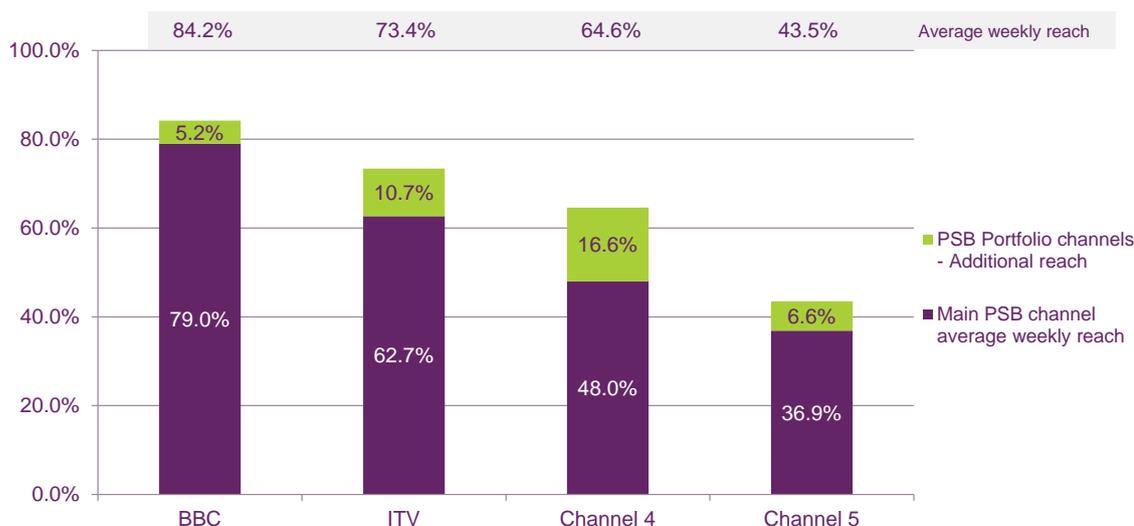
Figure 1.12 Average weekly reach of the main five PSB channels – all individuals: 2010-2013



Source: BARB. All Individuals (4+), Network. Reach criteria: 15 consecutive minutes, full weeks used. S4C average weekly reach 2013 = 0.5%.

4.31 In contrast, the C4C portfolio channels increased their collective additional reach by 3.5 percentage points (or 26.7%), from 13.1% in 2010 to 16.6% in 2013. This represented the largest absolute increase in collective reach of any of the PSB portfolios, although proportionally the growth was smaller than for rest of the five main PSBs (additional reach increased for the BBC portfolio channels by 36.8%, the ITV portfolio channels by 44.6% and the Channel 5 portfolio channels by 53.5% over the same period). Collectively the C4C portfolio channels also achieved the largest additional reach extension of any of the PSB portfolios in 2013. The growth in the reach of the portfolio channels largely offset the fall in reach for the main channel. Overall, the average weekly reach of C4C's total TV family was 64.6% in 2013, down 1.9 percentage points (2.9%) from 66.5% in 2010.

Figure 1.13 Average weekly reach of PSB families split by main PSB channels and portfolio channels, all individuals: 2013



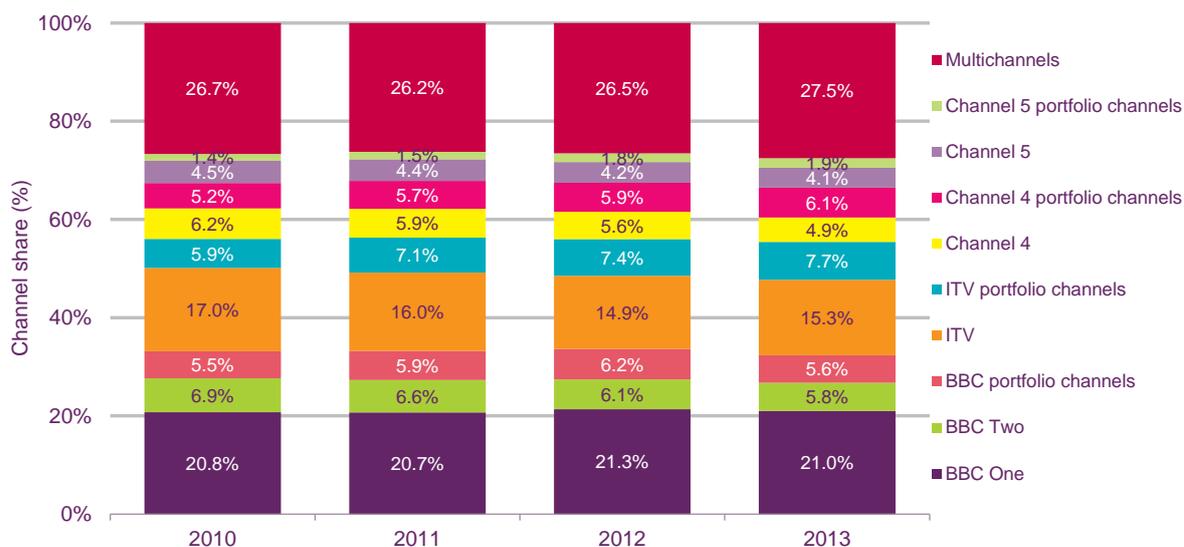
Source: BARB. All individuals (4+), Network. Reach criteria: 15 consecutive minutes, full weeks used. Note: BBC main channel reach includes BBC One and BBC Two. Analysis looks at reach of all PSB family channels combined, the main PSB channel and the additive reach from the portfolio channels.

### TV audience share

4.32 One of C4C's stated objectives in overhauling the main channel's schedule was to stabilise viewing share to the main channel<sup>43</sup>. But in common with BBC Two, ITV and Channel 5, Channel 4's total audience share declined over the review period. Figure 1.14 shows that in absolute terms ITV lost the most viewers (by 1.6 percentage points), but the fall in Channel 4's viewing share was proportionately greater than for the other main PSBs. In 2013 Channel 4 commanded an audience share of 4.9%, down 1.3 percentage points from 2010; this equates to a 21% fall in share. In comparison, BBC Two's share declined by 15.9%, while ITV's and Channel 5's share of the audience fell by 10% and 8.9% respectively.

<sup>43</sup> C4C SMCP 2010

Figure 1.14 Channel shares for the five main PSB channels and their portfolio channels, all individuals: 2010-2013



Source: BARB, All Individuals (4+), Network. Note: Channels include HD variants where applicable.

- 4.33 As with reach, the main channel's decline in total audience share was largely offset by increased viewing to C4C's portfolio channels, which grew their share among all individuals by 0.9 percentage points, or 17.3%. However, this was not enough to maintain C4C's overall TV family share, which fell by 0.4 percentage points (3.5%) over the review period. The BBC's family share fell by 0.8 percentage points (2.4%) between 2010 and 2013. In contrast, ITV and Channel 5 both increased their overall TV family shares; by 0.1 percentage points (0.4% and 1.7% respectively) over the same period.
- 4.34 The decline in the main channel's share was particularly marked between 2012 and 2013, falling by 0.7 percentage points (down 12.5%). C4C argued in its 2013 SMCP that it was hit by BBC One and BBC Two's decision to replace children's programming in the afternoon slots in 2013 with general programming. It also cited the '2012 effect' (increased total TV viewing in summer 2012 due to the halo effect of the Olympic and the Paralympic Games) and pointed to the fragmentation of viewing resulting from digital switchover as a factor in its longer-term decline.
- 4.35 We consider that possible cannibalisation of the main channel's audience by its portfolio services, and changing consumption patterns within an ageing population, could also be contributing factors in the decline of Channel 4's audience share. As discussed throughout the report, the loss in share to the main channel has been largely offset by the growth in share to the portfolio channels. Of its other services, Channel 4 +1 and 4Seven are perhaps the most likely to have directly cannibalised viewing, as they are purely catch-up services. We also know that younger viewers (Channel 4's target audience) are watching less television, while older viewers (who watch proportionally less Channel 4) are watching more, which may be particularly impacting Channel 4's audience share.

4.36 C4C's scheduled major overhaul of the main channel's peak-time<sup>44</sup> output is nearing completion and we note that the rate of share decline in 2014 has slowed in the year to date. We will continue to monitor the overall performance of the main channel.

### Key audiences

4.37 The growth in viewing of the portfolio channels helps financial sustainability. C4C is keen to emphasise that it views its performance in peak time, and among younger demographics, as the most critical to the organisation, both in terms of delivering its remit and for attracting revenue. There have been losses in these areas too, but C4C's particularly strong appeal, among the PSBs, to 16-34 year olds enables it to continue to charge a premium to advertisers who want to reach this age group.

### Performance in peak

4.38 Channel 4's peak-time share among all individuals was 5.3% in 2013, down 17.2% from 2010. While proportionally this decline is not as steep as Channel 4's all-day decline in share (21%), the other main PSBs all had smaller declines in peak time share over the same period, with falls of 3% for BBC One, 6.3% for BBC Two, 7.2% for ITV and 13.3% for Channel 5.

Figure 1.15 Channel shares for the main five PSBs, all individuals, peak time (6pm–10:30pm): 2010-2013



Source: BARB, All individuals (4+), Network. Peak time = 18:00-22:30.

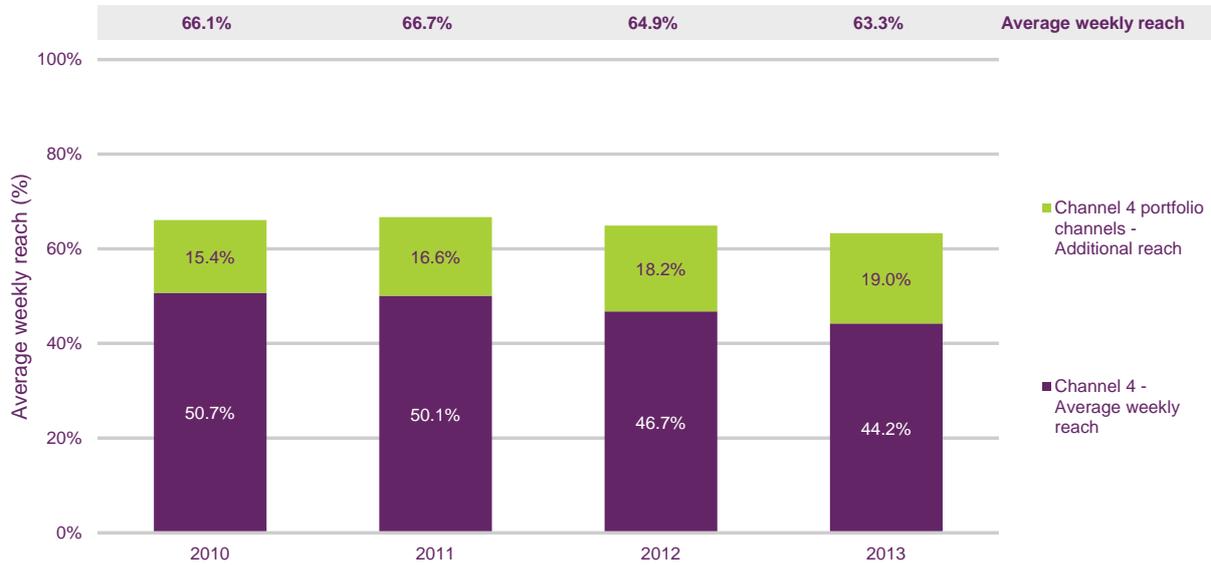
### Performance among 16-34s

4.39 As noted above, C4C identifies 16-34 year olds as a core demographic, both in terms of meeting its programming duties and for attracting crucial advertising revenues. Figure 1.16 shows that, consistent with the viewing pattern for all audiences, the reach of the main channel for 16-34s fell over the review period (12.8%), but this was offset by the additional reach of the portfolio channels, which increased by 23.4%. As a result the total C4C TV family's reach among 16-34s fell by 2.8 percentage points (4.2%) overall, to 63.3% in 2013. In comparison, the BBC's TV family reach among

<sup>44</sup> Peak time is defined as 6:00pm-10:30pm

16-34s fell by 3.1%, ITV's fell by 4.3% and Channel 5's fell by 5.9% over the same period.

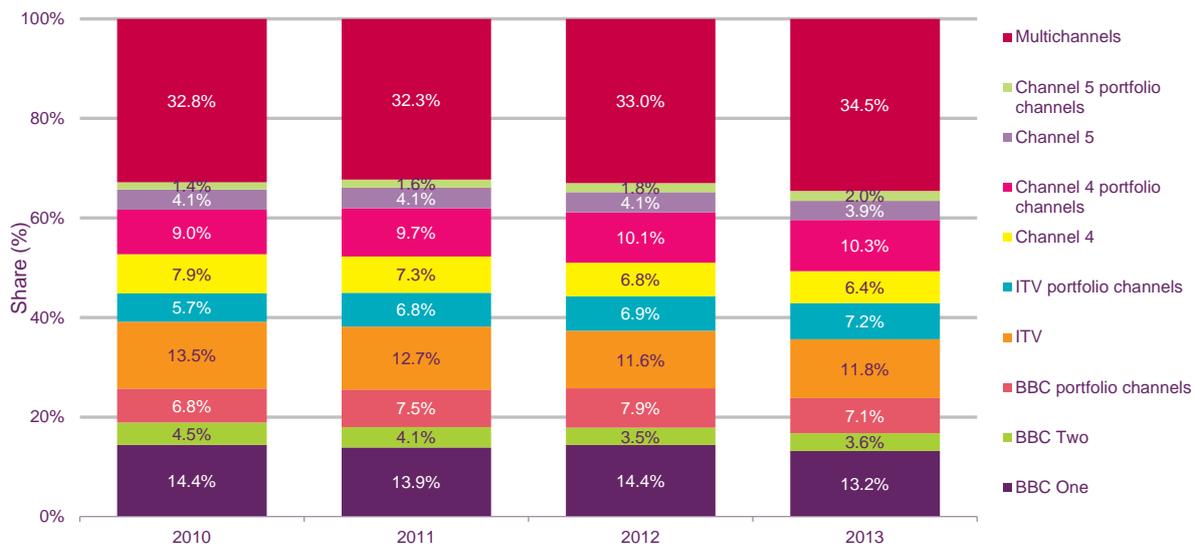
Figure 1.16 Average weekly reach of total Channel 4 family, split by main PSB channel and portfolio channels, adults 16-34: 2010-2013



Source: BARB. Adults 16-34, Network. Reach criteria: 15 consecutive minutes, full weeks used. Note: Analysis looks at reach of all C4C channels combined, Channel 4 and the additive reach from the portfolio channels.

4.40 The same trends apply to audience share. The main channel's share of viewing among 16-34s fell by 1.5 percentage points to 6.4% (19%). But despite this, a large proportion of Channel 4's audience continues to consist of young people, particularly when compared with the other PSBs. In 2013, 30.8% of the main channel's audience was aged 4-34, compared to 15.7% of BBC One's, 20.1% of ITV's and 24.8% of Channel 5's (See Figure 1.26 for more detail).

Figure 1.17 Channel shares for the main five PSB channels and their portfolio channels, adults (16-34)



Source: BARB, Adults 16-34, Network

4.41 In contrast to the main channel, C4C's portfolio channels increased their collective audience share among 16-34s by 14.4% (from 9% to 10.3%) over the review period. As Figure 1.18 shows, C4C was the only PSB broadcaster to attract a higher share of viewing to its total television family among 16-34s than among all individuals over the review period. E4 was particularly successful, increasing its share among 16-34s by 15.9%, from 4.4% to 5.1%, making it the fourth most popular channel with 16-34s (after BBC One, ITV and Channel 4) since 2010. Film4 also increased its share among this age group, from 1.4% to 1.6%. The portfolio channels delivered even greater concentrations of young viewers than the main channel (see Figure 1.26); 61.8% of E4's audience was aged 4-34 in 2013, as was 59.1% of 4Music's audience and 32% of 4Seven's audience, playing a crucial role in the delivery of advertising revenues, with the +1 versions of these services delivering additional viewers and revenue.

4.42 The portfolio channels' increase in share among 16-34 year olds helped to offset the fall in viewing to the main channel. As shown in Figure 1.18, C4C's total television family share among 16-34s fell slightly over the review period (by 1.2%).

Figure 1.18 PSB families' viewing share among 16-34s and all audiences (%): 2010-2013



Source: BARB, Network. All individuals (4+) and Adults 16-34

## Performance among BAME audiences

4.43 Throughout the review period the share difference between C4C's total audience and its BAME audience was far smaller than for the other main PSBs, and this gap became increasingly narrow over the review period. In 2013, the C4C TV family's share among BAME audiences was 10.4% (up from 10.2% in 2010) while the corresponding share among white audiences was 11.1%. News also performed strongly among BAME audiences (see Section 5).

**Figure 1.19 PSB families' viewing share among BAME audiences and white audiences**

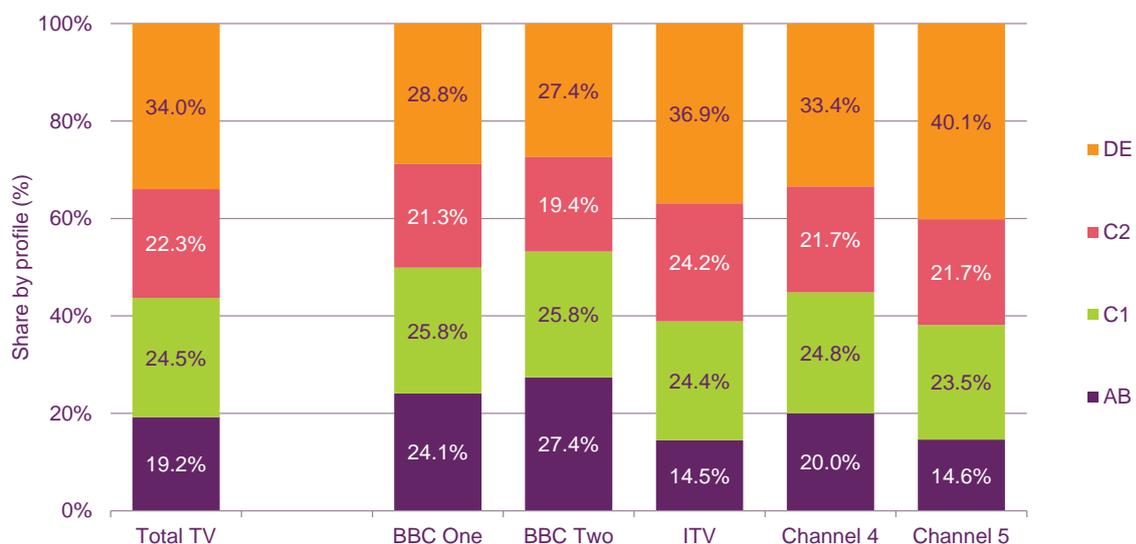


Source: C4C Statements of Media Content Policy Data 2010–2013.

### Performance across socio-economic groups

4.44 The main channel and portfolio channels also appealed to a range of socio-economic groups. As shown in Figure 1.20, of the main five PSBs, Channel 4's audience profile most closely matches the profile of total TV viewers. As with the main channel, the profile of C4C's portfolio channels is also broadly in line with that of total TV. E4+1, More 4+1 and 4Seven are particularly popular with ABC1s, while Film4 and 4Music attract a greater proportion of DEs.

**Figure 1.20 Social-economic profile of viewers, total TV and main five PSB channels: 2013**



Source: BARB, All individuals (4+), Network

### Conclusions

4.45 While the PSB Review focuses on the performance of the main channel, this review considers C4C's performance as a whole. We consider that C4C's portfolio channels are doing a good job in helping to retain most of the group's overall share and to

deliver the crucial 16-34 year old demographic. These services also have the capacity to extend the reach of content originally shown on the main channel to these viewers. We note C4C's strength in attracting a broad range of viewers and we welcome the increase in consumption of C4C's on-demand and online services.

- 4.46 But despite these positives, in our view, declining audiences to the main channel do create the risk that C4C's impact in delivering its full range of duties and obligations<sup>45</sup> will lessen over time, and this remains a concern.

### **Positive audience perceptions of the main channel's output.**

- 4.47 Although viewing share to the main channel has fallen over the review period, audience research studies conducted by both C4C and Ofcom indicate that the main channel is well regarded by audiences in a range of areas.
- 4.48 C4C's own research indicates that before 2010, the main channel's performance on a number of these measures was in decline. C4C stated in its 2010 SMCP that one of the objectives of its Creative Renewal process was to reverse this trend<sup>46</sup>. Over the past four years C4C appears to have gradually achieved this goal, with positive results in areas key of its duties, including diversity (discussed in the next section).
- 4.49 C4C redesigned its audience survey during the review period and these changes have been transparently reported. However, Ofcom is unable to verify independently all of C4C's findings.

### **Alternative perspective findings**

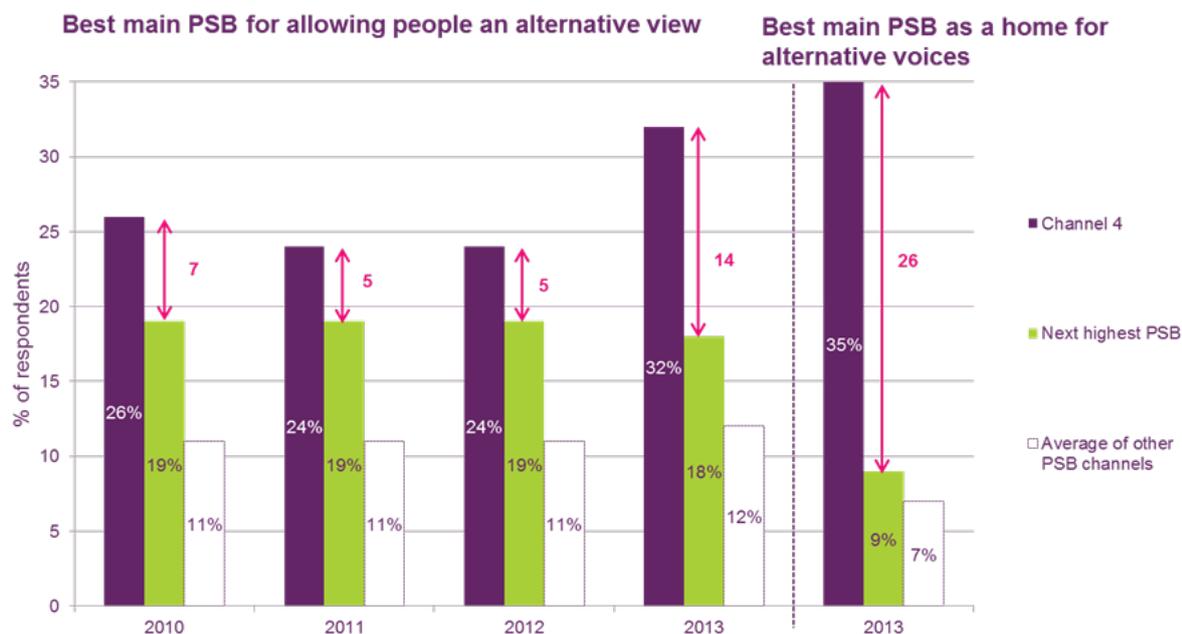
- 4.50 In addition to the research findings quoted elsewhere in this document (most notably on diversity), three of C4C's findings suggest a strong a performance in meeting its media content duties to *challenge established views* and to *promote alternative views and new perspectives*.
- 4.51 First, when audiences were asked in 2013 which PSB was best for "allowing people an alternative point of view", 32% of respondents identified Channel 4, doubling its lead over the next highest PSB since 2010. C4C replaced this statement in 2013 with "best home for alternative voices", which it said was intended to be clearer and easier for respondents to understand. Channel 4 performed particularly strongly with a 26 percentage point lead over the next highest PSB (Channel 5). Since our PSB Tracker does not ask respondents any questions about PSBs providing alternative views and perspectives, we do not have any additional evidence to verify these findings.

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<sup>45</sup> i.e. Channel 4's public service remit and licence obligations, as well as C4C's media content duties which are the subject of this review.

<sup>46</sup> C4C 2010 SMCP

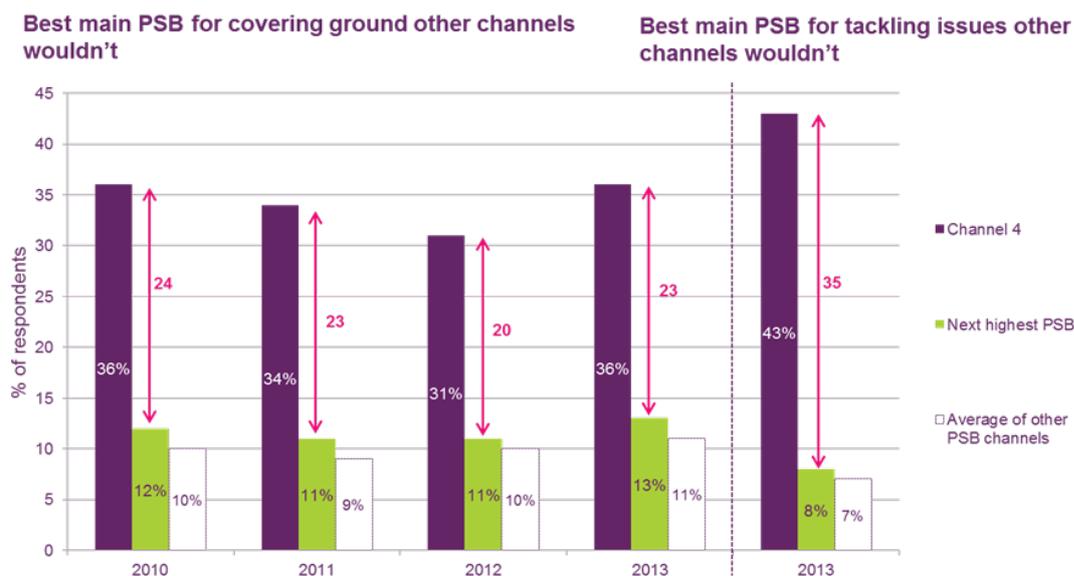
Figure 1.21 C4C reputational metrics – best main PSB for allowing people an alternative view/best home for alternative voices: 2010-2013



Source: C4C commissioned channel reputations research reported in Statements of Media Content Policy 2010-2013. Note: First metric discontinued in SMCP in 2012, but tracked alongside ‘home for alternative voices’ in 2013. Refer to SMCP 2013 methodology for more information.

4.52 Second, the main channel also maintained a strong lead for “covering ground other channels wouldn’t” between 2010 and 2013, with a score of 36% in 2013. This rose to 43% when the statement was reworded to “best for tackling issues other channels wouldn’t”. Again, we note the strong leads but as we do not ask any similar questions in our own research, we cannot independently verify these findings.

Figure 1.22 C4C reputational metrics – best main PSB for covering ground other channels wouldn’t/ best for tackling issues other channels wouldn’t: 2010-2013



Source: C4C commissioned channel reputations research, reported in Statements of Media Content Policy 2010-2013. Note: First metric discontinued in SMCP in 2012 but tracked alongside ‘tackling issues other channels wouldn’t’ in 2013. Refer to SMCP 2013 methodology for more information.

- 4.53 Third, 36% of respondents in 2013 agreed that Channel 4 was the best PSB “for taking a different approach to subjects compared to other channels”, giving it a lead of 26 percentage points over the next-highest PSB. This finding is supported by our own research<sup>47</sup> which found that Channel 4 viewers tended to believe that the channel was characterised by its quirky or niche approach to issues and presentation.
- 4.54 In terms of individual programmes, C4C’s 2013 audience opinion survey suggested that *Unreported World* outperformed other PSB current affairs programmes for promoting alternative views; 44% of respondents selected *Unreported World* for “giving a voice to groups that aren’t always heard in mainstream media”. This was nine percentage points ahead of Channel 4’s *Dispatches* and the BBC’s *Question Time* (selected by 35% of respondents). *Unreported World* was also the joint leader with BBC Two’s *Keeping Britain Alive: NHS in a Day* for responses to the statement “made me see something in a different light”, selected by 44% of respondents. *Dispatches* had a score of 40% for this statement, while *Panorama* and *Exposure* scored 36% and 35% respectively.

### Findings linked to stimulating debate

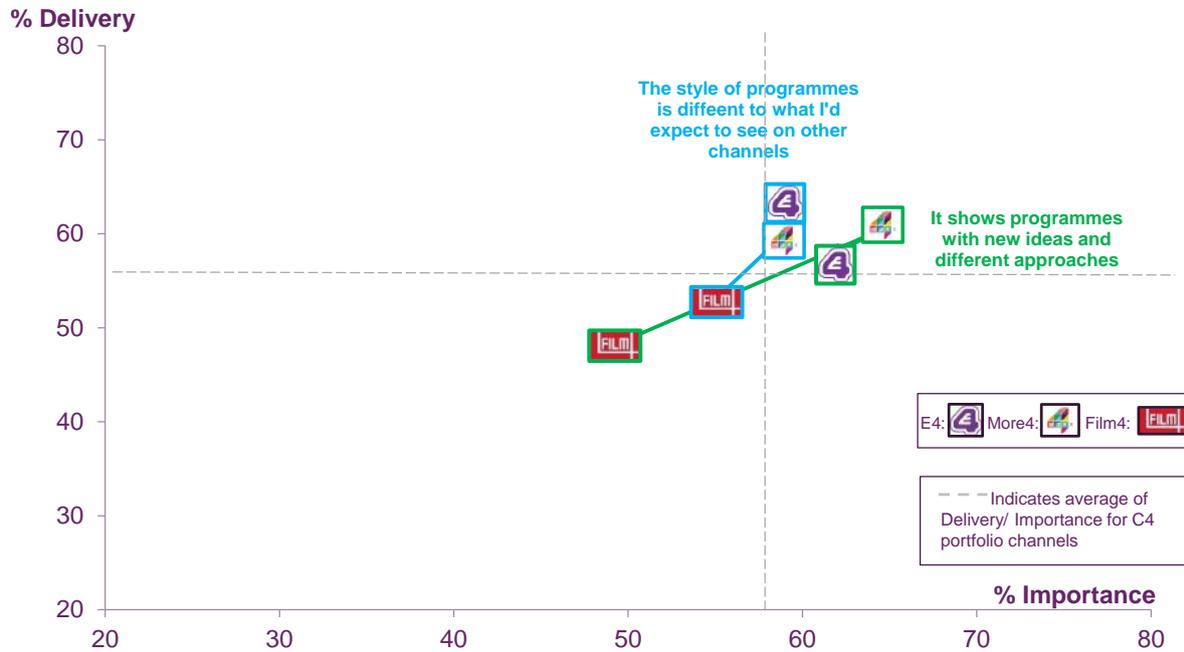
- 4.55 C4C’s research also found that audiences rated Channel 4 positively on a number of statements reflecting its duty to *support and stimulate well-informed debate*. In 2013 over two-fifths of the Channel 4 viewers surveyed agreed that they had talked to other people about Channel 4’s factual programming. Almost a quarter of respondents in 2013 agreed that Channel 4 was the best PSB for making audiences think in new and different ways, increasing its lead over the next highest PSB to ten percentage points over the review period. Between 2010 to 2012, the main channel also maintained a six percentage point lead for “showing programmes which make me stop and think”<sup>48</sup> (26%) and an eight percentage point lead over the next highest PSB for “giving me new ideas” (20%).
- 4.56 These findings are supported by Ofcom’s audience research findings, which show that Channel 4 outperformed the PSB average in a number of areas including: for showing programmes “that make me stop and think” (61% agreed vs. a PSB average of 49%); and for showing “programmes with new approaches/ideas” (59% agreed vs. the PSB average of 47%). There are also some areas in which Channel 4 performed less well than the PSB average. In addition to the findings mentioned elsewhere in this report, it also performed less well than the PSB average on providing high quality soaps and dramas made in the UK (40% agreed vs. the PSB average of 51%).
- 4.57 Currently, C4C’s audience appreciation measures focus almost exclusively on the main channel. Limited findings from Ofcom’s PSB portfolio channels research suggest that audiences consider C4C to be fulfilling a number of its duties across the portfolio channels as well. For instance, 60% of viewers to More4 agreed that the channel showed programmes with new ideas and different approaches, and the majority of viewers to Film 4, More4 and E4 agreed that the channels were distinctive, showing programmes they would not expect to see on other channels, all of which relate to the duties to *challenge established views* and to *promote alternative views and new perspectives*. We understand the need to prioritise the main channel in any research, and the need for such measurements to be

<sup>47</sup> Ipsos MORI Research, 2014. Published as part of *PSB Review*.  
<http://stakeholders.ofcom.org.uk/consultations/psb-review-3/supporting-documents/>

<sup>48</sup> Questions discontinued in 2012

proportionate. However, the inclusion of C4C's other services in future surveys would provide greater understanding of viewers' perceptions of C4C's entire TV family, and the delivery of C4C's duties across its full range of services.

Figure 1.23 Extent to which regular viewers of C4C's portfolio channels rate the channel for the statements shown



Source: Ofcom online portfolio channels research 2014. Summary % of respondents rating 10/9/8/7, where 10 is the highest and 0 is the lowest. Base: Regular viewers to each channel (Channel 4 530; E4 387; More 4 229; Film 4 329)

## Section 5

# Analysis by genre

5.1 This section provides our initial findings for duties related to specific genres or topics.

### Limited provision of content for older children remains a concern

5.2 As a result of findings in the *Digital Britain* report,<sup>49</sup> the DEA introduced a media content duty for C4C to *participate in the making of relevant media content that appeals to the tastes and interests of older children and young adults*. This is a broad duty requiring the provision of content for two different age groups that are likely to have differing interests, admittedly with some overlap. For the purposes of this duty, C4C has interpreted 'older children' as 10-14 year olds and 'young adults' as 14-19 year olds. In reporting its performance in meeting this duty C4C has provided figures on the provision of all content made for 10-14s and content made for 14-19 year olds - all of which includes an educational dimension<sup>50</sup>. It excludes programming commissioned by C4C likely to appeal to 14-19 year olds which was not specifically made for them.

5.3 Over the course of the review period C4C changed its approach for delivering this duty. In 2010 and 2011 it pursued an online-only strategy which delivered limited impact. From 2012, C4C placed a renewed focus on television output, complemented by some online projects.

### Spend

5.4 C4C has historically reported its spend and output data for both age groups as a single figure. The data show that, in real terms, expenditure on all originated media content for young adults and older children fell by 19.2% over the review period, from £9.9m in 2010 to £8m in 2013.

5.5 In order for Ofcom to understand better the balance of provision for each age group, C4C provided us with an additional breakdown of content spend and hours by age group. This data has been collected on a different basis from the data included in the annual SMCPs and it has not undergone the same auditing processes. Although it is somewhat approximate, it provides useful indicative figures for the division of spend and hours.

5.6 The additional data show that in 2013 just over a quarter of the real-terms expenditure (around £2.2m) recorded for programmes for older children and young adults was allocated to the provision of content for 10-14s, a significant increase on

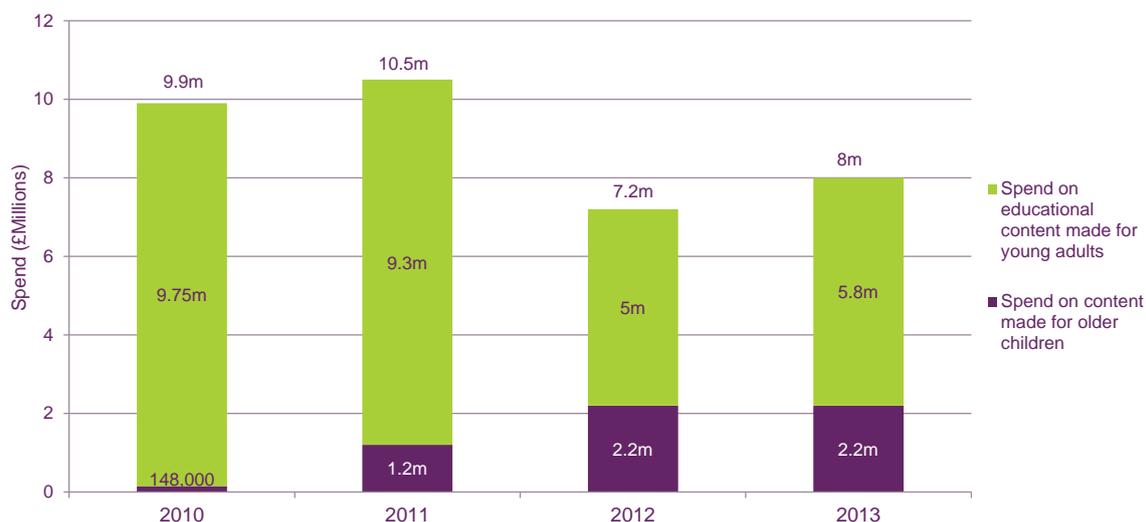
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<sup>49</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/228844/7650.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/228844/7650.pdf)

<sup>50</sup> Channel 4's public service remit includes the provision of programming which makes a significant contribution to meeting the need for the licensed public service channels to include programmes of an educational nature, and other programmes of educative value (Section 265(3) of the Communications Act 2003). Channel 4 also has a licence obligation to show schools programmes. In 2010 Channel 4's schools programme quota was reduced to a nominal 0.5 hours a year, and C4C focussed on the provision of a range of educational content for young adults (14-19s) online. In its 2010 SMCP, C4C stated that investment in education content for young people "for 2010 would be focused on digital projects across a range of platforms"

2010 when approximately 1.5% (£148,000) of the £9.9m real terms spend was spent on this age group.

Figure 1.24 **Approximate C4C spend on UK-originated output made for older children and young adults (educational content) across the TV family and online (£m), real terms**

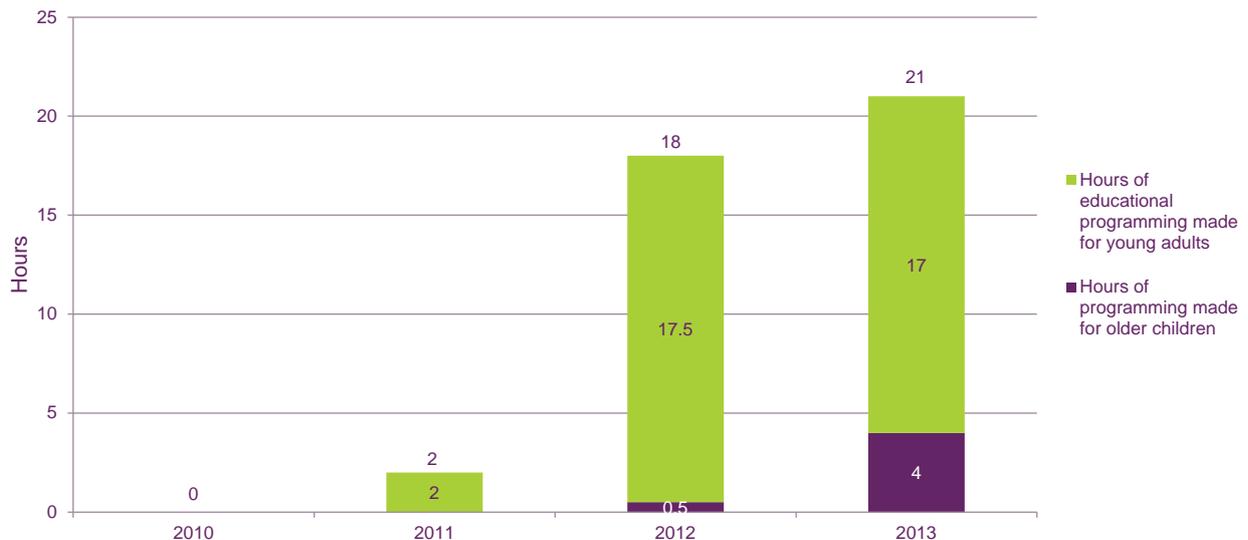


Source: Older children’s spend provided in response to an additional request to C4C. Total spend from C4C Statements of Media Content Policy Data 2010–2013, and so spend on young adults has been calculated by subtracting older children’s spend from total spend. Note: Spend for older children and total spend have been calculated differently, so treat with caution. Figures were provided in nominal terms but have been converted into real terms (2013 prices).

## Output hours

5.7 C4C’s move away from online-only content towards a mix of TV and online output for these age groups is reflected in the increase in the total volume of TV first-run originated programming, from two hours in 2011 to 21 hours in 2013. Unsurprisingly, given the disparities in spend for the two age groups, the volume of content produced for 14-19s was much greater than that delivered for 10-14 year olds. Content for 14-19 year olds accounted for all of the TV programming produced in 2011, 97.2% in 2012 and 81% in 2013. We note the increasing volume of content provided for the younger age group, albeit from a very low base.

Figure 1.25 **Approximate hours of UK-originated output made for older children and young adults (educational content) shown across the TV family**



Source: Older children’s hours provided in response to an additional request to C4C. Total hours from C4C Statements of Media Content Policy Data 2010 – 2013, and so young adults’ hours have been calculated by subtracting older children’s hours from total hours. Note: Hours for older children and total hours have been calculated differently, so treat with caution \*In this context educational content is limited to educational content for 14-19s

## Content output

### Online projects

- 5.8 One of C4C’s most successful online education projects was *Battlefront*, which ran online in 2010 and 2011 (also accompanying a television series in 2011), and followed a group of teenagers campaigning on different issues. The project featured blogs, videos (generating over 90,000 views in 2010), and Facebook and Twitter activity. C4C’s qualitative research suggested that the project was effective at making young people think differently; for example; 16 out of 20 respondents strongly agreed with the statement “Battlefront has helped me realise that there are lots of things that young people care about”, and just over half strongly agreed that “as a result of visiting Battlefront I’ve become more interested in certain causes or issues”. In 2010 other online projects included *Superme*, a game exploring mental health and resilience, and *Privates*, a sex education game.
- 5.9 C4C also provided some online content for 10-14 year olds during this period. In 2010 this was limited to a media literacy game called *Cover Girl*. In 2011 there were three projects: *Nightmare High*, a game aimed at helping children navigate the transition from junior to secondary school (winning a Children’s BAFTA for the Best Interactive Programme); as well as *Who I am*, an app enabling children to explore their identity and share and compare opinions with friends; and *International Racing Squirrel* aimed at helping teenagers understand the world of finance and how to manage money.
- 5.10 In general, C4C’s online education projects for 14-19s achieved limited reach. From 2010 to 2011, the number of unique UK visitors to C4C’s online education projects fell from 828,000 to 631,000 (down by 23.8%) and average dwell time dropped from 15.3 minutes to 12.2 minutes. These falls led to C4C revising its education strategy and moving away from an online-only approach to a mix of television output supported by online content. As no consumption or audience opinion measures were

provided for the content aimed at 10-14 year olds, it is not possible to assess what impact the output may have had.

## TV output

- 5.11 In 2012, C4C's educational themed TV output aimed at 14-19s included *Gok's Teens: The Naked Truth*, a three-part series on Channel 4 examining issues facing teenagers including body confidence, sexuality and bullying. The series was shown in peak time and attracted audiences of more than two million. C4C reports that 81% of 14-19 year olds surveyed said the programme gave useful information on teen issues, and 58% said it helped them to feel more confident about themselves. In the 2012 SMCP, C4C also highlighted the Channel 4 documentary *The Human Mannequin* for attracting a comparatively high share of 14-19 year olds' viewing on the main channel at 12.4%, compared with a slot average for that age group of 6%<sup>51</sup>. The film followed an 18-year-old with a rare genetic condition trying to break into the fashion industry.
- 5.12 In 2013 E4 broadcast *My Mad Fat Diary*. Although not formally branded as educational output, C4C's SMCP explained that the programme tackled issues that young people don't want to discuss with their parents or teachers, such as mental health issues and body image. In the same year *Don't Blame Facebook* on Channel 4 looked at media literacy among young people, highlighting the dangers of social media. C4C also stated in its 2013 SMCP that it intends to continue to cover digital and social media literacy as one of three key themes in its 14-19s education strategy for 2014; the other two being the expectations of sex and relationships, and modern friendships.
- 5.13 The switch in strategy away from online-only content to both TV and online output for 14-19s in 2012 was replicated for older children. The 2012 C4C SMCP cited one TV commission: *The Snowman and the Snowdog*, a 24-minute animated children's film marking the 30<sup>th</sup> anniversary of the original *Snowman* film. C4C reports that the film attracted over half a million 10-14 year olds, 31% of all 10-14 year olds watching TV at that time - significantly higher than the average share of this audience to Channel 4 that month (6%). The film was nominated for a Children's BAFTA and went on to win a Television Bulldog Award in 2013 for Best Children's Programme. It was accompanied by an online game, which generated more than one million downloads and topped the iPhone free games chart over the Christmas period. The game won a 2013 BIMA award and a Broadcast Digital Award, and a further update was launched for Christmas 2013.
- 5.14 The most recent SMCP highlighted the 2013 eight-part 30-minute comedy drama series *Youngers*, shown on E4, about teenagers in south London, as a programme specifically made for older children. C4C reports that the series attracted 60% more 10-14 year old viewers than the average for that slot in the schedule. C4C also reports that more than three-quarters of the 10-14s it interviewed agreed that *Youngers* was aimed at people like them, and that the show was different from anything else on TV at the moment. We are unable to verify these findings. A further series of *Youngers* was broadcast in 2014.

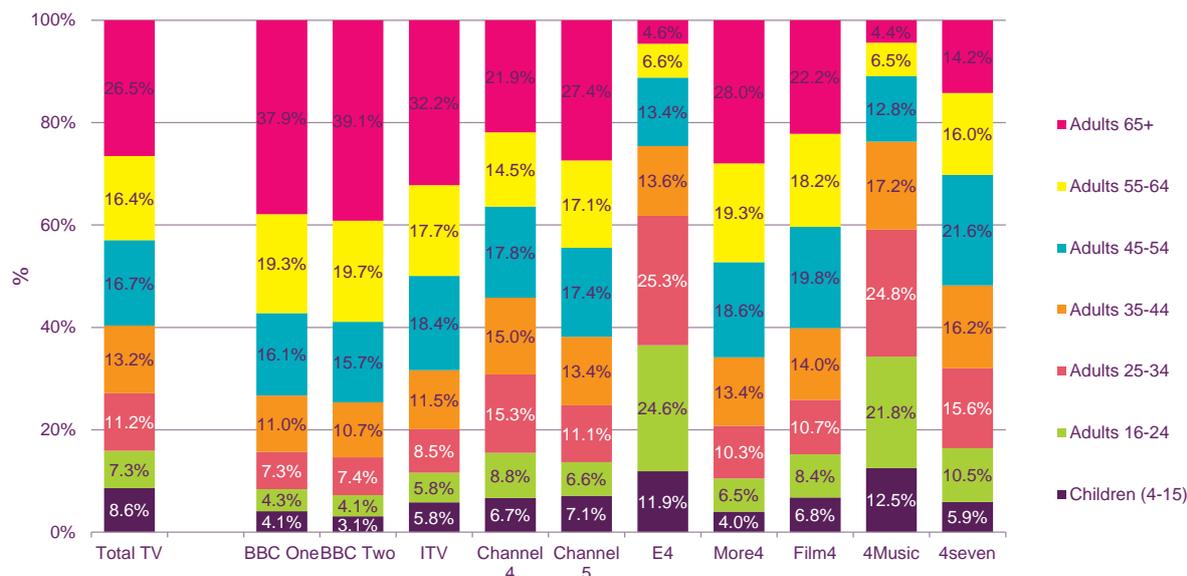
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<sup>51</sup>Viewing figures for *The Human Mannequin* exclude Channel 4 +1 and 4Seven

## Consumption

5.15 Despite the limited amount of content specifically made for older children and young adults, C4C's channels clearly appeal to younger viewers, as described in the analysis of 16-34s' viewing in Section 4, and as illustrated by Figure 1.26 below. Although we do not have audience figures specifically for the age groups 14-19 and 10-14, standard age demographics demonstrate the relative popularity of a number of C4C channels with both children and the 16-24 year old age group.

Figure 1.26 Age profile of viewers, total TV, the main five PSB channels, and C4C portfolio channels: 2013



Source: BARB. All Individuals (4+), Network

5.16 Consumption patterns for 10-15s and 16-24s are an exaggerated version of the trends for all audiences. The loss of share among 16-24 year olds to the main channel was greater than for any other age group (26.3%), followed by 10-15s (25.8%). BBC One and ITV also lost share among both age groups between 2010 and 2013, but to a lesser degree, and they continued to attract a greater share of those audiences than Channel 4. However the increases in viewing by both age groups to the portfolio channels helped to reduce the overall decrease in C4C's total TV family's share among 10-15s and 16-24s. The relatively youthful profile of C4C's channels also meant that despite the sizeable declines in share to the main channel, the C4C family of channels continued to perform better among these age groups than among all individuals (12.9% audience share among 10-15 year olds and 17.8% among 16-24s in 2013, compared to an 11.0% share among all individuals).

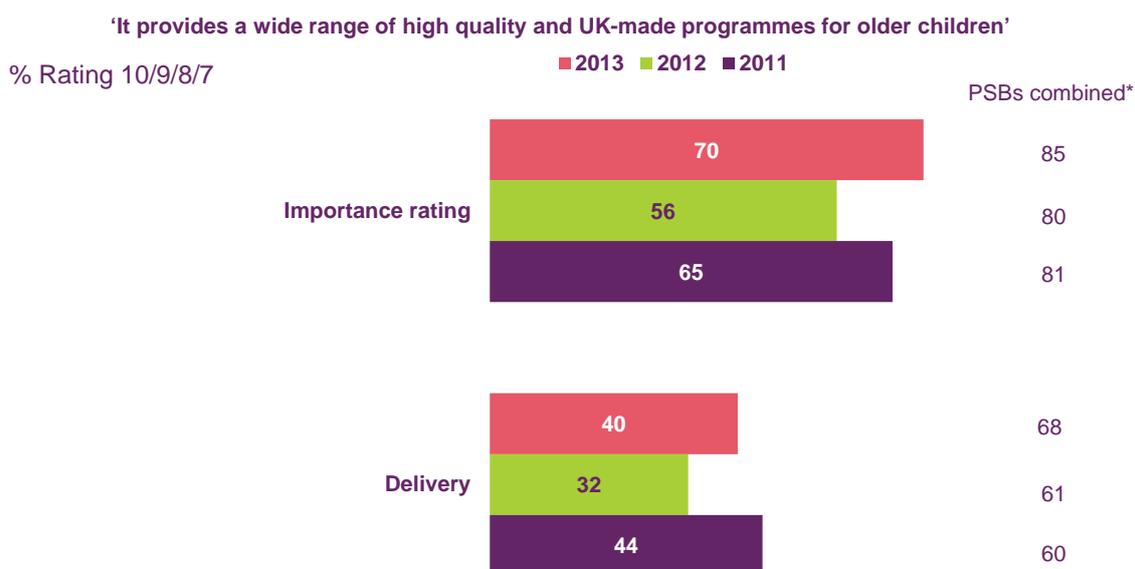
## Audience opinion

5.17 We do not have audience research findings for older children and young adults to determine their view on the level or quality of the provision of content aimed at them. However, Ofcom did ask parents of 12-15 year olds about of the importance and delivery of content for older children on the main channel. The small sample size means that these results must be viewed as indicative only and should be treated with caution. We note that the importance parents attached to providing content for older children was consistently lower for Channel 4 than for the PSBs combined. The gap between the two narrowed in 2013, when 70% of parents thought it was

important that Channel 4 provided such output, compared with a PSB average of 85%.

- 5.18 As shown below, parents considered that Channel 4 delivered substantially less content for older children than the combined PSBs. These indicative findings are perhaps unsurprising, given that the limited output made for this age group by C4C has most recently been broadcast on E4 (*Youngers*).

**Figure 1.27 Parents' opinions on Channel 4 (indicative only) for the statement shown: 2011-2013**



Source: PSB Tracker 2013. Extent to which the purpose/characteristics applies to the channel(s), where 10 is the highest score and one is the lowest (% rating 10/9/8/7). Base: All those with a child aged 12-15 who watches C4 (68, 55, 64) – caution, small base size. NB Asked of all children's PSB channels combined for the similar statement, 'It provides a wide range of high quality and UK-made programmes for children'. No significant differences from 2011/2012 to 2012 at 99% level.

## Conclusions

- 5.19 We acknowledge that providing content for 10-14s is particularly challenging. Children's output illustrates the tensions between C4C's duties<sup>52</sup> and its need for commercial funding, and this is likely to have contributed to its decision not to commission more in this area. The commercial imperatives weigh heavily against provision, because this type of content does not attract large audiences or generate significant advertising revenues, and providing a higher volume of this genre may result in C4C being able to offer less of other types of PSB content. We note that C4C considers provision for the 14-19 age group a more natural fit with the rest of its output, and so has focused its efforts in this area.

<sup>52</sup> Delivery of Channel 4's public service remit and licence obligations, as well as of the media content duties considered in this report.

## Output volume

- 5.20 We consider the relatively small amount of content made specifically for young adults to be of less concern than the limited provision for older children, for two reasons. First, the vast majority of spend and hours reported by C4C for this duty is for content targeted at 14-19 year olds. Second, C4C has chosen to report its delivery of its duty to provide content for young adults by reporting only on the provision of educational content made specifically for this age group (also enabling it to demonstrate its delivery of Channel 4's educational remit). But both the main channel and E4 show a variety of originated content across a range of genres that, although not made specifically for 14-19s, is likely to appeal to them; for example, *Hollyoaks*, *Made in Chelsea* and *Fresh Meat*. This hypothesis is supported by a comparison of the audience profiles of the main PSBs and C4C's portfolio channels (see Figure 1.26).
- 5.21 An initial analysis of the schedule does not suggest that C4C's general output on the main channel, E4 and 4Music is likely to appeal to the tastes and interests of 10-14 year olds in quite the same way as we believe it is likely to be supplementing young adults' content provision. While we welcome the significant increase in spend on content for 10-14 year olds over the review period, it is from a very low base and it delivered only four hours of content in 2013 (the E4 eight-part 30-minute drama series *Youngers*). Given the limited content provided for 10-14 year olds by the PSB system as a whole (other than by the BBC) and C4C's specific obligation to provide *relevant content that appeals to the tastes and interests of older children and young adults*, we consider that the level of original content provision targeted at this age group demonstrates a relative lack of ambition by C4C in the meeting of this duty.
- 5.22 Taking into account both the educational themed content specifically targeted at 14-19 year olds, and the likely appeal of much of C4C's general output to young adults, we consider that C4C is delivering this aspect of its duty. However, we are concerned about the extent to which C4C met its obligations to older children, as the volume of provision for 10-14 year olds remains very limited. We will seek information from C4C to understand better its future strategy for content provision for older children.

## Measurement of quality and impact

- 5.23 Based on the limited evidence available, we consider that the TV content provided for both age groups since 2012 appears to have been of high quality. It is more difficult to reach a view on the quality and impact of the online provision during 2010-11, particularly for older children, given the very limited data on the performance of some of these initiatives.
- 5.24 Through the SMCP process Ofcom has previously highlighted the need for C4C to establish effective ways of measuring the impact of its strategy for educational content targeted at 14-19s. We welcome C4C's acknowledgement in its 2013 SMCP of the need to address this issue through research measures beyond direct ratings, and we continue to urge C4C to take this forward. In the light of this review's provisional findings on 10-14 year olds, we suggest that the younger age group should also be included in C4C's research considerations.
- 5.25 In addition, we suggest that disaggregating the figures in future SMCPs, to show content spend and hours for each of the two age groups separately; this would deliver more transparent reporting and facilitate more precise monitoring of delivery of the two parts of this duty.

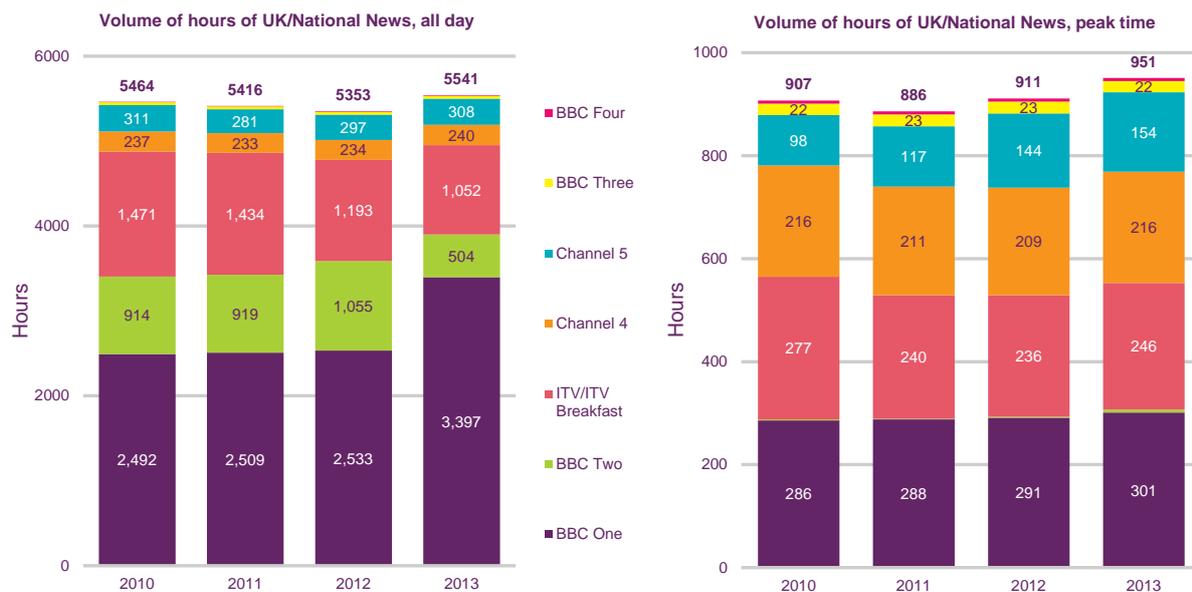
**While retaining its valued high-quality distinctive approach, share and reach of the *Channel 4 News* bulletin has declined significantly, particularly among young adults**

5.26 C4C has a media content duty to *participate in the making of relevant media content that consists of news and current affairs*. We recognise the particular role that *Channel 4 News* plays in the TV news landscape, and that it is a high quality and distinctive product. Its long-form format has a strong investigative edge and particular strength in international coverage.

**Spend and output hours**

5.27 Over the review period C4C’s spend on news was broadly flat (£25m in 2013). Output hours also remained steady. From the start of 2010, Channel 4 replaced its *News at Noon* programme with a five-minute news summary, and focused its resources on the main evening news programme. The 7pm *Channel 4 News* programme therefore accounts for almost all of Channel 4’s news output, and its delivery of its minimum peak-time quota<sup>53</sup> of 208 hours per year, which our *PSB Compliance Report (2013)*<sup>54</sup> shows it has met.

**Figure 1.28 Volume of output hours of UK/national news, all day and peak time: 2010-2013**



Source: Ofcom/broadcasters. Note: UK/national News refers to network news and excludes non-network news. Does not include BBC Parliament nor BBC News

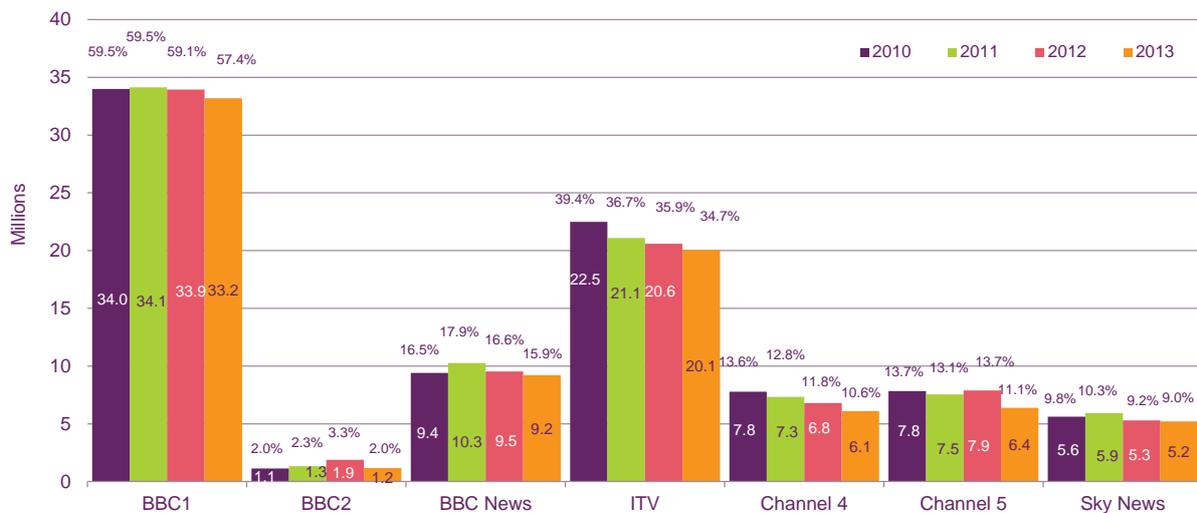
**Consumption**

5.28 The weekly reach of Channel 4’s news output among all individuals was 10.6% in 2013, down 22% since 2010. This compares with falls in reach of 11.9% for ITV news and 3.5% for BBC One’s news.

<sup>53</sup> The quota is a condition of Channel 4’s licence.

<sup>54</sup> Ofcom *PSB Compliance Report 2013* (C4 figures taken from annual returns): <http://stakeholders.ofcom.org.uk/binaries/broadcast/reviews-investigations/psb-review/compliance14/Network.pdf>

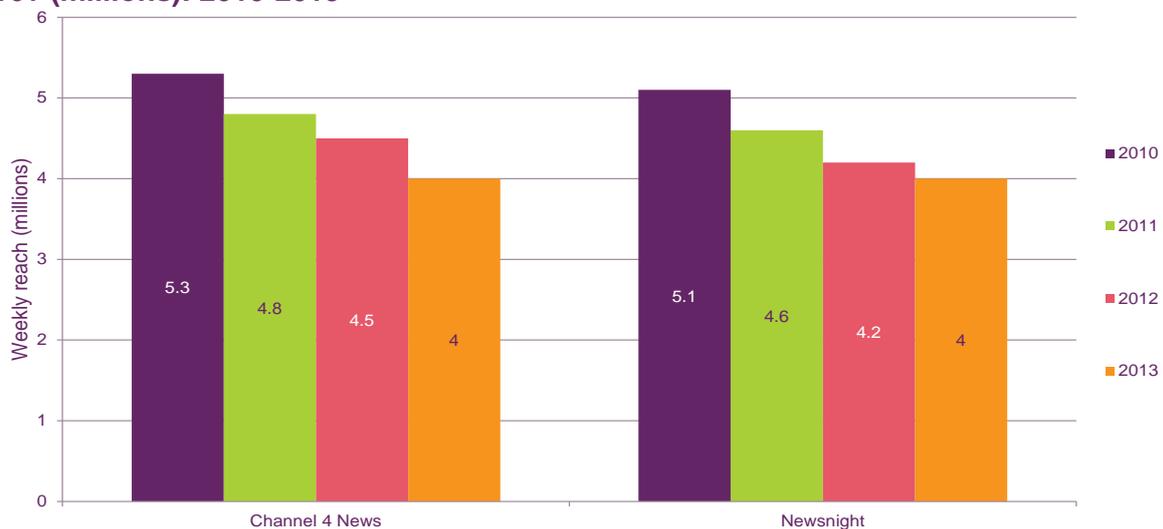
Figure 1.29 Average weekly reach of 'national & international' news genre, by channel, Individuals 4+ (millions in bars, % on top)



Source: BARB/TRP AdvantEdge, Individuals 4+, National/International News genre, Network. Reach criteria = 3 consecutive minutes. Note: S4C and ITV News channel excluded from this analysis. Note: Channels include +1s and HD variants.

5.29 It is possible that the declining performance of *Channel 4 News* may be partly due to the programme's long-form format<sup>55</sup>. It is notable that the fall in reach of the *Channel 4 News* 7pm programme is comparable with that of the BBC's long-form current affairs programme *Newsnight*. The weekly reach of both programmes (among adults 16+) fell by around a quarter over the review period.

Figure 1.30 Reach of Channel 4's 7pm news bulletin and BBC's *Newsnight*, adults 16+ (millions): 2010-2013



Source: BARB, Adults 16+, Reach criteria = 3 consecutive minutes.

5.30 Channel 4's share of news viewing among all individuals declined over the four years to 2013. Audience share across the day dropped by 0.7 percentage points, from 3.6% to 2.9%, equating to a fall of 19.4%. This was similar to the loss experienced by ITV, at 18.8%, while Channel 5's news share fell by 5.3%. In contrast, BBC One and

<sup>55</sup> Long-form format relates to the weekday broadcasts of *Channel 4 News*

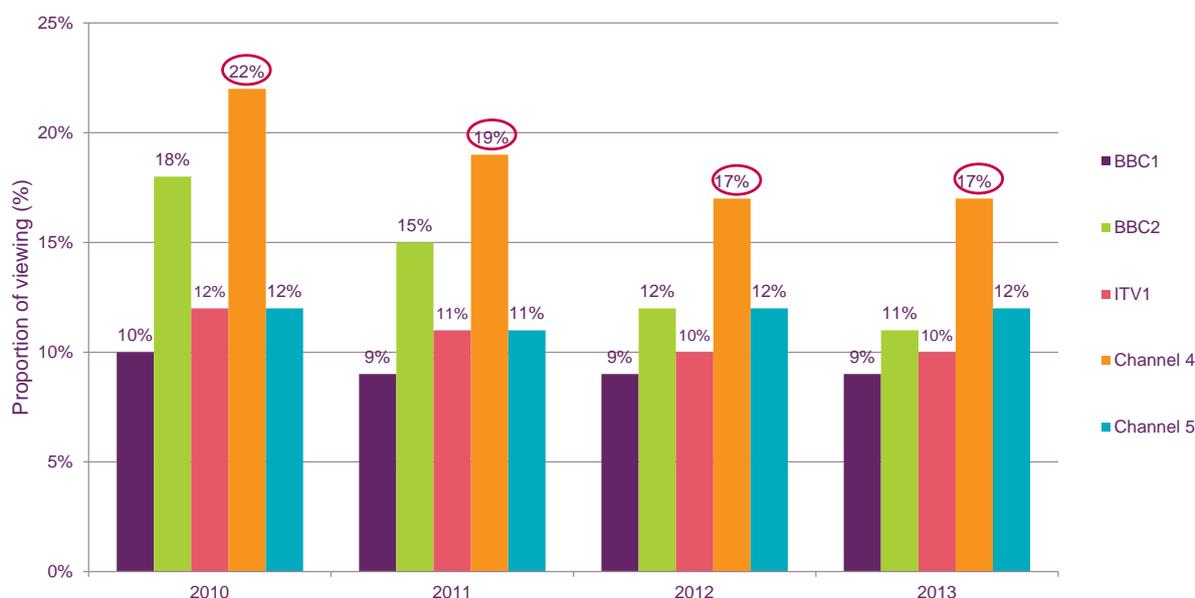
BBC Two's news services combined increased their share by just over 6%. In peak time, when Channel 4 broadcasts the vast majority of its news output, Channel 4 continued to represent a much larger share of peak-time news viewing for all individuals, at 6.9% in 2013 than across the day as a whole (down 20.7% over the review period).

5.31 Importantly, *Channel 4 News* continued to attract key hard-to-reach audience groups, with 16-34s and BAME viewers accounting for larger proportions of its national news audience than any of the other main PSBs' news services. The programme also attracted a higher-than-average proportion of ABC1 viewers.

### 16-34 viewers

5.32 In 2013 17% of viewers to Channel 4's news output were aged 16-34. This is a higher proportion than for the other main PSBs' news programmes; as shown in Figure 1.31 below.

**Figure 1.31 Proportion of viewing to national news programmes on the main five PSB channels accounted for by 16-34s: 2010-2013**

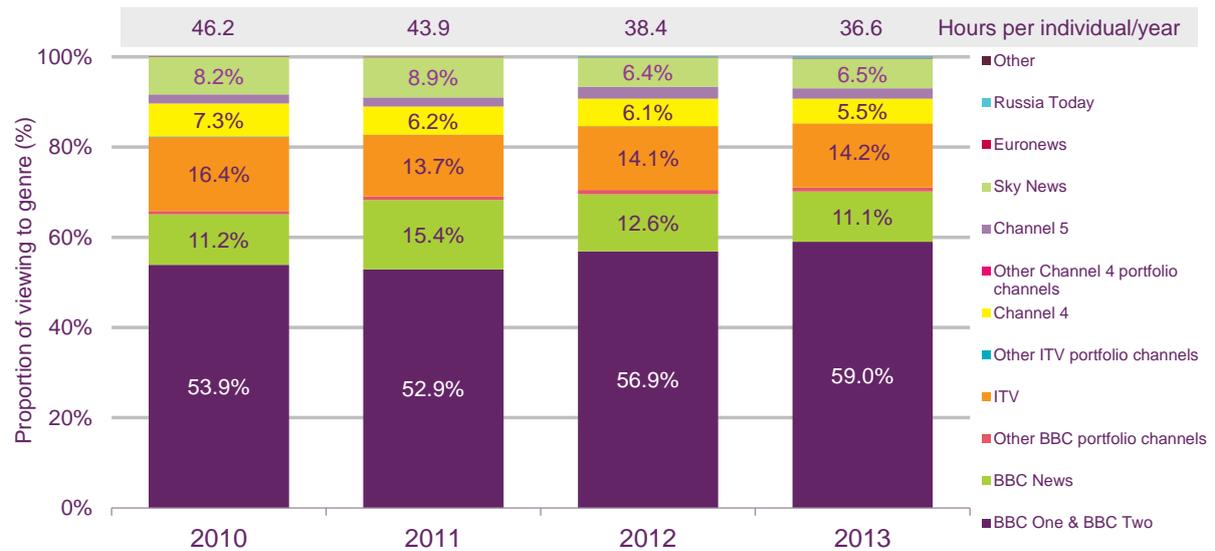


Source: BARB. Note: Data for BBC One and ITV include HD.

5.33 However, Channel 4's average weekly reach to 16-34s was 8.5% in 2013, down 31.5%, a sharper fall than for all individuals. This was also a greater drop in news reach than those experienced by the other main PSBs over the review period for 16-34s. ITV's reach for this age group fell by 24% (to 19.3%) and BBC One's reach fell by 10% (to 37.6% of all 16-34s).

5.34 Channel 4's share of news viewing among 16-34s followed the same pattern as reach, also declining more sharply than it did for all individuals, falling by almost a quarter to 5.5% between 2010 and 2013. This compares with a decline of 13.4% for ITV, while BBC One and BBC Two's news programming combined increased their share of this audience by 9.5%, to 59.0%.

Figure 1.32 Share of viewing to national/international news, by channel group, adults 16-34, all day: 2010-2013



Source: BARB. Adults 16-34, Network. Network programming based on 4+ area filter. Shares are based on total minutes of viewing to National/International News. BBC One and Two, ITV, Channel 4 and Channel 5 include HD variants and +1 channels where applicable.

### BAME viewers

5.35 BAME viewers represented 13% of viewers to *Channel 4 News* in 2013, in line with their representation in the UK population<sup>56</sup>. This is in contrast to the audience profile of all other national news programmes on the main PSB channels, where BAME viewers made up a smaller proportion of the audience.

Figure 1.33 Proportion of viewing to national news programmes on the main five PSB channels accounted for by BAME viewers: 2010-2013

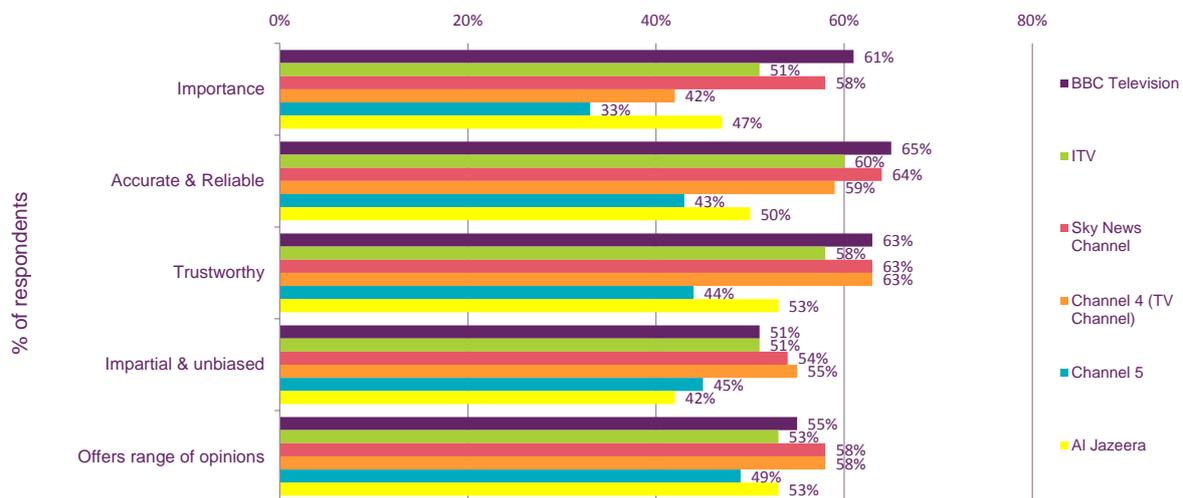


Source: C4C Statements of Media Content Policy Data 2010 – 2013.

<sup>56</sup> BAME individuals account for 13% of the UK population. Source: 2011 census data (ONS, NISRA and Scottish Government)

- 5.36 *Channel 4 News*' share among BAME individuals fell, but by a far smaller rate than among all individuals. Audience new share among BAME individuals fell by 6.8%, from 5.9% in 2010 to 5.5% in 2013. Share figures show that *Channel 4 News* was the fifth most popular channel for news among BAME viewers in 2013, behind BBC One and BBC Two (combined share of 46.1%), BBC News (21.0%), Sky News (13.5%) and ITV (10.6%).
- 5.37 Despite the falls in the reach and share of Channel 4's news output, Ofcom and C4C audience research suggests that *Channel 4 News* continues to resonate strongly with its audiences. Research commissioned by Ofcom showed that *Channel 4 News* scored highly for offering a range of opinions; for being trustworthy, and for being impartial and unbiased. This is supported by C4C's own audience research, with *Channel 4 News* scoring highest of all the PSBs for being independent from Government and big business. However, as a news service, Ofcom's research also showed that audiences rated *Channel 4 News* as less important than the BBC, ITV and Al Jazeera, which may reflect the volume of C4C's news output compared to other providers.

Figure 1.34 **Attributes for television news sources among those who use each source - proportion of users who rated the source highly (scoring between 7-10)**



Source: Kantar Media News Omnibus 2014. Base: Those who use platform to access the news 'nowadays' on each type (varies) – Only includes bases over 50. Note: News sources are ordered by consumption levels

## Extending news reach and impact online

- 5.38 We recognise the challenges in attracting and retaining audiences to TV news programmes, given the greater opportunities to consume news content from an increasing range of news sources via a growing number of devices. With this in mind we have encouraged C4C, through the annual SMCP process, to clarify its stated strategy to innovate online, to increase the reach and impact of its news content (particularly with young people). There is some evidence that its approach is starting to yield results.
- 5.39 C4C increased its investment in, and the availability of, *Channel 4 News* online over the review period. In real terms, C4C spent £859,000 on online news provision in 2013, up 47.9% from 2010. *Channel 4 News* was also made available on an increasing number of digital platforms, launching on 4oD and as a news app on Android and iOS in 2011, as a mobile site in 2012 and on Instagram, Vine and Google+ on Tumblr in 2013. In 2012, C4C stated in its SMCP that it was the first UK-

wide broadcaster to launch a responsive design for its websites to maximise the reach of its content, enabling its sites to be viewed on any device.

- 5.40 In turn, consumption of C4C's online news offering increased over the review period. There were more than 11.4 million unique visitors to its news website in 2013, an increase of approximately 59% on 2011 (7.2 million). YouTube was a particularly popular component of Channel 4's online news offering, with almost 18 million views in 2013, almost 200 times as many as in 2010 (just under 90,000 views).
- 5.41 C4C stated in its 2012 SMCP that its *Channel 4 News* presenters were some of the most digitally-engaged correspondents in the UK, with over 400,000 followers on Twitter in 2011. This appears to still be the case in 2014, with Channel 4 news presenters Jon Snow and Krishnan Guru-Murphy having far more Twitter followers (557,000 and 149,000 respectively) than newscasters from other broadcasters, such as BBC's Sophie Raworth (51,600 followers) and ITV's Mark Austin (52,400 followers)<sup>57</sup>. In 2012, Channel 4 News launched a blog called 'Live from the newsroom', integrating video, social media and breaking news all in one place. Channel 4 News also won a number of online media awards in 2013, including the best website for news-led journalism and the best use of social media.
- 5.42 Over the period of the review C4C's news strategy remained focused on on-demand availability and online cross-promotion of the main bulletin (e.g. on YouTube and Channel4.com) rather than making changes to content volume, investment or frequency on both linear and non-linear services (i.e. increasing the volume of platform-specific content) which may be necessary to attract greater numbers of younger consumers. We therefore particularly welcome C4C's plans for further innovations, set out in the *Forward Look* of its 2013 SMCP, to transform *Channel 4 News* into a "multi-platform operation" including online-only interactive programmes.

## Conclusions

- 5.43 The particularly sharp declines in the reach of *Channel 4 News*, and its share of the news audience, continue to be areas of concern, particularly with regard to younger viewers. But we remain of the opinion that the 7pm news programme is a high quality and distinctive product, and we continue to support C4C's view that it should not compromise the reputation and authority of the programme in an effort to pursue bigger or younger audiences.
- 5.44 We welcome the expansion of C4C's online and social media news offering and, in line with our comments in our response to the 2012 SMCP, we continue to encourage C4C to consider whether there may also be other opportunities for delivering news content more effectively outside the main bulletin and the main channel, particularly to engage younger audiences. We acknowledge that this is not an easy task and that C4C faces tough competition in online environments, both from established global providers like the BBC and from new non-broadcast innovators such as VICE.
- 5.45 Another challenge for all PSB news providers is finding meaningful ways to measure the consumption and impact of news disseminated through a wide range of online platforms. Ofcom will continue to monitor C4C's progress in this area.

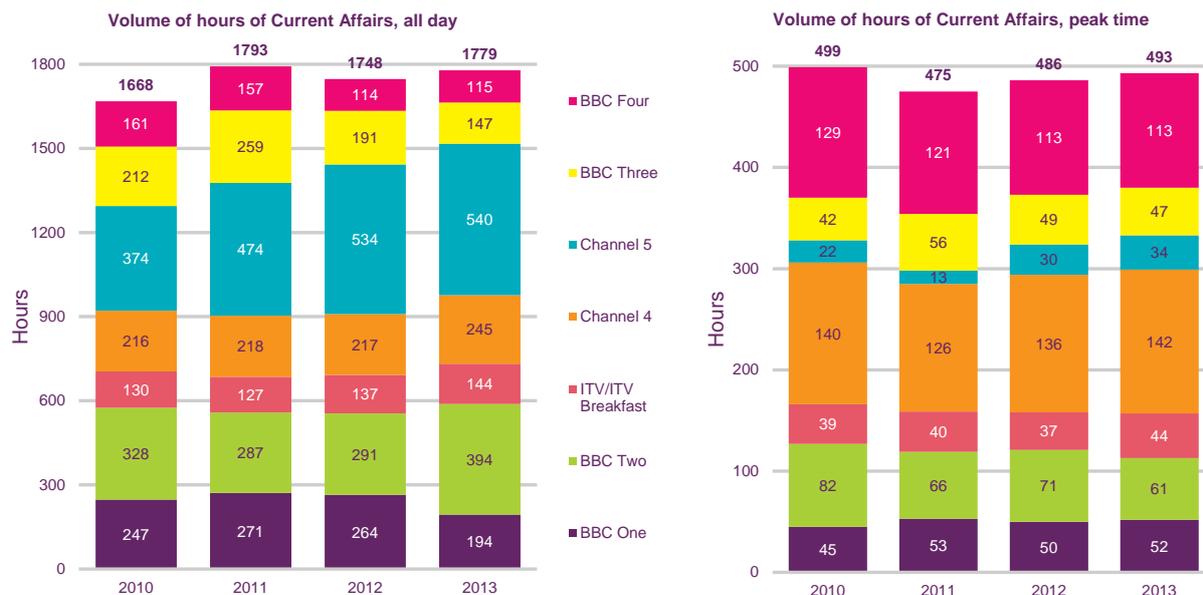
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<sup>57</sup> Figures correct as of November 2014

## A substantial commitment to peak-time current affairs programming

5.46 C4C increased its spend on originated and acquired current affairs TV programming over the review period by just over a third, up from £17m in 2010 to £23m in 2013. The broadcaster demonstrated a strong commitment to broadcasting current affairs programming on the main channel during peak time, showing 142 hours of current affairs output. This was 133% more peak-time current affairs hours than the next-highest main PSB (BBC Two) in 2013.

Figure 1.35 Volume of hours of current affairs, all day and peak time: 2010-2013



Source: Ofcom/Broadcasters

5.47 All the main PSBs experienced a decline in viewing to current affairs (political/ economic/ social) over the review period. In peak time, when C4C scheduled much of its output, the average hours of current affairs viewed on Channel 4 per individual fell by a third from 0.6 hours to 0.4 hours per year. This was smaller than the fall experienced by BBC One - down 44.8% (1.3 hours) - but larger than the proportional fall for ITV – down 26.7% (0.4 hours). In 2011 and 2012 Channel 4’s peak-time share of viewing to current affairs (political/ economic/ social) fell, but recovered in 2013 to achieve a share broadly similar to 2010 (8.9% in 2010 and 8.6% in 2013).

## Audience opinion

5.48 Looking at individual programmes, C4C’s channel reputations research found that 61% of regular viewers surveyed ranked *Dispatches* the best current affairs programme for “uncovering the truth”, with *Unreported World* ranked fifth, below BBC programmes *Watchdog*, *Panorama* and *Crimewatch*. *Dispatches* and *Unreported World* were ranked third and fifth respectively for “covering things in great depth”.

5.49 This C4C-commissioned research also found that Channel 4’s current affairs strand *Unreported World* scored most highly of all the PSB current affairs programmes for “showing stories about parts of the world rarely seen on British TV”, selected by 57% of respondents, with C4C’s *Dispatches* in second place, selected by 34%, followed

by *This World*, *The Iraq War* and *BBC News: The Editors*, selected by 30%, 26% and 25% respectively.

- 5.50 Despite the strong performance of individual programmes in C4C's audience research, and the relatively high volume of peak-time output delivered on the main channel, Channel 4 scored lower than the PSB average in Ofcom's PSB tracker statement "helps me understand what's going on in the world" (Channel 4 57% vs PSB average of 63%). This perhaps indicates that Channel 4's current affairs output may lack impact for some viewers, but given that this statement can also be associated with news content it is also possible that this finding may be more of a reflection of the limited volume of news output on Channel 4 compared with some of the other main PSB channels.
- 5.51 We welcome C4C's continued commitment to current affairs in peak time. This demonstrates how C4C's remit and duties can encourage it to prioritise the scheduling of some types of content of high PSB value which may not necessarily attract large audiences, in a way that purely commercial channels do not. However we also recognise that focusing investment in this genre (both in budget and scheduling terms) could potentially limit the extent of C4C's commitments to other areas of its remit.

### **Positive audience response to diversity output, despite falling content volumes in 2013**

- 5.52 The duties introduced by the DEA do not place any specific obligations on C4C to deliver particular diversity outcomes. For this reason we have not explored issues such as diversity of representation, either on-screen or off-screen in this review. However, we welcome C4C's recent announcement of plans to introduce a new in-house diversity initiative, which we understand will address representation, as well as the creation of the broader industry-wide Diversity Monitoring System (of which C4C is a part) which will gather standardised real-time data on on-screen and off-screen diversity, and we await the findings, due in 2015/16, with interest.
- 5.53 As part of its media content duties, C4C is required to provide high quality content that *taken as a whole, appeals to the tastes and interests of a culturally diverse society*. In our view this can be achieved, in part, by providing output that is reflective of the UK's culturally diverse society. Such output may also contribute to delivery of other duties, such as the promotion of *alternative views and new perspectives* (discussed in Section 4) and *support[ing] and stimulat[ing] well-informed debate on a wide range of issues*.
- 5.54 The findings on diversity (which are based on data primarily for the main channel) are largely very positive. C4C defines its diversity output as addressing multiculturalism, disability, religion or sexuality. With the inclusion of diversity content in high-profile shows such as *The Undateables*, C4C's annual audience survey suggests that its output was highly rated by its broad audience and by the different minority groups within it, for tackling diversity issues. It also scored highly with audiences on a range of measurements that go beyond C4C's own definition of diversity, but which indicate that it has broad appeal; for example, the C4C measure "catering for audiences other channels don't cater for". While we are unable to independently verify the detail of all C4C's research findings, audience research studies conducted for Ofcom also suggest that, overall, Channel 4 has a strong reputation for content showing diversity,

particularly through its documentaries, which were also well-regarded for showing alternative lives<sup>58</sup>.

## Disability content

- 5.55 In considering the different areas of diversity output we observe that C4C has a particularly strong record regarding programming covering disability, the clear highlight of the review period being the broadcasting of the Paralympics in 2012. During the event C4C showed more than 500 hours of coverage across its services. It reports that this output reached almost 40 million people (two-thirds of the UK population), with peak viewing levels of 11.6 million for the opening ceremony. Multiplatform coverage was strong; 350 hours of live coverage was shown online via three dedicated channels on satellite and cable. C4C also provided a Paralympics app for smartphones and tablets (downloaded over 240,000 times) and there were 1.3 million live streams of Paralympic coverage online.
- 5.56 Each evening, following live coverage of the sports, C4C broadcast the comedy panel show *The Last Leg*, watched by over one million people on average. Since the Paralympics, C4C has continued to broadcast output including content on disability, re-commissioning *The Last Leg* in 2013 and 2014, as well programmes such as *The Undateables*.

## Religious content

- 5.57 Examples of C4C programmes about religion over the review period included *4Thought.tv*, a nightly strand on faith, religion, morals and ethics in 2012, and *4Ramadan* in 2013, a series about Islam in Britain. The *4Ramadan* season had considerable public impact. It was watched by 5.3 million people and triggered a media debate about Islam and Islamophobia. C4C states that its research showed that four in five viewers said they had learned something new. In addition to informing viewers about religion, *4Ramadan* also fulfilled other elements of C4C's duties by appealing to a culturally diverse society, promoting alternative views and stimulating well-informed debate.

## Multiculturalism content

- 5.58 Over the review period, C4C reflected multicultural Britain in documentaries such as *Making Bradford British*, *Skint* and *The Fried Chicken Shop*. Ofcom's 2013 research<sup>59</sup> showed that 54% of those interviewed agreed that Channel 4 'shows different kinds of cultures within the UK' compared with a PSB average of 46%, suggesting that Channel 4 performs strongly in reflecting multiculturalism, when compared with the other PSBs.

## Output covering sexuality

- 5.59 There were fewer examples of programmes addressing sexuality in C4C's SMCPs over the review period, compared to other diversity areas. Those mentioned included *My Transsexual Summer*, a 2011 documentary exploring the lives of seven transgender people, *The Joy of Teen Sex* also in 2011, targeting the 14-19 age group, and the 2013 documentary *Bi-curious Me*.

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<sup>58</sup> Ipsos MORI research, 2014, Published as part of *PSB Review*.

<http://stakeholders.ofcom.org.uk/consultations/psb-review-3/supporting-documents/>

<sup>59</sup> Ofcom *PSB Tracker*, 2013. Data tables published:

[http://stakeholders.ofcom.org.uk/binaries/research/statistics/2014May/PSB\\_Tracker\\_2013\\_tables.pdf](http://stakeholders.ofcom.org.uk/binaries/research/statistics/2014May/PSB_Tracker_2013_tables.pdf)

## Output levels of content covering diversity

- 5.60 In the run-up to the Paralympics the main channel substantially increased its first-run originated diversity output on the main channel; from 120 hours in 2010 to 305 hours in 2012, with a focus on disability. In 2013 output levels fell by 66% year on year. C4C attributed this to the '2012 effect' of the Paralympics. While we would not expect C4C to sustain the volume of diversity output associated with the Paralympics in a non-Games year, in 2013 first-run originated output levels fell to almost 14.2% below those of 2010 (to 103 hours). Figures for the volume of diversity output beyond the main channel were unavailable.
- 5.61 As the Channel 4 'diversity output' figure is not split by genre or diversity group, it has not been possible to ascertain in which content areas the biggest declines occurred. We expect that some of the fall will have been in disability-focused output, but we also note that the volume of religion and ethics programming on Channel 4 fell by a third; from 39 hours to 22 hours over the review period. By 2013, it showed the second smallest amount of this content genre of the main five PSBs, after ITV.

## Online

- 5.62 C4C used its online platforms to complement content on UK cultural diversity shown on the main channel. In 2010, 4Thought.tv was launched, providing a series of short personal films, broadcast on the main channel, reflecting on religious and ethical issues, and aspects of spiritual lives. There have been over 1000 episodes since 2010, with the latest series of short films being aired in 2013. (These are not captured in the figures for the main channel). The online element of 4Thought.tv allowed users to catch up on the content, watch exclusive clips, and post comments on the videos to join in the debate on issues such as abortion, sexuality, marriage and euthanasia, from different cultural perspectives. This proved popular, with the website often topping Channel 4's community participation charts,<sup>60</sup> and also contributes to the duties to *support and stimulate well-informed debate on a wide range of issues, including by providing access to information and views from around the world and by challenging established views, and promote alternative views and new perspectives.*

## Audience opinion

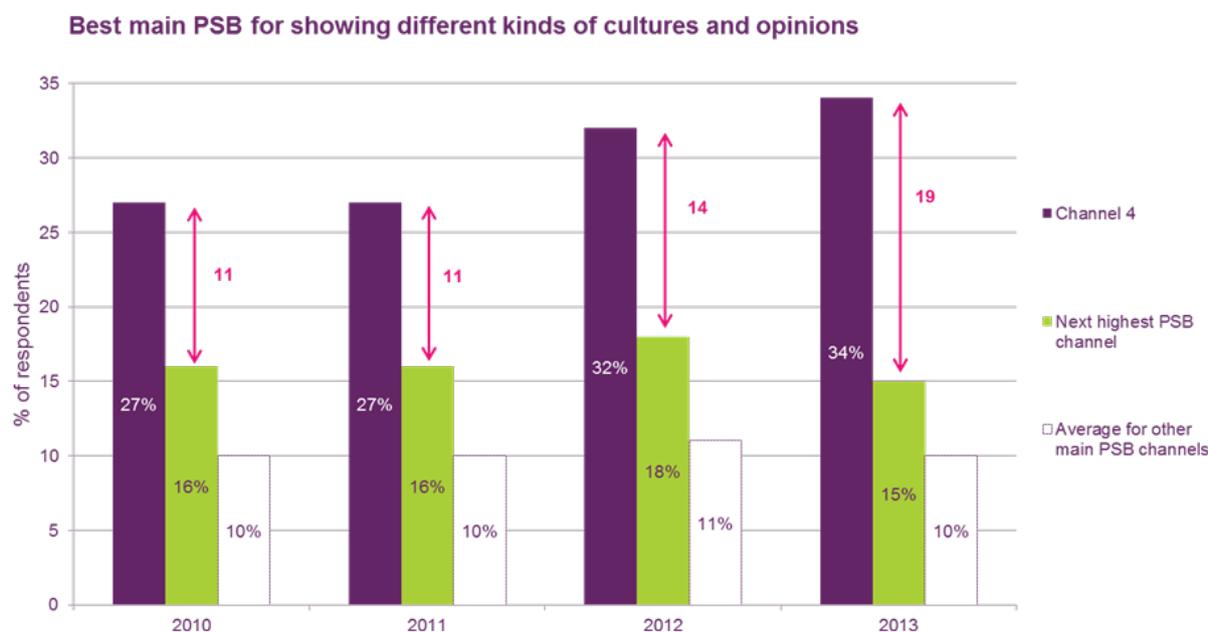
- 5.63 Despite the recent fall in the amount of diversity content broadcast on Channel 4, C4C recorded sizeable increases in the main channel's diversity audience appreciation survey scores in its 2013 research. Channel 4 achieved a growing lead over other PSBs for a number of diversity-related statements. Figure 1.36 below shows how Channel 4 has increased its lead and score over time for the statement "best PSB for showing different kinds of cultures and opinions". It also improved its performance as regards the statement "best PSB for catering for audiences other channels don't cater for", with 29% of respondents agreeing, up from 21% a year earlier, (almost doubling its lead over the next highest PSB from 8 percentage points to 15). The same is true of the results for the statement "best PSB for challenging prejudice", with 30% of respondents agreeing in 2013 (up from 25% in 2010), resulting in a 19 percentage point lead over the next highest PSB. While we are unable independently to verify these findings, they tend to agree with our own

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<sup>60</sup> Atto Partners (online production company for 4thought.tv)

research findings<sup>61</sup>. As previously mentioned, Ofcom’s PSB tracker shows that Channel 4 scores more highly than the PSB average for the statement “shows different kinds of cultures within the UK” (54% for Channel 4, 46% for PSB average).

Figure 1.36 **C4C reputational metrics – best main PSB for showing different kinds of cultures and opinions: 2010-2013**



Source: C4C-commissioned channel reputations research, reported in *Statements of Media Content Policy 2010-2013*.

5.64 Within C4C’s research, Channel 4’s performance for the statement “the best PSB channel for documentaries that present alternative views” also improved over the review period. In 2013 it had a score of 33%, up from 25% in 2010, and a 14 percentage point lead over the next-highest PSB channel (BBC Two) compared with a lead of just 3 percentage points in 2010. This result is supported by findings from qualitative research carried out by Ipsos MORI for Ofcom’s PSB Review, in which participants saw strong connections between Channel 4 (and BBC 3) and documentaries focused on alternative lives.

5.65 C4C’s focus on the disability aspect of diversity in recent years was reflected in particularly positive audience opinion regarding the Paralympics. C4C commissioned audience research which suggested that the Paralympics helped improve public perceptions of disability; 83% of viewers surveyed agreed that C4C’s coverage would improve society’s perceptions of disabled people, and 64% said they felt more positive towards disabled people after watching. This extended to young people, with 74% of 12-16 year olds reporting that they felt more comfortable talking about disabilities after watching. We are not able to independently verify these findings.

5.66 Between 2010 and 2012 Channel 4 widened its lead over the other main PSBs for being the best PSB channel for showing the viewpoints of different ethnic groups, disabled people and the LGBT community. C4C discontinued these metrics in 2012 when it revised and consolidated its channel reputations research survey.

<sup>61</sup> Ofcom *PSB Tracker*, 2013. Data tables published: [http://stakeholders.ofcom.org.uk/binaries/research/statistics/2014May/PSB\\_Tracker\\_2013\\_tables.pdf](http://stakeholders.ofcom.org.uk/binaries/research/statistics/2014May/PSB_Tracker_2013_tables.pdf)

- 5.67 We welcome the increasingly positive perceptions viewers appear to have of the main channel's diversity output. Given that the volume of diversity programming on the main channel dropped in 2013, it is unclear whether C4C's recent high diversity scores resulted from the provision of a smaller number of programmes with a higher profile (e.g. *The Last Leg*) which may have resonated particularly strongly with viewers, or if they reflect a lag in public opinion generated by the Paralympics. It is of course possible that it represents a combination of the two factors. We are also aware that the provision of diversity content beyond the main channel, for example *4Thought.tv*, is not captured by C4C's current metrics. While we consider that this is unlikely to account for the disparity between recently reduced output levels on the main channel and improved in audience appreciation scores, it underlines that the limited reporting of diversity content beyond the main channel may result in C4C's diversity output, delivered across all of its services, not receiving the full recognition it deserves. However, this issue may be addressed either by C4C's new in-house diversity initiative or the DMS scheme scheduled for implementation in 2015/16.
- 5.68 We consider that C4C's diversity content helped contributed towards the PSB objective to: *reflect the lives and concerns of different communities and cultural interests and traditions within the United Kingdom and locally in different parts of the United Kingdom*. In addition, the review period saw a number of UK feature film releases which also reflected UK culture and diversity including *A Field in England*, *For Those in Peril* and *Attack the Block*.
- 5.69 We will continue to monitor the volume of output covering diversity-focused content on the main channel, and we will liaise with C4C to better understand its future strategy for content provision and reporting in this area.

## Decline in volume of international content

- 5.70 Programming covering international topics supports the delivery of a number of C4C's media content duties, most specifically to *support and stimulate well-informed debate on a wide range of issues, including by providing access to information and views from around the world and by challenging established views and to promote alternative views and new perspectives*.
- 5.71 The SMCPs show that the volume of first-run originated international programming on the main channel (plus *True Stories* on More 4)<sup>62</sup> fell by 41.7% over the review period, from 120 hours in 2010 to 70 hours in 2013 (and dipping to a low of 54 hours in 2012). C4C states that 60% of the drop in 2012 was due to its decision to cut the volume of *True Stories* films. C4C points out that having moved the strand from More 4 to the main channel, it increased the impact of the remaining hours of *True Stories*, attracting average audiences of 1.6 million in 2012 compared to 200,000k in 2011.
- 5.72 The SMCP data suggest that the range of genres covering international topics also contracted over the period. Between 2010 and 2012 there was a relatively wide spread of genres, with current affairs and documentaries accounting for 45% of first-run output in 2011, history programming accounting for 17% and religious programming accounting for 9%. In contrast, in 2013 current affairs and documentaries accounted for over 75% of international output, with current affairs alone representing almost half, including the *Unreported World* strand and *Dispatches* investigations such as *Syria: Across the Lines*. The next biggest category

<sup>62</sup> In addition to output first shown on the main channel, this figure also includes *True Stories*, an international strand first shown on More 4 between 2010-2012 before moving to Channel 4.

was documentaries, which were primarily made up of the *True Stories* films. The 2013 SMCP notes that other international-themed shows included science programme *The World's Weirdest Weather* and religious series *Ramadan Diaries*.

- 5.73 As noted above, respondents to C4C's 2013 audience opinion survey gave *Unreported World* the highest score of all PSB current affairs programmes for "showing stories about parts of the world rarely seen on British TV". However, in Ofcom's PSB Tracker, Channel 4 scored lower than the PSB average for helping viewers "understand what's going on in the world".

## Consumption of on-demand and online services has increased, but growth is slowing

### 4oD

- 5.74 The decline in viewing to the main channel increases the importance of the reach and impact of C4Cs media content beyond TV. Over the review period C4C has increased the range of its on-demand and online services, from its core website and 4oD to a variety of dedicated programme apps. It has made these available via an increasing number of platforms and devices. C4C's provision of these on-demand and online services all helped to fulfil a range of its duties and to contribute to the public service objectives. In particular, digital services have made a notable additional contribution to the delivery of news, sports and educational content over the review period. C4C has also launched a range of sporting and educational apps, and online games and quizzes to accompany its broadcast content. The *Channel 4 Racing* app allowed viewers to track their horse during the race, while the *Embarrassing Bodies* Health Checker app (which topped the iTunes' free app chart) let users carry out eyesight, colour blindness, memory function and lung function tests.

### Consumption

- 5.75 As part of its data strategy, C4C introduced user registration in 2011. By the end of 2013, C4C had 10.2 million registered users, including half of all UK 16-24 year olds. Viewing of C4C's on-demand programme service 4oD rose by just over a quarter over the review period. C4C reports that there were 476 million full-length programme views (including simulcast viewing) initiated on-demand in 2013, up from 372 million in 2010.

Figure 1.37 Full-length programme views initiated on C4C on-demand services: 2010-2013 (millions)



Source: C4C Statements of Media Content Policy data 2010-2013. Note: 2013 data include simulcast viewing, and is across all platforms on which C4C makes its content available

5.76 While total viewing of 4oD increased year on year from 2010 to 2013, the pace of this growth has slowed; after growing by 15.3% from 2010 to 2011, total programme views increased by 5.8% between 2012 to 2013<sup>63</sup>. This compares less well to BBC iPlayer which, adding up its total monthly television programme requests for 2012 and 2013; saw an increase in programme requests (including simulcast) from 2012 to 2013 of 26%<sup>64</sup>. Additional data, which excludes simulcast viewing, also appears to suggest that 4oD's performance is slipping behind in the VoD market. ITV stated in its Annual Report that it saw a growth in programme requests on ITV Player of 16%<sup>65</sup> from 2012 to 2013, and collective data show that overall, PSB VoD service programme requests grew by 20% over the same period<sup>66</sup>. However, it is not clear from the data available what is driving this slow-down in growth for 4oD.

5.77 However, when we consider reach<sup>67</sup> of on-demand websites (accessed via web browsers), C4C appears to be performing well. Recent analysis shows that 4oD's website had the second highest reach among total internet users, at 5.9%, behind BBC iPlayer's website (14% reach) and ahead of the ITV Player website and the Demand 5 website, which reached 4.5% and 1.5% respectively<sup>68</sup>.

<sup>63</sup> Figures include simulcast data in 2013 but not in 2012, therefore growth excluding simulcast would have been even lower

<sup>64</sup> <http://downloads.bbc.co.uk/mediacentre/iplayer/iplayer-performance-jan14.pdf> (this includes simulcast viewing). Percentage change calculated by adding up total TV requests for 2012 and 2013.

<sup>65</sup> [http://www.itvplc.com/sites/itvplc/files/ITV%20Annual%20Report%202013\\_0.pdf](http://www.itvplc.com/sites/itvplc/files/ITV%20Annual%20Report%202013_0.pdf) (this excludes simulcast viewing). No exact programme request figures provided; ITV only noted the 16% increase.

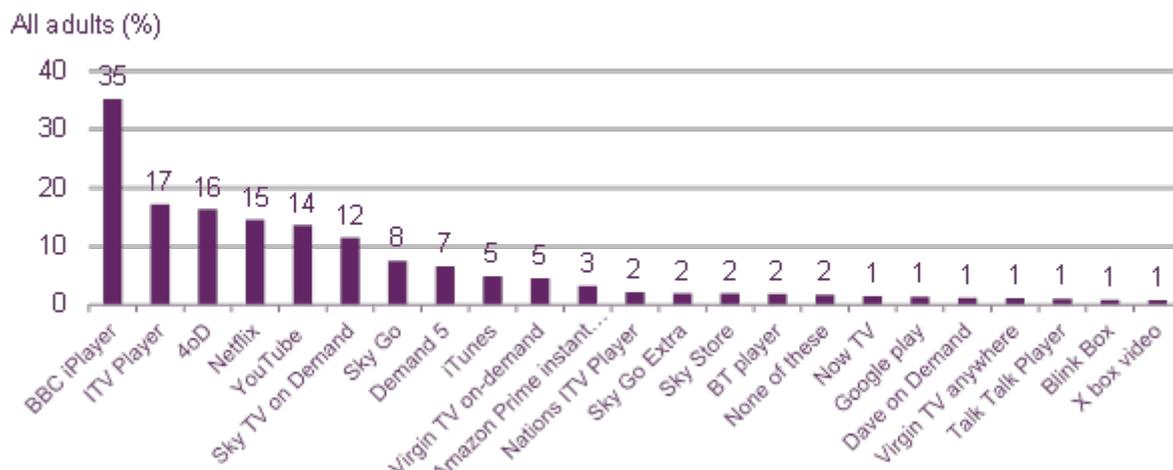
<sup>66</sup> Source: Broadcaster data (this excludes simulcast viewing)

<sup>67</sup> comScore MMX MP defines reach as the total number of unique visitors as a proportion of the total digital online population. This was based on the month of September 2014.

<sup>68</sup> comScore MMX MP, September 2014. Base: Total Digital Population (n = 47,312,000). Note: This only includes the catch-up websites via browsers

5.78 When compared to the UK VoD market as a whole, again 4oD also appears to be performing well. Quantitative research conducted in 2014 for Ofcom for the PSB Review<sup>69</sup> showed that, among all adults<sup>70</sup>, 4oD was the third most popular service used for monthly online/on-demand TV and film consumption. Sixteen per cent of all UK adults said they used 4oD at least once per month, just behind ITV Player at 17% and BBC iPlayer at 35%, and just in front of Netflix (15%) and YouTube (14%).

Figure 1.38 **Services used for monthly online/on-demand TV and film consumption, all adults 16+: 2014**



Source: Ipsos MORI research, 2014. Base: All Adults 16+ (n = 2026).

Q: Which, if any, of the following services do you use to watch television programmes or films online or on demand? Please tell me which services you use at least once a month or more often?

5.79 The findings for regular<sup>71</sup> online/on-demand users are similar; 33% said they had used 4oD, compared with 34% for ITV Player and 70% for BBC iPlayer. These results from the Ofcom quantitative research are also in line with our PSB Tracker findings, which also showed that in 2013 the number of respondents who had used 4oD in the last month was less than half of the number who had used BBC iPlayer. Despite much lower levels of use than BBC iPlayer, user satisfaction levels with 4oD remain high.

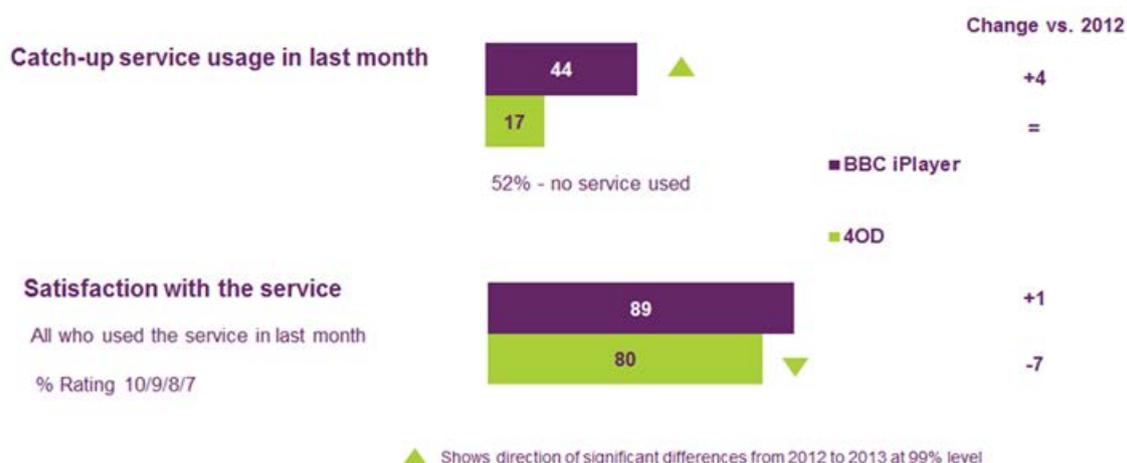
<sup>69</sup> Ipsos MORI Research, 2014. Published as part of *PSB Review*:

<http://stakeholders.ofcom.org.uk/consultations/psb-review-3/supporting-documents/>

<sup>70</sup> All adults is total sample, not just those who are listed as users of on-demand/catch-up services

<sup>71</sup> Regular users are those who use the services at least once per month

Figure 1.39 Use and satisfaction with catch-up services in the last month



5.80 Source: PSB Tracker 2013. Base chart 1: All respondents 16+ (n = 3028) Base chart 2: All that have used this service in the last month (BBC iPlayer 1307, 4oD 495, S4C Click base too small to chart 18)

## Online

5.81 Between 2012 and 2013 there was also an increase in the consumption of C4C's other online services. Total visits to C4C's websites, mobile sites and apps grew by 6.1% from 506 million to 537 million, driven by a 24% increase in app visits<sup>72</sup>. Over the entire review period, visits to C4C's websites alone decreased slightly (by 2.5%) from 360 million in 2010 to 351 million in 2013. However it is likely that this fall was directly related to the growth in app use. We note C4C's intention to innovate further in the on-demand and online space in 2014-15, with the announcement that it intends to replace 4oD with a new single on-demand/online service, All4.

<sup>72</sup> Prior to 2012, this measure did not include app visits. Excluding visits to apps, over the review period visits to C4C websites decreased slightly by (2.5%) from 360 million in 2010 to 351 million in 2013. However, this decrease was likely driven by the drive towards accessing content via apps.

Figure 1.40 Total visits to C4C’s websites, mobile sites and apps (millions): 2012-2013



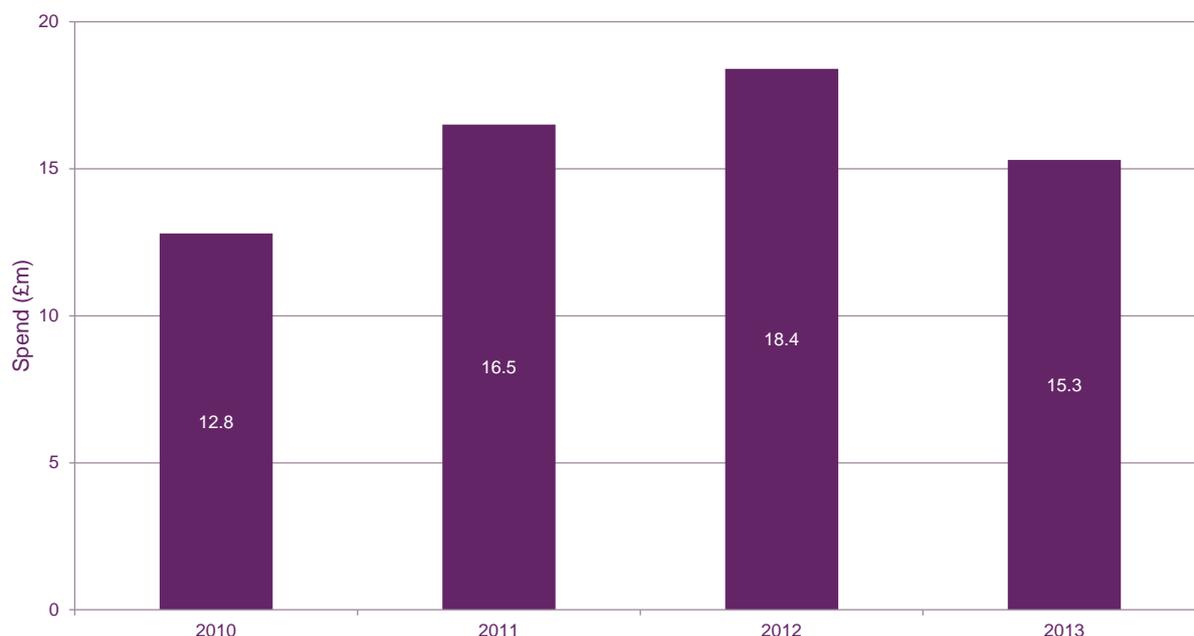
Source: C4C Statements of Media Content Policy data. Note: There were 360 million visits to C4C’s websites in 2010, and 362 million visits in 2011 (metric changed in 2012). 2012 figures taken from 2013 SMCP as visits to apps on certain platforms were excluded in error in 2012

## Increased commitment to feature film production

### Feature film investment

5.82 The DEA introduced duties for C4C to participate in *the making of high quality films intended to be shown to the general public at the cinema in the United Kingdom; and the broadcasting and distribution of such films*. In response, C4C committed to reinforcing C4C’s role in British film production by increasing Film4’s budget to at least £15m a year for five years from 2011. Spend increased over the period of the review, peaking at £18.4m in 2012.

Figure 1.41 C4C spend on feature film production and development (£m real terms): 2010-2013



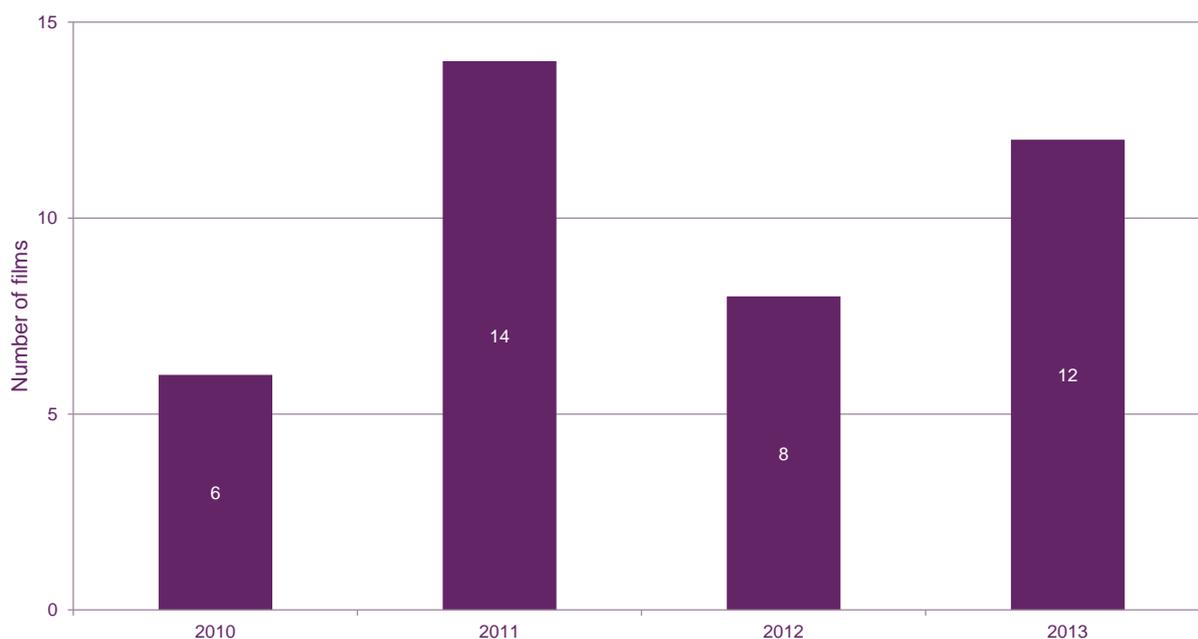
Source: C4C Statements of Media Content Policy data. Note: Figures were provided in nominal terms but have been converted into real terms (2013 prices)

5.83 The volume of Film4-supported films shown in UK cinemas increased over the review period, with 12 films released in 2013. This compares well with Disney, which produced 11 films from its core studio (including Pixar) in 2013, and Viacom’s filmed entertainment segment<sup>73</sup> which had 13 theatrical film releases in 2013 (financial year). Warner Bros. released slightly more, with 18 films for theatrical release in the US in 2013.

5.84 A number of Film4 productions achieved critical acclaim. C4C’s films won 144 awards in 2013, with the volume of awards providing an indication of the quality of the output. *12 Years a Slave*, Film4’s third collaboration with director Steve McQueen, was particularly successful, winning 3 Oscars, 2 BAFTAs and a Golden Globe. In 2012, *The Iron Lady* had its UK theatrical release and won two BAFTAs and a Golden Globe. Certain films also had commercial success, with the 2011 *The Inbetweeners Movie*, developed by Film4 and Channel 4’s comedy commissioning team, making £13.2m at the box office in the opening weekend and a total of £45m by the end of the year.

<sup>73</sup> Viacom’s filmed entertainment segment comprises of: Paramount Pictures; Paramount Vantage; Paramount Classics; Insurge Pictures; MTV Films; and Nickelodeon movie brands.

Figure 1.42 Number of Film4 films that received UK theatrical release: 2010-2013



Source: C4C response to Ofcom information request, July 2014

5.85 C4C also showed innovation in its approach to delivering its duty to broadcast and distribute films. In 2010 it launched Film4oD in partnership with FilmFlex, an online on-demand pay-to-rent film service. More than 500 films were available to view at launch, including Hollywood films, British classics and cult independent and foreign-language films, and it has continued to expand its library. In 2013 C4C released the film *A Field in England* (a black and white film about the English Civil War, financed by Film4) simultaneously in cinemas and on Film4, DVD and VoD (available to rent from Film4oD), the first time a film had been distributed in this way.

### TV output

5.86 In terms of broadcast distribution, Channel 4 showed the most feature film hours of any of the main PSBs over the review period. In 2013 this was 30.4% more than the next highest PSB (Channel 5).

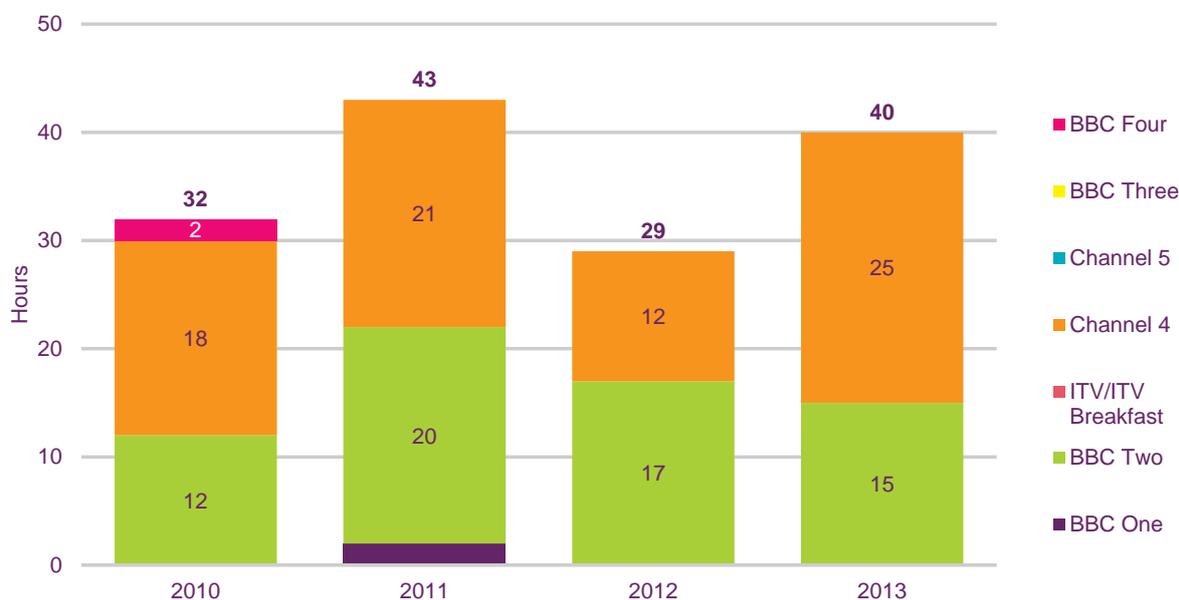
Figure 1.43 Total hours of feature films across designated PSB channels:, 2010-2013



Source: Ofcom/Broadcasters

5.87 With the exception of 2012, Channel 4 was also the PSB that showed the most first-run originated feature films over the review period, followed by BBC Two.

Figure 1.44 Hours of first-run originated feature films across designated PSB channels: 2010-2013



Source: Ofcom/Broadcasters

5.88 On Film4, C4C data shows that 22% of the output in 2013 consisted of UK-originated film, with 60% from the US and 18% from the rest of the world. This compares with 25%, 61% and 15% respectively in 2010. In addition to delivering the duties

introduced by the DEA, the provision of UK-originated films is also likely (depending on the content) to make some contribution towards two public service objectives: *to reflect cultural activity in the UK, and to reflect the lives and concerns of different communities and cultural interests and traditions within the UK.*

## TV viewing

5.89 Film4 achieved the second-highest share of viewing to UK film in 2013, with a share of 13.1%, behind ITV and outperforming Channel 4. This growth represented an 11.0% increase in Film4's viewing share to UK film since 2010. In 2013, despite UK Films representing 17.4% of Film4's output, they represented 13.2% of all viewing to Film 4<sup>74</sup>, perhaps indicating the relatively niche appeal of some UK films when compared with US blockbusters. Channel 4 had a 7.2% share of viewing to UK films in 2013, making it the fifth most-watched channel for the genre. Channel 4's viewing share of UK films fell from 9.0% in 2010 to 7.2% in 2013 (down 20%). Despite the reduction in viewing, audience perceptions of Channel 4's role in film improved over the same timeframe. Channel 4's lead over the next highest PSB for being the best PSB for modern independent film increased from 19 percentage points to 22 percentage points between 2010 and 2013.

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<sup>74</sup> Output and viewing data based on BARB analysis.

## Section 6

# C4C's delivery of non-content-focused duties

## Ongoing commitment to nurturing talent

- 6.1 C4C has a media content duty to *support the development of people with creative talent, in particular people at the beginning of their careers in relevant media content or films, and people involved in the making of innovative content and films.*

### On-screen talent

- 6.2 Between 2010 and 2012<sup>75</sup>, C4C's SMCPs show that it increased the volume of first-run programming dedicated to new talent across its TV family by almost half (from 21 hours to 31 hours). Most of this content was shown on the main channel and included the *Random Acts* and *Comedy Blaps* strands. Examples of new talent promoted by C4C included: Roisin Conaty, who made a *Blap*, then went on to appear in *Man Down* on a regular basis, and gain her own pilot in 2013; and magician Ben Earle who gained a prime time slot for *Ben Earle: Trick Artist*. Beyond the main channel, E4 broadcast *Show and Tell*, a live comedy series (7 hours) dedicated to new talent in 2011. C4C did not mention further dedicated new talent slots or strands in its 2013 SMCP, but did highlight the new and upcoming talent cast in the main character roles in the E4 drama *Youngers*.
- 6.3 In the first half of the review period C4C invested in a talent search and training scheme to ensure that disabled presenters represented half of the Paralympics onscreen team. C4C reports that trainees completed work placements with other broadcasters and sports production companies. Those recruited came from a range of backgrounds, and included an ex-Royal Marine, a carpenter and a former Paralympic swimmer. C4C reports that it invested £250,000 to develop the presenters' careers after the Games.

### Off-screen talent

- 6.4 C4C also reports that it undertook a range of initiatives targeted at off-screen talent. In 2011 C4C launched the Alpha Fund, a £2m development fund aimed at supporting new production companies across the UK. In 2011 82 initiatives were funded, more than half of which came from outside London. By the end of 2012, 51 companies supported by the Alpha Fund had obtained network commissions. C4C cites BAME production company Maroon Pictures as an example. It received funding in 2011 to develop *Michael Johnson: Survival of the Fastest*, a film about African American and Caribbean athletes, which was commissioned by Channel 4 in early 2012.
- 6.5 C4C highlighted the feature film *God Help the Girl*, which also received Alpha funding, as an example of its support for creative innovation on three fronts: the first film by Glasgow-based pop musician Stuart Murdoch of the band Belle and Sebastian; the first Channel 4 project to complete funding via the online site Kickstarter; and the first film which used an existing pop music fan base to participate

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<sup>75</sup> This metric was discontinued after the 2012 SMCP

in the casting and curating of the film. The film later won the Special Jury Award at the Sundance Film Festival in 2014.

- 6.6 Through the 4Talent programme C4C offered a range of internal placements aimed at people seeking a career in the media. These included work experience placements, internships and production and investigative journalism training programmes. C4C also continued to invest in external skills bodies, such as Skillset and the National Film and Television School, spending over £800,000 in 2013. In real terms spend fell slightly on 2010 levels (down 4.4%).
- 6.7 Film4 also played a role in nurturing new talent by working with first-time film makers. In 2010, Richard Ayoade, an actor on Channel 4's *The IT Crowd* worked with Film4 to direct his first feature film *Submarine*. *12 Years a Slave* director Steve McQueen also worked with Film4 on his debut film *Hunger* and second film *Shame* in 2012.

## Conclusions

- 6.8 We welcome C4C's continued support of new talent (especially throughout a period of considerable economic uncertainty) through a variety of initiatives, both in-house and externally. Beyond the specific instances described above, C4C has not provided detailed information on how it has supported talent from various diversity groups. However we note C4C's recent announcement of plans to introduce a new in-house diversity initiative, which will also apply to its suppliers, as well as the creation of the broader industry-wide Diversity Monitoring System (of which C4C is a part). We understand that between them, the two schemes should make it possible to see how diversity groups are represented both on-screen and off-screen in the future, and we await these findings with interest.
- 6.9 Separately, we note that C4C commissioned from 45.6% fewer new companies across TV, film and online in 2013 than 2012 (74 in 2013 down from 136 in 2012). This is reflective of a broader fall in the total number of production companies C4C worked with (367 in 2013 down from 460 in 2012). C4C attributes this reduction to consolidation after a period of peak commissioning. However if this trend continues it could become an area of concern, therefore Ofcom will continue to monitor the number of new production companies used by C4C, as well as C4C's broader production base, in the coming years.

## C4C has partnered with a range of cultural organisations

- 6.10 In performing its duties C4C must also *have regard to the desirability of working with cultural organisations*. While C4C was unable to provide complete figures on the total number of cultural organisations that it worked with over the review period, it cited a range of examples in each of its annual SMCPs. For instance, it partnered with Arts Council England to create *Random Acts*, the short-form digital and television arts strand, which also led it to work with organisations including the Tate, Saatchi Gallery and the Institute of Contemporary Arts. Other programmes also worked with charities related to their specific subject matter – for example *The Great British Property Scandal* worked with Empty Homes in 2011 and the *4 Goes Mad* season worked with the Mental Health Foundation and Time to Change in 2012.
- 6.11 Film4's investment in feature films also involves collaboration with other organisations; C4C reports that it made 22 films in partnership with the BFI since 2010. C4C's 4Talent programme also partnered with a range of charities, educational organisations and youth groups to deliver its open days and other initiatives. From

2010 to 2011 C4C reports that it worked with approximately 18 partner organisations and from 2012 to 2013 it worked with approximately 24 partner organisations.

- 6.12 C4C also reports that it delivered screenings and events with an increasing number of cultural organisations over the period, including the Science Museum, Creative Scotland and the International Broadcasting Trust. C4C Events reports that it worked with 40 organisations in 2013, up from 11 in 2010.
- 6.13 We would observe that these examples indicate that C4C has actively engaged and collaborated with a range of UK cultural entities throughout the review period, and we welcome this.

## Section 7

# Consultation

- 7.1 The findings contained within this report form Ofcom's provisional view of the extent to which C4C has delivered its media content duties, as required by Section 198C of the Communications Act 2003. We are consulting on these findings alongside our PSB Review and welcome responses to the following question:

*Do you agree with Ofcom's provisional findings in the Review of C4C's delivery of its media content duties?*

- 7.2 We invite responses to the consultation question before the consultation closes on 26 February 2015. More details of how to respond, along with Ofcom's consultation principles are set out in Annex 3 and Annex 4 of the PSB Review.

## Annex 1

# The legal and regulatory framework for the review

## The Digital Economy Act 2010 introduced a range of new media content duties for C4C

A1.1 Section 198A of the Communications Act 2003 (“the Act”), introduced by the Digital Economy Act 2010 (“the DEA”), extended C4C’s obligations to include a range of media content duties. Ofcom is required by Section 198C of the Act to carry out a review of the extent to which C4C has discharged these duties during each PSB Review period and to prepare a report on its findings.

A1.2 The duties comprise, in summary:<sup>76</sup>

- to participate in:
  - the making of a broad range of relevant media content<sup>77</sup> of high quality that, taken as a whole, appeals to the tastes and interests of a culturally diverse society;
  - the making of high quality films intended to be shown to the general public at the cinema in the United Kingdom; and
  - the broadcasting and distribution of such content and films;
- to participate in particular in:
  - the making of relevant media content that consists of news and current affairs;
  - the making of relevant media content that appeals to the tastes and interests of older children and young adults;
  - the broadcasting or distribution by means of electronic communications networks of feature films that reflect cultural activity in the United Kingdom (including films that C4C was not involved in making); and
  - the broadcasting or distribution of relevant media content by means of a range of different types of electronic communications networks;
- to do these things in a way that promotes measures intended to secure that people are well-informed and motivated to participate in society in a variety of ways and contributes towards the fulfilment of the public service objectives;<sup>78</sup>

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<sup>76</sup> See Annex 2 of *PSB Review* for full Statutory Framework and relevant extracts from the Act.

<sup>77</sup> ‘Relevant media content’ means material, other than advertisements, included in any of the following services that are available to members of the public in all or part of the UK: television programme services, additional television services or digital additional television services; on-demand programme services; or other services provided by means of the internet where there is a person who exercises editorial control over the material included in the service.

- in performing these duties:
  - to support the development of people with creative talent, in particular people at the beginning of their careers in relevant media content or films, and people involved in the making of innovative content and films;
  - to support and stimulate well-informed debate on a wide range of issues, including by providing access to information and views from around the world and by challenging established views;
  - to promote alternative views and new perspectives;
  - to provide access to material that is intended to inspire people to make changes in their lives;
  - to have regard to the desirability of working with cultural organisations, encouraging innovation in the means by which relevant media content is broadcast or distributed, and promoting access to and awareness of services provided in digital form.

## Regulatory context

A1.3 In conducting this review we have been mindful of the potential overlap with other recent regulatory consideration of C4C. The following summarises the most recent work relevant to this review.

### 2014 PSB Review

A1.4 This review of C4C's performance in meeting its media content duties was triggered by Ofcom's third PSB Review. The two consultations have been published simultaneously, and both consider the role of Channel 4, the portfolio channels and C4C's on-demand and online services.

A1.5 There are inevitably areas of crossover in the two documents. The provisional findings of this review are pertinent to the PSB Review, and they are referenced in Ofcom's consultation on that Review. The findings of particular relevance include those in relation to content provision for older children, the reach and impact of TV news and the role of portfolio services, and they have helped inform a broader discussion of related topics in the PSB Review.

### SMCP process

A1.6 Section 198B of the Act requires C4C to prepare an annual Statement of Media Content Policy ("SMCP") setting out its proposals for delivering its media content duties over the year ahead and reviewing its performance in the previous year<sup>79</sup>. In

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<sup>78</sup> The public service objectives are defined in section 264A of the Act.

<sup>79</sup> C4C publishes a combined statement of programme and media content policy, which also goes to meet its obligation under Section 266 of the Act to set out proposals and review its performance in relation to Channel 4's public service remit and licence obligations. Links to the 2010-2013 SMCPs can be found in Annex 2

preparing the SMCP, C4C must consult Ofcom and have regard to Ofcom's guidance<sup>80</sup>.

- A1.7 Prior to publication of the SMCP each year, representatives of the Ofcom Board and C4C Board have met to discuss its contents and arising issues. Through this process Ofcom has identified some concerns in certain areas of C4C's performance, particularly in relation to production in and programmes reflecting the UK nations; the strategy for and measurement of educational content aimed at 14-19 year-olds; the viewing, reach and impact of *Channel 4 News*; and the declining viewing to the main Channel. Ofcom has written to the Chairman of C4C as a record of these meetings, and subsequently published these letters.<sup>81</sup>

## Channel 4 relicensing<sup>82</sup>

- A1.8 As part of the relicensing process, Ofcom considered the likely sustainability of Channel 4 over a further ten-year licence period. A key challenge for C4C would be sustaining a cross-subsidy model, whereby C4C's wider group of services generate large enough audiences and revenues to enable it to keep investing in distinctive and attractive content for broadcast initially on the main Channel 4 service. We considered that C4C's financial model was credible and its submission that the licence obligations could be maintained was realistic.
- A1.9 In 2014, Ofcom renewed the Channel 4 licence for a further ten years from 1 January 2015. In renewing, Ofcom made one significant change to the licence conditions; to raise Channel 4's out-of-England production quota in both volume and spend terms to 9% from 2020.
- A1.10 The delivery by C4C of the public service remit<sup>83</sup> and licence obligations of Channel 4, which is a licensed public service channel, is not considered in this review.<sup>84</sup>

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<sup>80</sup> Ofcom publishes guidance for C4C on the preparation of the SMCP and the areas on which it must report and set out forward strategy:

<http://stakeholders.ofcom.org.uk/binaries/broadcast/guidance/c4c-guidance-note.pdf>

<sup>81</sup> Ofcom letters to C4C as part of the SMCP process:

<http://stakeholders.ofcom.org.uk/broadcasting/tv/c4/>

<sup>82</sup> Ofcom *Channel 4 Licence Renewal Consultation*, July 2013:

<http://stakeholders.ofcom.org.uk/binaries/consultations/renewal-c4-licence/summary/c4.pdf>

Ofcom *Channel 4 Licence Renewal Statement* March 2014:

[http://stakeholders.ofcom.org.uk/binaries/consultations/renewal-c4-licence-out-of-england-quota/statement/Channel\\_4\\_Licence\\_Renewal\\_Statement.pdf](http://stakeholders.ofcom.org.uk/binaries/consultations/renewal-c4-licence-out-of-england-quota/statement/Channel_4_Licence_Renewal_Statement.pdf)

<sup>83</sup> Set out in Section 265(3) of the Act

<sup>84</sup> They were considered in detail during the relicensing process; see the documents referred to in footnote 83 above.

## Annex 2

# Methodology and approach

### **This report sets out our key provisional findings, drawn from a range of information sources**

- A2.1 The Review of C4C's performance in meeting its media content duties comprises two main documents. The first is this report, which focuses on the key findings of the review. The second is a data annex (Annex 3) which maps the relevant collated evidence to each of the duties under review.
- A2.2 This is the first such review since the duties came into force in June 2010. As all the data sets used to inform the review are produced using full-year data, this review covers the period January 2010 to December 2013.
- A2.3 It is important to note that the period covered by this review is two years shorter than that covered by the PSB Review. Where performance calculations have been based on a comparison between the first and last year of a review period there are therefore differences in the findings of the two reviews.
- A2.4 In this review we have limited our assessment of C4C's contribution towards the public service objectives to C4C's services beyond Channel 4, as the main channel is covered in detail both in the PSB Review and in the 2014 PSB Annual Report.
- A2.5 The review draws on the following sources:
- C4C's annual SMCPs (2010 to 2013)<sup>85</sup>;
  - Supplementary information provided by C4C for this review and for the PSB Review, in response to Ofcom requests for information;
  - Ofcom's 2014 PSB Annual Report<sup>86</sup>: this includes output and spend data (broadcaster annual returns submitted to Ofcom<sup>87</sup>), consumption data (BARB), audience opinion findings (Ofcom PSB Tracker 2013, Ofcom PSB

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<sup>85</sup> C4C Annual SMCPs used within this report can be found at the following links:

2010 - [http://www.channel4.com/media/documents/corporate/annual-reports/Ch4\\_Annual\\_Report\\_2010\\_FINAL.pdf](http://www.channel4.com/media/documents/corporate/annual-reports/Ch4_Annual_Report_2010_FINAL.pdf)

2011 - [http://www.channel4.com/media/documents/corporate/annual-reports/Ch4\\_Annual\\_Report\\_2011.pdf](http://www.channel4.com/media/documents/corporate/annual-reports/Ch4_Annual_Report_2011.pdf)

2012 - [http://www.channel4.com/media/documents/corporate/annual-reports/Ch4\\_Annual\\_Report\\_2012.pdf](http://www.channel4.com/media/documents/corporate/annual-reports/Ch4_Annual_Report_2012.pdf)

2013 - [http://www.channel4.com/media/documents/corporate/annual-reports/C4\\_AR\\_2013\\_LR.pdf](http://www.channel4.com/media/documents/corporate/annual-reports/C4_AR_2013_LR.pdf)

<sup>86</sup> PSB Annual Report 2014: <http://stakeholders.ofcom.org.uk/broadcasting/reviews-investigations/public-service-broadcasting/annrep/psb14/>

<sup>87</sup> PSB annual returns were collected for BBC One, BBC Two, ITV, ITV Breakfast, Channel 4, Channel 5 and the BBC's PSB digital channels: BBC Three, BBC Four, BBC News, BBC Parliament, CBBC and Cbeebies. BBC HD and BBC Alba are not included.

portfolios channels research 2014) and findings from Ofcom's Online Media Services report<sup>88</sup>;

- Ipsos MORI research 2014<sup>89</sup>: Quantitative and qualitative research commissioned by Ofcom for the PSB Review;
- comScore MMX MP, September 2014 (on-demand consumption analysis); and
- Bespoke research commissioned by Ofcom on News<sup>90</sup>.

A2.6 While the Ofcom PSB Tracker and the Ofcom PSB portfolio channels research ask respondents some of the same questions, the differences in methodologies between these two pieces of research can cause some differences between the data sets. The Ofcom PSB Tracker is conducted via computer-assisted telephone interviews with adults aged 16 and over. In 2013 (the main data set used in this report), a total of 3,028 interviews were conducted (1,622 in England; 500 in Scotland; 454 in Wales; 452 in Northern Ireland). The Ofcom PSB portfolio channels research, on the other hand, was carried out online in 2014 and had a sample size of 800 regular viewers of at least one portfolio channel. The portfolio channels included in the research were: ITV2, ITV3, ITV4, E4, More4 and Film 4.

## Base size

A2.7 The data provided by C4C sometimes use a different base to that used by Ofcom. For example, C4C audience figures include Channel 4, Channel 4 +1, Channel 4 HD and 4Seven, whereas the equivalent Ofcom figure excludes Channel 4 +1 and 4Seven as we consider these to be separate channels for audience reporting purposes. For consistency we have used the Ofcom base wherever available; where only C4C data is available we have stated the base used.

## Financial data

A2.8 In considering data on spend; Ofcom's analysis in this report (and the accompanying charts in Annex 3) expresses figures in real terms (i.e. nominal figures supplied by C4C have been adjusted for inflation by Ofcom). It is important to adjust for inflation when comparing nominal data at different points in time because, with inflation, increases in nominal figures may simply reflect higher prices rather than increased production or purchasing power. However, there are limitations with this approach, mainly that:

- it is possible that a real-terms pound spent by the C4C on first-run UK content is buying more than it did in previous years. This means that a decline in spend may have less impact on the range and quality of media content than may ordinarily be expected; and

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<sup>88</sup> The Online Media Services report draws upon a number of sources: Ofcom consumer research, third party consumer research, the Mori Study, the Enders Study, and VOD service programme request data.

<sup>89</sup> Ipsos MORI research, 2014. Published as part of the *PSB Review*:

<http://stakeholders.ofcom.org.uk/consultations/psb-review-3/supporting-documents/>

<sup>90</sup> Kantar Media News Omnibus 2014 <http://stakeholders.ofcom.org.uk/market-data-research/other/tv-research/news-2014/>

- Ofcom uses the UK Office of National Statistics Consumer Prices Index (CPI) to adjust programme investment data into real terms. CPI has been consistently higher than the UK Government's long-term inflation target of 2% during the review period and recession. Given that the CPI measures price inflation of a basket of typical consumer goods, it may not be a precise measure of price inflation in the underlying input costs of producing new UK programmes and other media content.

## Review scope

A2.9 The services considered in this review are C4C's media services, including the main channel, the portfolio channels, Film4 Productions (feature films), and C4C's on-demand services and online services. Definitions for these services, and other key terms used in this report can be found below. C4C is not restricted to delivery of its media content duties on C4C services. However, in the interests of proportionality this review does not attempt to measure the impact of the wider distribution of existing C4C content via third party platforms such as Netflix, DVD releases, TV channels not provided by C4C, etc.

## Definitions

A2.10 The following sets the definitions of the key terms used within the report. Due to the variety of sources used, there are some variations between the definitions, so these have been divided into Ofcom definitions and C4C definitions for clarity.

### Ofcom definitions: channel groups

Channel group	Output & spend	TV viewing	Audience opinion	Legal definition
PSB Channels	BBC One, BBC Two, BBC Three, BBC Four, BBC News, BBC Parliament, ITV/ITV Breakfast, Channel 4, Channel 5, BBC CBBC, CBeebies	BBC One, BBC Two, BBC Three, BBC Four, BBC News, BBC Parliament, CBBC, CBeebies, BBC streaming channels, BBC HD (to March 2013) and BBC Olympics channels (2012 only). ITV Network* (inc ITV Breakfast), Channel 4, Channel 5 and S4C (S4C is added to C4 2008-2009 and excluded from 2010 onwards post-DSO in Wales). HD variants are included where applicable (but not +1s).		All BBC channels (BBC One, BBC Two, BBC Three, BBC Four, BBC News, BBC Parliament, CBeebies, CBBC, BBC Alba, all BBC HD channels), the Channel 3 services (provided by ITV, STV and UTV), Channel 4, Channel 5, and S4C.
Main five PSB channels	BBC One, BBC Two, ITV/ITV Breakfast, Channel 4, Channel 5	BBC One, BBC Two, ITV Network (inc ITV Breakfast), Channel 4, Channel 5. HD variants are included where applicable (but not +1s).	BBC One, BBC Two, ITV/STV/UTV, Channel 4, Channel 5	

Channel group	Output & spend	TV viewing	Audience opinion	Legal definition
Main PSB channels combined			BBC One, BBC Two, BBC Three, BBC Four , BBC News, ITV/STV/UTV, Channel 4, Channel 5, S4C	
BBC/BBC Channels	BBC One, BBC Two, BBC Three, BBC Four, BBC News, BBC Parliament, CBBC, CBeebies			
Commercial PSB Channels	ITV/ITV Breakfast, Channel 4, Channel 5			
BBC Portfolio Channels	BBC Three, BBC Four, BBC News, BBC Parliament, CBBC, CBeebies	BBC Three, BBC Four, BBC News, BBC Parliament, CBBC, CBeebies, BBC streaming channels, BBC HD (to March 2013) and BBC Olympics channels (2012 only). HD variants are included where applicable.	BBC Three, BBC Four, BBC News	
Commercial PSB Portfolio Channels	CITV, ITV2, ITV3, ITV4, 4Seven, E4, Film4, More4, 5*, 5USA	ITV+1 Network (inc ITV Breakfast) , ITV2, ITV2+1, ITV3, ITV3+1, ITV4, ITV4+1, CITV, Channel 4+1, E4, E4 +1, More4, More4 +1, Film4, Film4+1, 4Music, 4seven, Channel 4 Paralympics channels (2012 only), Channel 5+1, 5*, 5*+1, 5USA, 5USA+1. HD variants are included where applicable.		
Multichannel sector	Sky, Viacom, UKTV, BT, Discovery, AETN, Turner, Disney, CSC, Baby Network	All other remaining channels except the main five PSB channels, their portfolio of channels and the regional Channel 3 services.		
Channel 3 services/broadcasters	ITV, STV, UTV		ITV, STV, UTV	
ITV portfolio channels		ITV+1 Network (inc ITV breakfast) , ITV2, ITV2+1, ITV3, ITV3+1, ITV4, ITV4+1, CITV. HD variants are included where applicable.	ITV2 , ITV3, ITV4	

Channel group	Output & spend	TV viewing	Audience opinion	Legal definition
Channel 4 portfolio channels		Channel 4+1, E4, E4 +1, More4, More4 +1, Film4, Film4+1, 4Music, 4seven, Channel 4 Paralympics channels (2012 only) HD variants are included where applicable.	E4, More4, Film4	
Channel 5 portfolio channels		Channel 5+1, 5*, 5*+1, 5USA, 5USA+1. HD variants are included where applicable.		
BBC family		BBC One, BBC Two, BBC Three, BBC Four, BBC News, BBC Parliament, CBBC, CBeebies, BBC streaming channels. BBC HD (to March 2013) and BBC Olympics channels (2012 only). HD variants are included where applicable.		
ITV family		ITV, ITV+1 (both Network and including ITV breakfast), ITV2, ITV2+1, ITV3, ITV3+1, ITV4, ITV4+1, CITV. HD variants are included where applicable.	ITV, ITV2, ITV3, ITV4	
Channel 4 family		Channel 4, Channel 4+1, E4, E4 +1, More4, More4 +1, Film4, Film4+1, 4Music, 4seven, Channel 4 Paralympics channels (2012 only). HD variants are included where applicable.	Channel 4, E4 More4, Film4	
Channel 5 family		Channel 5, Channel 5+1, 5*, 5*+1, 5USA, 5USA+1. HD variants are included where applicable.		

## Ofcom definitions: other

Term	Definition
On-demand programme service (ODPS)	A service where its principal purpose is the provision of programmes the form and content of which are comparable to the form and content of programmes normally included in television programme services; access to it is on-demand; there is a person who has editorial responsibility for it; it is made available by that person for use by members of the public; and that person is under the jurisdiction of the United Kingdom for the purposes of the Audiovisual Media Services Directive ('the AVMS Directive').
Video on Demand (VOD) service	A service is a VOD service if its principal purpose is the provision of video content; access to it is on-demand; there is a person who has editorial responsibility for it; and it is made available by that person for use by members of the public. This is as per the definition of on-demand programme service above, but the person with editorial responsibility need not be under the jurisdiction of the UK for the purposes of the AVMS Directive.
Other internet service (OIS)	Services provided by means of the internet where there is a person who exercises editorial control over the material included in the service, and which are not television or radio services VoDservices.
PSB VoD services	These are the BBC iPlayer, ITV Player, 4oD and Demand 5.
Non-PSB VoD services	VoD services not provided by the public service broadcasters.
Peak time	Peak time is defined as 6:00pm – 10:30pm

## C4C definitions: channel groups

Channel group	Investment and spend	Consumption (reach and share)	C4C audience research: channel reputations research
Main channel ( <i>Channel 4</i> )	Channel 4, 4Seven	Channel 4, Channel4+1, Channel4 HD, 4Seven (from 2012), and 3 Paralympic channels (where appropriate). S4C is not included	
Digital media	A combination of investment made outside of the main channel budget (e.g. on channel4.com and cross platform projects), alongside a small proportion of the main channel budget (primarily investment in new online content for education)		
Channel 4 family ( <i>listed as C4's TV Channel Portfolio in SMCPs, but referred to as TV family in this report</i> )	The main channel (including 4Seven and the Paralympics channels in 2012), E4, More4, Film4 and 4Music. Time-shifted +1 channels and HD variants are included where applicable	The main channel (including 4Seven and the Paralympics channels in 2012), E4, More4, Film4 and 4Music. Time-shifted +1 channels and HD variants are included where applicable	

Channel group	Investment and spend	Consumption (reach and share)	C4C audience research: channel reputations research
BBC family (listed as BBC's TV Channel Portfolio in SMCPs, but referred to as TV family in this report)		BBC One, BBC Two, BBC Three, BBC Four, BBC Parliament, BBC Choice, BBC News, BBC Knowledge, CBBC, Cbeebies, 24 BBC Olympics channels, and all red button services. HD variants are included where applicable	
ITV family (listed as ITV's TV Channel Portfolio in SMCPs, but referred to as TV family in this report)		ITV1, ITV2, ITV3, ITV4, and CITV. Time-shifted and HD variants included where applicable	
Channel 5 family (listed as Channel 5's TV Channel Portfolio in SMCPs, but referred to as TV family in this report)		Channel 5, 5USA, and 5*. Time-shifted and HD variants are included where applicable	
Public service broadcaster (PSB)			BBC, ITV, Channel 4 and Channel 5
Main PSB Channels			The traditional network channels: BBC One, BBC Two, ITV1, C4's main channel, and Channel 5

#### C4C definitions: Other

Term	SMCP definition
Acquisition / acquired	A TV programme shown by a broadcaster that it did not commission itself. Acquisitions include feature films, bought-in television programmes from the US and archive British programmes acquired from the original programme-makers (or their distributors).
Buzz	Since 10th January 2011, Channel 4 has run a daily audience reaction survey asking approximately 1,000 respondents a day about the previous day's viewing. One of the questions on this survey asks viewers how they talked about each programme, e.g. face to face, via email, via text, on social networks. "Buzz" refers to the proportion of people who watched each programme who said they talked about it with others in some way.
C4C's online services	Channel 4.com, including Channel 4 News and channel/programme specific sites, micro sites, games and apps
New talent	Refers to on- and off-screen talent who are new to television, or who are doing something new. Channel 4's commitment to new talent – across a wide range of genres, including factual, drama, comedy and entertainment – includes giving young programme-makers (directors, writers, etc.) and performers (actors, presenters, etc.) exposure on mainstream television early in their careers. It also includes providing opportunities to more established talent to develop their skills (e.g. by moving into higher-budget productions) or to move into new areas (encouraging actors to develop their own scripts, writers to move into directing, and so on).
Older children	Older children are defined as 10-14 year olds.
On-demand	Refers to services that enable a range of video content to be accessed at any time. On-demand services are generally delivered through broadband services, to digital TV platforms such as Virgin Media or Tiscali, to PC desktop applications (such as Apple's iTunes or Channel 4's 4oD) or to websites such as channel4.com.

Term	SMCP definition
Origination / originated	All programmes shown on TV are either commissioned by the broadcaster (originated) or purchased (acquired). The main public service broadcasters (Channel 4, the BBC, ITV and Channel 5) are distinguished from the hundreds of digital TV channel operators by the large volume of programmes that are originated, i.e., commissioned by them, on their channels. These commissions may be made in-house by the broadcaster (in the case of the BBC or ITV) or they may be commissioned from external suppliers.
Peak time	Defined by Ofcom as the evening period between 6pm and 10.30pm
4OD	4OD is C4C's VOD service which offers access to 30-day catch-up and archived content. It is available to stream and download across a wide range of platforms.

## Annex 3

# Evidence assessing C4C's delivery of its media content duties (2010-2013)

A3.1 This data pack has been published as a separate document, which can be found here: <http://stakeholders.ofcom.org.uk/consultations/c4-media-content/>