

*“Working for quality
and diversity in
British broadcasting”*

Founded in 1983 by Jocelyn Hay CBE



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RESPONSE BY THE VOICE OF THE LISTENER & VIEWER (VLV)

TO

THE REVIEW OF CHANNEL 4 CORPORATION'S DELIVERY OF ITS MEDIA CONTENT DUTIES (2010-2013)

February 2015

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INFORMATION ABOUT THE VLV

Voice of the Listener & Viewer Limited (VLV) represents the citizen and consumer interests in broadcasting and speaks for listeners and viewers on the full range of broadcasting issues. It uses its independent expertise to champion quality and diversity in public service broadcasting, to respond to consultations, to produce policy briefings and to conduct research. VLV has no political, commercial or sectarian affiliations and is concerned with the issues, structures, institutions and regulations that underpin the British broadcasting system. VLV supports the principles of public service in broadcasting. It is a charitable company limited by guarantee (registered in England No 4407712 - Charity No 1152136).

EXECUTIVE SUMMARY

1. VLV generally agrees with Ofcom that C4C is effectively delivering its media content duties.
2. We commend it for effectively maintaining its reach through investment and realignment of its portfolio channels and digital platforms while still remaining innovative.
3. C4C's portfolio provides a broad range of content which is distinctively different from the other UK public service broadcasters and which appeals to a diverse audience. VLV believes it is especially important in the PSB mix because it works to challenge established views and provide alternative perspectives. It also attracts a younger profile of viewer and a higher proportion of BAME viewers than the other PSBs.
4. VLV believes that C4C's remit to provide content for older children needs to be reconsidered. We are very concerned by the apparent market failure in provision of UK specific content for this age group, however we question whether C4C is able to deliver such content effectively on its existing broadcast platforms.
5. We agree with Ofcom's concern that if there is a continued decline in the reach of the main channel, which attracts the largest audiences of all the C4C channels, there is a risk that C4C's impact in delivering its full range of duties and obligations as set out in its remit will be reduced.
6. We recognise that in order to remain commercially viable and continue to deliver its remit effectively C4C must maintain its reach and impact. Within C4C's operating model and remit there is a tension between needing to attract audiences to remain commercially viable while providing innovative, often challenging content. We would want to see the main channel, Channel 4, continue to remain the most 'alternative'

mainstream PSB channel¹ in the UK and encourage it to ensure that it continues to take risks and provide content which other PSBs might not consider.

7. It is important that this balance between innovation and maintaining audience share is achieved so that C4C can continue with its current operating model. We believe it should be viable as long as C4C continues to innovate in order to evolve with the market.

INTRODUCTION

8. VLV welcomes this review of Channel 4 Corporation's (C4C) delivery of its media content duties as set out in the Digital Economy Act 2010.
9. We generally agree with Ofcom's provisional findings that C4C is effectively delivering its media content duties in an evolving broadcasting landscape and provides a broad range of content which is distinctively different from the other UK public service broadcasters and which appeals to a diverse audience. We note that audience appreciation levels appear strong especially for international content and content which is perceived as diverse.²
10. The main channel, Channel 4, plays an important role in providing plurality of supply in key genres alongside the other PSBs, but most importantly it acts as a foil to the BBC.
11. We believe that the main channel is particularly successful in *challenging established views* and *promoting new perspectives*.³ Viewer appreciation is high: Ofcom research shows that the public believe Channel 4 is more likely to cover ground and tackle issues other broadcasters would not and provide alternative perspectives.⁴ It outperforms the PSB average for showing programmes 'which make me stop and think' (61% vs average of 49%) and for showing 'programmes with new approaches/ideas (59% vs average of 47%)'.⁵
12. Additionally the main channel, along with its portfolio channels, plays an important role in attracting a broad range of viewers, especially younger adults. This is particularly important because Ofcom research shows that this younger audience of 16-34 year olds is migrating from live television viewing and PSBs in general.
13. We believe that C4C's Creative Renewal strategy, implemented since 2010, has been largely successful. It has seen increased investment in new originations on its main channel and the development of new platforms, such as 4Seven to increase C4C's reach and impact. Additionally its data strategy has led to more detailed research in user behaviour which is valuable in maintaining loyalty and increasing commercial returns.
14. The C4C model of a publicly-owned company, fulfilling purposes which are beneficial to UK society as a whole, is invaluable to the PSB landscape in the UK. Its model provides

¹ Channel 4 refers to itself as the Alternative Mainstream channel in *Channel 4 Taking Risks and Challenging the Mainstream*, 2014

² Ofcom Review of Channel 4 Corporation's delivery of its media content duties (2010-2013), p 4

³ Ofcom Review of Channel 4 Corporation's delivery of its media content duties (2010-2013), p 36

⁴ Ofcom Review of Channel 4 Corporation's delivery of its media content duties (2010-2013), p 38

⁵ Ofcom Review of Channel 4 Corporation's delivery of its media content duties (2010-2013), p 38

cross-subsidy funding for public service content on its main channel which would otherwise not be commercially viable. Its method in thus delivering societal benefits sets it apart from the other commercial PSBs and from the BBC which is publicly funded.

15. However, we agree with Ofcom's statement that if there is a continued decline of the reach of the main channel, which attracts the largest audiences of all the C4C channels, there is a risk that C4C's impact in delivering its full range of duties and obligations, as set out in its remit, will be reduced. The reduction in reach of the main channel could also have an impact on advertising revenue, which is of concern.

THE CONTEXT OF THIS REVIEW

Channel 4's response to the evolving media landscape

16. We acknowledge that the main channel, Channel 4, along with the other main public service broadcast channels⁶, has lost audience reach and share during the past four years due to digital switchover and the increased proliferation of media platforms available to the public.
17. We are concerned that the main channel's average weekly reach has dropped most sharply of all the main PSBs during the review period⁷. While we note the strong performance by C4C's portfolio channels, which collectively delivered the biggest reach extension of any of the PSB portfolios and appear to have resulted in a largely stable reach for Channel 4, we are still concerned by the reduction of reach of the main channel because this is the C4C platform which attracts the largest audiences.⁸
18. We believe that because the reach of C4C's collection of channels is stable, this means it should still be able to deliver effectively its public service objectives, but it needs to do all it can to bolster the share of its main channel.

The Generation Gap

19. C4C's success in attracting younger adults to its collection of channels and online offering is notable.
20. C4C appears to be maintaining its reach and share among 16-34 year olds more effectively than the other PSBs, thanks to the performance of its portfolio channels.⁹ 16-34 year olds are a core demographic for C4C not only in terms of meeting its duties but also in attracting crucial advertising revenue. 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.¹⁰

⁶ BBC1, BCB 2, ITV, Channel 5

⁷ falling to 48% in 2013 from 53.4% in 2010

⁸ During the review period the total reach of C4C's channels fell by only 1.9% to 64.6% in 2013 from 66.5% in 2010. *Ofcom Review of Channel 4 Corporation's delivery of its media content duties (2010-2013)*, p 4

⁹ According to Ofcom the total C4C reach among 16-43's fell by 2.8 percentage points which is less than the falls seen for all the other PSBs in this age group. pg 33, fig 1.16 *Ofcom Review of C4Cs delivery of its media content duties (2010-2013)*

¹⁰ *Ofcom Review of Channel 4 Corporation's delivery of its media content duties (2010-2013)*, p 44 fig 1.26

21. C4C's delivery of its public purposes to younger audiences is all the more important because there is extensive evidence that younger people are watching less live television than they used to and using a greater range of new media services and devices than older people.¹¹

Independent productions

22. As a result of the consolidation of the independent production sector and the vertical integration of independent production companies into UK broadcasters, we believe that regulatory interventions currently in place to support the independent production sector should be reassessed. This is particularly important for C4C because it is almost wholly reliant on the independent production sector for its content provision. We note that this issue will be dealt with more extensively in the PSB Review and VLV will be submitting separate evidence to that review.

The PSB Compact

23. In this review Ofcom raises the issue of whether the current 'PSB compact' needs to be reassessed in light of the evolving public service broadcasting market. We agree that it would be sensible to review the current 'PSB compact' in the context of the PSB Review and to explore whether the benefits which currently apply to the five main PSB channels should be extended to apply to all PSB services in order to help maximise their PSB delivery and impact. Again, VLV will be submitting evidence separately to the PSB Review on this issue.

DELIVERY OF THE C4C REMIT

24. We understand the C4C duties introduced by the Digital Economy Act 2010 comprise in summary:

- to broadcast and distribute on C4C platforms a broad range of media content of high quality that, taken as a whole, appeals to the tastes and interests of a culturally diverse society and to participate in the making of high quality films intended to be shown to the general public at the cinema in the United Kingdom
- to provide news and current affairs; content which appeals to older children and young adults and feature films which reflect cultural activity in the UK.

25. In carrying out these commitments, we note that C4C should:

- aim to ensure people are well-informed and motivated to participate in society in a variety of ways
- support the development of people with creative talent
- 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
- promote alternative views and new perspectives
- provide access to material that is intended to inspire people to make changes in their lives.

¹¹ *Ofcom Review of Channel 4 Corporation's delivery of its media content duties (2010-2013)*, p 3

Additionally there is a commitment to foster working relationships with cultural organisations, encourage innovation broadcasting/distribution platforms and promote access to and awareness of services provided in digital form.

C4C's delivery of its remit

26. Generally we commend C4C for delivering its remit while maintaining audience share through a balance between its blend of successful, established Channel 4 brands such as *Grand Designs*, *Dispatches* and *Hollyoaks* with new original content such as *Gogglebox*, the *Educating...* series and documentary series such as *Benefits Street*.
27. In this way during its period of 'creative renewal' the main channel, Channel 4, and C4C's portfolio channels have maintained their audience loyalty while constantly innovating and providing the audience with new, often challenging, content.
28. We note that 66% of viewers interviewed for Ofcom's PSB Report 2014 rate Channel 4 shows as well-made, high-quality programming in line with the PSB average of 65%.¹²
29. It appears that the balance of content provided in different genres on the main channel remained largely stable when comparing 2010 with 2013, although it fluctuated on a yearly basis. We note that the two most popular genres on the main channel are documentary and entertainment¹³ while film is the most popular genre on the portfolio channels.
30. We acknowledge that the content mix on the C4C portfolio channels differs substantially from that of the main channel. From C4C Statement of Media Content Policy (SMCP) reports it is clear that comedy, lifestyle and film are scheduled on specific portfolio channels in such a way as to attract target audiences and there was a higher proportion of repeats and acquired content on these channels.¹⁴

Spend and output

31. While its investment in new originated content on the main channel dropped by £68m (15%) over the five year period from 2008-2013, it is reassuring to note that investment in programming between 2010 and 2013 (the period of this review) rose¹⁵, in comparison with BBC One and ITV which cut their equivalent investment. We note that while the vast majority of C4C's investment in UK originations was allocated to the main channel (89.7% of spend in 2013), the portfolio channels also delivered some original content.
32. We note that the volume of first-run originated output was broadly stable during this period and that C4C invested in a wide variety of new and one-off programmes on the main channel.

¹² *Ofcom Review of Channel 4 Corporation's delivery of its media content duties (2010-2013)*, p 19

¹³ *Ofcom PSB Report 2014*, fig 1.2d p 17

¹⁴ *Ofcom Review of Channel 4 Corporation's delivery of its media content duties (2010-2013)*, fig 1.7, p 22

¹⁵ Investment in first-run UK originated content rose by 8.2% or between 2010 and 2013. Spend on C4C's portfolio channels rose by 20% during this period. *Ofcom PSB Review 2014* pg 67

Channel 4 News

33. As one of its primary responsibilities, C4C provides news and current affairs which is distinctive and of high quality. Through this content C4C fulfils many of its commitments, namely to ensure that:
- *people are well-informed and motivated to participate in society in a variety of ways*
 - *to support and stimulate well-informed debate*
 - *to provide views from around the world*
 - *and to challenge established views and promote alternative views.*
34. Channel 4 News plays an important role in the PSB landscape. It is distinctive in tone and content, provides in depth coverage and appears to work to a different news agenda from other news bulletins on the main PSBs. In this way it provides an alternative view of the world and reinforces the plurality of UK broadcast news. It also tends to provide more in depth coverage of international affairs than other bulletins.
35. We also note that Channel 4 News is more popular among key hard to reach audience groups with a greater proportion of 16-34 and BAME viewers than the other main PSB channels news programmes.
36. While we acknowledge that the reach of Channel 4 News has declined¹⁶ during the review period, we echo Ofcom's view that C4C should not *compromise the reputation and authority of the programme in an effort to pursue bigger or younger audiences.*¹⁷
37. In light of the drop in reach for Channel 4 News, we welcome C4C's efforts to increase the impact of its news offering online and are pleased to see that the number of views to its content online is rising.

Current Affairs

38. We note from the PSB Report 2014 that all the main PSBs during the review period have experienced a decline in viewing of current affairs programming.
39. In light of this, we welcome C4C's commitment to peak time current affairs programming. We note that the main channel, Channel 4, showed substantially more peak time current affairs than any of the other main PSB channels during this period¹⁸ and its spend has increased by 35.3% during the review period.¹⁹
40. We welcome C4C's continued commitment to current affairs despite the fact that it may not attract large audiences.

¹⁶ C4 News reach has dropped by 22% over the review period, compared with drops of 11.9% for ITV news and 3.5% for BBC One's news.

¹⁷ *Ofcom Review of Channel 4 Corporation's delivery of its media content duties (2010-2013)*, p 52

¹⁸ 142 hours vs BBC Two at 61 hours in 2013. *Ofcom Review of Channel 4 Corporation's delivery of its media content duties (2010-2013)*, p 9

¹⁹ C4C total spend on current affairs in 2013 was £23million.

Content which promotes diversity

41. We believe that C4C is particularly successful in its delivery of content which appeals to the tastes and interests of a culturally diverse society. Through documentaries, drama, comedy and entertainment, Channel 4 and the C4C portfolio channels promote alternative views and *challenge established views*.
42. C4C and Ofcom research suggests that minority groups highly rank C4C for tackling diversity issues and showing alternative lives.²⁰ We note that C4C defines its diversity output as addressing multiculturalism, disability, religion or sexuality. It appears to be particularly effective at fulfilling its goals in relation to diversity through its documentary content.²¹
43. The impact of C4C's coverage of the 2012 Paralympic Games cannot be underestimated. It attracted the biggest UK audience to the event in its history and broadcast more than 500 hours of content related to the games. Its presentation of the content was innovative, engaging and it is widely believed that it had a significant impact on the perception of disability among the UK public. This was a huge achievement for a single broadcaster of the size and scale of C4C and should be commended.
44. Additionally during the review period C4C appears to have been more successful than any of the other main PSBs in attracting the BAME audience. Its news coverage especially performs strongly among BAME audiences, but its multicultural content in documentaries such as *Making Bradford British* is also distinctively different from output on the other main PSBs.
45. We note that C4C appeals across socio-economic groups effectively. Of all the PSBs the main channel's audience profile most closely matches the profile of total TV viewers.²²

International Programming

46. We note in its Review of C4C that Ofcom highlights that the volume of first run content covering international matters outside news on the main channel and in the *True Stories* strand fell by 40% between 2010 and 2013.
47. We believe that the main channel, Channel 4, has an important role to play in engaging the public with international events because it attracts the largest audiences of all the C4C services.
48. We welcomed the statement in the C4C Annual Report 2013 that *Two areas that we think can be further improved in 2014 are the diversity of our onscreen talent and finding space for more international output.*²³ We look forward to hearing more about C4C's plans to strengthen international output on the main channel.
49. While we would like to see more international content on the main channel, we would like to point out that C4C is the only PSB in the PSB Review which is being singled out for criticism over its delivery of international content by Ofcom. This is due to the fact that it

²⁰ *Ofcom Review of Channel 4 Corporation's delivery of its media content duties (2010-2013)*, p 10

²¹ Ipsos MORI research, 2014, published as part of the *Ofcom PSB Review 2014*.

²² *Ofcom Review of Channel 4 Corporation's delivery of its media content duties (2010-2013)*, p 35

²³ *C4C Annual Report 2013* p 76

is the only PSB which reports on its delivery of international content. Ofcom used to require all the PSBs to report on how much international content they broadcast each year, but this reporting requirement was discontinued a number of years ago. We believe that all PSBs should have to report on the volume of international content they broadcast because this is an important aspect of public service broadcasting, specified in the Communications Act (2003).

Channel 4 Portfolio

50. We agree with Ofcom that *C4C's broader services also made a contribution to a number of public service objectives*²⁴ as required under the Digital Economy Act.
51. The C4C portfolio channels contribute to C4C's public purposes by helping it to maintain the group's overall share and extend the reach of content originally shown on the main channel.
52. It appears from Ofcom audience research that C4C's portfolio is fulfilling a number of its duties across the portfolio channels as well, although there is more limited research relating to the portfolio than to the main channel. The majority of viewers of Film4, More4 and E4 agreed that the channels are distinctive, showing content they would not expect to see elsewhere.²⁵
53. As stated above, VLV agrees the nature of the current 'PSB compact' in relation to PSB portfolios needs to be reassessed in light of the evolving public service broadcasting market and this could have implications for C4C's portfolio channels. If it is decided that the benefits which currently apply to the five main PSB channels should be extended to C4C's portfolio in order to help maximise their impact, this could influence C4C's future scheduling or investment strategy.

On-demand and online content

54. As part of its commitment to encourage innovation online and promote access to and awareness of services provided in digital form, we note the work which C4C has carried out on its digital and online offerings which are bolstering the reach of its broadcast platforms.
55. C4C's on-demand service has been successful at attracting viewers²⁶ and has the second highest reach of the PSB's on-demand websites in September 2014.²⁷ Its online services have also proved successful and we commend C4C's significant success with its online user registration model which had half the UK's 16-24 year olds and 10.2million people registered by the end of 2013.²⁸
56. We agree that any moves by C4C in its mission to innovate online and provide extra impact for its PSB content are welcome.

²⁴ *Ofcom Review of Channel 4 Corporation's delivery of its media content duties (2010-2013)*, p 7

²⁵ *Ofcom Review of Channel 4 Corporation's delivery of its media content duties (2010-2013)*, p 38

²⁶ Viewings of C4C's on demand services rose by 28% in 2013

²⁷ *Ofcom Review of Channel 4 Corporation's delivery of its media content duties (2010-2013)*, p 11

²⁸ *Ofcom Review of Channel 4 Corporation's delivery of its media content duties (2010-2013)*, p 11

Content for older children

57. We note that expenditure by C4C on programming for older children and young adults (10-19 years old) fell by 19.2% between 2010 and 2013.
58. VLV believes that C4C's delivery of content for young adults (15-19 year olds) sits well within C4C's content and delivery strategy. While the amount of content aimed specifically at this age group is limited, it is clear that C4C's channels clearly appeal to younger viewers, most notably E4 and 4 Music.
59. We question, however, whether having a remit to provide content for older children is practicable for C4C on its mainstream platforms. Its current delivery of content for older children, aged 10-14, is very limited. Provision for 10-14 year olds consisted of four hours of content in 2013 in the form of the eight part E4 series *Youngers*.
60. We agree with Ofcom that there are *tensions between C4C's duties and its need for commercial funding and this is likely to have contributed to its decision not to commission more in this area.*²⁹ The children's television market is very fragmented because of the significant differences in content which is appropriate for each distinct age group. For example, a 10 year old will need very different content from a 14 year old. This means that this type of very age-specific content does not have the potential to attract large audiences or generate significant advertising revenues and therefore it is not cost-effective.
61. VLV is very concerned by the lack of provision for 10-14 year olds by the PSBs as a whole and urges Ofcom as part of its work on the current PSB Review to consider what action might be taken to improve the amount of UK produced, UK specific content for this age group, otherwise there is a risk that they will migrate away from the PSBs to other platforms. It is important that this age group is engaged by content which is culturally specific to the world in which they are growing up. Without high quality PSB provision their media diet is likely to be dominated by imported content which does not provide them with the cultural, social or political reference points they need in order to develop into well-informed UK citizens.

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²⁹ Ofcom Review of Channel 4 Corporation's delivery of its media content duties (2010-2013), p 45