

THE EURALVA NEWSLETTER

News from the European Alliance of Listeners' and Viewers' Associations

January 2010

From the Editor

Dear Reader,

This is the third edition of the EURALVA newsletter. We begin with precise information about the implications for viewers, now that the AVMS Directive has entered into force across the European Union.

VLV, the listeners' and viewers' organization in U.K., has decided to establish a Citizens' Coalition for Public Service Broadcasting (CCPSB) to carry forward that message, thus co-ordinating a broader base than any single grouping could muster on its own. You can read about the background for this idea and the start of CCPSB in the next article.

In this newsletter also includes information about the situation for television in France in comparison with BBC and other parts of the media industry in U.K.

We follow this with a report about the difficult situation for MTV, the national public service organisation in Hungary, where the Parliament has reduced MTV's 2010 budget by nearly 30 % compared with that for 2009.

Finally we include my own speech at the EURALVA Conference 6.October 2009 in Copenhagen, with the theme "From listeners and viewers to consumers of digital services".

The next edition of the newsletter you will receive in April-May. If you have any comments and ideas for the content of the newsletter please contact me by e-mail: prebensorensen@bbsyd.dk

Preben Sørensen
President of EURALVA

Informing Viewers about Product Placement –a Challenge of Interpretation and the Implications for Media Literacy

On 19 December last year, the AVMS Directive entered into force across the European Union. Although this will usher in many changes in audiovisual media services, the principal one will be to break down the previously clear division between advertisements and programmes within Europe's television services. From now on, product placement will be allowed in programmes - or rather, to use the rather curious construction of article 3g of the AVMS Directive – product placement is forbidden, but individual Member States have been allowed to derogate from that prohibition, provided they fulfil certain conditions.

Consumer and viewer organisations, including EURALVA, consistently opposed this change, as it will lead to the contamination of television programmes with commercial communications. The result will be that viewers will not know whether they are watching a programme or an advertising commercial.

The real reason for this change emerged almost a year after the text of the Directive had finally been agreed. As EU Commissioner Vivian Reding informed Andy Burnham, the sceptical UK Secretary of State for Culture Media and Sport, on 11 December 2008, product placement was introduced “to allow broadcasters and producers to find additional or alternative sources of financing and hence to improve the level playing field with US competitors.”

(http://www.culture.gov.uk/images/freedom_of_information/11_dec_letter_107915.pdf)

Thus the outcome of the AVMS Directive was to remove the clear separation between programmes and commercial communications, which was previously guaranteed to Europe’s television viewers, in order to allow Europe’s broadcasters compete with those in America.

So far so good?

Commissioner Reding’s aim was not entirely successful however, for article 3g (2) of the Directive also requires that

“Viewers shall be clearly informed of the existence of product placement. [And that] “Programmes containing product placement shall be appropriately identified at the start and end of the programme, and when a programme returns after an advertising break, in order to avoid any confusion on the part of the viewer.”

So far, so good! But what will be important, for most television viewers, will be precisely how these requirements will be implemented in practice, and by whom? Each of the 27 Member States can establish its own arrangements. Moreover, the Directive also encourages Member States to set up co- or self-regulatory arrangements. This may well mean that it will not be the public authorities, but the broadcasters and the advertisers, who will set their own rules. The old poachers may well become the new gamekeepers.

In the United Kingdom, for instance, the regulation of product placement in television-like video-on-demand services (which is to be allowed) is about to be delegated to a newly-formed self-regulatory body, ATVOD - the Association for Television on Demand [sic] - even though product placement in television services is still forbidden in UK.

Moreover, in many Member States, there are still unresolved arguments about whether or not the state-aided public service broadcaster should be allowed to finance its programmes by means of product placement. Viewers and licence payers may well ask, therefore, whether the introduction of product placement into public broadcasting will assist in fulfilling the democratic, social and cultural needs of those societies.

The big unspoken issue about product placement, however, is whether advertisers will be prepared to pay broadcasters to include their products in European programmes, if viewers are also to be clearly informed about the practice. Evidence-based academic research about product placement in American television (such as that published by Russell and Belch in the *Journal of Advertising Research* in 2005) shows that advertisers are reluctant to pay for their products to be placed in television programmes if they know that audiences will recognise the subterfuge. What they want is *unconscious* brand recognition. Moreover, although product placement does occur in American TV shows, (such as the drinking of Diet Coke and the use of Apple laptops in *Sex and the City*), most product placement agencies prefer to target movies, rather than TV programmes, because of their more predictable release patterns. Nevertheless, sophisticated agencies can, and do, use TV shows for public relations purposes, or for cross-promotions.

Thus the requirement in the AVMS Directive, for viewers to be clearly informed about the existence of any product placement in a television programme or video-on-demand service, potentially undermines the justifications which the American product placement industry has developed for placing products in American TV shows. It is highly likely, therefore, that in order to encourage product placement, Europe’s broadcasters will wish both to minimise, and to obscure, any information which they are required to give to viewers.

Moreover, given the requirement to inform European viewers clearly about the presence of product placement, major European brands with aspirations to reach an international market, such as BMW cars for example, may well prefer to place their products within American TV programmes, rather

than in European ones.

“Appropriately identified”

Some politicians may argue that the other requirement in the Directive, namely for any product placement to be “appropriately identified at the start and end of the programme, and when a programme returns after an advertising break” will prevent the viewer from being misled as to the nature of the programme that he or she is watching. The phrase “appropriately identified” could be interpreted in many ways, however. These might affect both the brevity, or otherwise, of the notification, as well as the size, the position, the audibility, or indeed the language, of the notification itself. There are further issues about what will happen when more than one product is placed within a programme, or when the dialogue is rewritten to enable an admirable character within the programme to express their preference for a particular brand of product.

Beyond that, viewers’ decisions, about whether or not to watch a television programme, are shaped by many factors which precede the start of the programme. These include information gathered from TV listings magazines, pre-programme reviews and programme trailers. The Directive does not require any of these to carry information about the presence of product placement. Furthermore, there are no requirements in the Directive, for viewers of video-on-demand programmes to be notified about the presence of any product placement before they are required to decide whether to pay in advance in order to watch the video-on-demand programme.

The manner in which all these complex issues are to be resolved will vary within each of the EU’s 27 Member States. And this in turn, this will mean that, if each Member State is to construct an effective media literacy programme for its domestic viewers, it will need to collate the information about how the TV and video-on-demand services which originate from the other 26 Member States – and which each State is required by the Directive to allow to be relayed within its territory – have interpreted the Directive’s requirement to notify viewers. This will be a formidable task indeed!

Vincent Porter

Sustaining Quality Broadcasting in the UK: A New String to the Citizen’s Bow ?

Campaigning groups, across a range of issues and countries, share an operational dilemma. They must choose between the clarity derived from a narrowly focussed target and, on the other hand, the ‘basket of issues’ approach with the potential for tapping a broader constituency but the risk of diluting or weakening the message.

Voice of the Listener & Viewer (VLV) in the UK has always been particularly sensitive to this dilemma which derives from the relative richness of the UK broadcasting ecology. The BBC - the bedrock of UK quality broadcasting and indeed one of the world’s great cultural institutions – has always been the single most important ingredient in VLV’s campaigning advocacy: in particular the protection of the licence fee system which underpins the BBC’s independence from government and its capacity to generate high-grade and diverse programme content and services.

Yet VLV has deliberately positioned itself as more than the BBC’s friend, more indeed than the BBC’s ‘critical friend’ because of the importance British society gives to the impact of broadcasting. The early demonstrated influence of the BBC (described by John Reith as “the nation talking to itself”) - across regions, age groups, social differentiation and culture - has driven the assignment of public service broadcasting (PSB) obligations beyond the BBC. More than fifty years ago they were a condition of the region-by-region franchises (then seen by many as “a licence to print money”) awarded to the first generation of commercial television operators. That tradition was

behind the creation of Channel 4 – a sort of alternative BBC-2, financially located within the independent sector but holding a content brief set by the statutory status which it and the BBC alone enjoy.

In the past VLV and others engaged in the UK broadcasting discourse could with relative ease, therefore, stake out a balanced position supporting a plurality of players knowing there was sufficient gruel in the pot to sustain all of them. During recent years, however, things have changed through a combination of technological change (with spectrum scarcity replaced by spectrum plenty) and the impact of successive recessions coming at eight-to-nine year intervals; these trends and events have profoundly altered the power balance between the commercial players, vulnerable to market movements, and the BBC with its relatively recession-proof resources and its consequent capacity to compete on new platforms and in new niches.

The latest recession, linked to the global financial crisis, produced during the past two years an intensification of attempts to re-balance the broadcasting scene with Channel 4, Five, and BBC Worldwide (the BBC's commercial arm) being the subjects of speculation around various partnership combinations and putative deals. The UK broadcasting scene was now dominated by two giants: the publicly funded BBC (as national broadcaster) and the commercially oriented BSkyB (part of the Murdoch global media conglomerate).

In 2009 a new twist was added to the re-balancing discourse, when first Ofcom and then the Government itself, began taking a proactive interest in ITV's inability to sustain the regional television news service which it had run, alongside or in competition with the BBC's, for more than half a century. This was crystallized in *Digital Britain* a government report followed by legislation, under the auspices of Stephen Carter, Ofcom's first CEO, now a Government Minister and member of the House of Lords. Carter had latched firmly onto the notion of funding a strengthened non-BBC news service (involving print media players) with money taken from the BBC's Licence Fee revenues – accompanied by suggestions that this might later be broadened to support the production of home-grown non-BBC children's programming, and even a broader-remit PSB commissioning operation akin to the Public Service Publisher proposed in an Ofcom document some years ago.

Supporters of the idea included both those seeking a last resort solution for the non-BBC broadcast sector as well as some who saw the present situation as a convenient pretext for a long-contemplated grab at BBC resources. Sceptics around the '*Digital Britain* approach' noted the play it made with the results of a public 'consultation' in which respondents were first asked whether they approved the idea of an additional news service, and were then pointed towards the BBC licence fee as the sole specified funding source,

Leaving aside the question of whether the funds targeted in *Digital Britain* were an integral element of the licence fee, or a discrete segment hypothecated to the BBC's temporary digital switchover responsibilities, the Carter proposals posed a particular challenge to VLV and similar groups. Unambiguous support for the BBC brought the risk of 'boxing in' VLV as defender of 'the BBC right or wrong' at a time when the Corporation had been attracting some bad publicity – from the public as well from the political classes – for some ill-judged, even offensive, editorial decisions, as well as the high level of salaries paid to top executives and on-screen talent in a period when the country at large was enduring a economic depression.

Yet even if VLV made clear that its principal proclaimed aim was the continuance of PSB pluralism, how could it carry credibility if it excluded the 'top-slicing' of the BBC's funds from the mix of public intervention instruments? That would clearly beg the questions first of where VLV, or indeed anyone else, should look to finance the public's aspirations for pluralism, and secondly what degree of tampering with BBC funds would fatally compromise the Corporation's

performance and its future.

Against this background, VLV sought to develop the debate into one which extended beyond the BBC, its friends and its enemies, into a wider assessment of the link between broadcasting, culture and society. The first step (in June 2009) was when VLV convened some 40 civil society groups under the auspices of the National Council of Voluntary Organizations. All of the groups, if not necessarily broadcasting-specific, strongly believed in the value of quality broadcasting for the nation, for society and for cultural diversity. This manifested itself in implicit agreement around the proposition that a one-off raid on an apparently strong BBC for funds could easily trigger an inexorable weakening of the BBC with harmful effects far beyond the field of broadcasting.

The NCVO meeting decided to create the Citizens' Coalition for Public Service Broadcasting (CCPSB) to carry forward that message, by appealing to a broader base than any single grouping could muster on its own. It sought (as critics might say) to square the circle. As the CCPSB said: "Lord Carter's report on *Digital Britain* seeks.....to consider whether the UK can design and sustain a long-term sustainable second public service organization which will complement and compete with the BBC in serving the public. We believe it can, but we are strongly opposed to the report's recommendation to top-slice 3.5% of the television licence fee".

Other CCPSB aims were:

- Financial intervention to support UK-produced children's programming, original drama, UK film and live music as well as regional, local and international news to run alongside the BBC's
- Consideration of levies on telecoms operators, internet service providers, pay TV channels and digital hardware supplier to fund those content objectives
- Arrangements for public involvement in the evaluation of newly-emerging voices and programme suppliers

CCPSB's official launch took place in early November 2009 at an event in the UK Parliament sponsored by John Grogan, Chair of the BBC All-Parliamentary Group. CCPSB's Steering Group is chaired by Professor Sylvia Harvey, formerly of Sheffield Hallam and Lincoln Universities, and a Voice of the Listener & Viewer Trustee. The CCPSB manifesto has swiftly got endorsements from a range of prominent people in the cultural, journalistic, broadcasting and academic communities as well as from civil society groups representing a range of interests – consumers, leading trade unions, women's groups, authors, musicians, actors, television producers, the visually handicapped and environmentalists.

How much of CCPSB's prospectus, especially around the BBC, can be delivered remains in question. Both the governing Labour Party and the opposition Conservatives (likely winners of the General Election which must be held in the first part of 2010) tend to view the BBC as over-sized and unsatisfactorily governed. Splits on sensitive topics could well emerge, moreover, within the broadcasting community.

The issue of product placement in British television programmes was reignited in September 2009 when the new UK Culture Secretary Ben Bradshaw (a former BBC reporter) used a speech to the Royal Television Society in Cambridge both to criticize the BBC and to announce a three month review of the long-held ban of product placement – reaffirmed only six months earlier by Bradshaw's predecessor in office. Whilst product placement would continue to be banned in BBC-produced output, its

potential appearance elsewhere was regarded by citizen groups as the thin end of a thick cultural wedge destined to undermine audience trust by breaking the principle that advertisements are readily identifiable because they are located between programmes or programme segments rather than within them.

In economic terms product placement opponents throw doubt on U.S. and other data sources about the actual income capable of being generated; and they question the capacity of regulators to track product placement and enforce the rules in a context where manufacturers of alcohol, tobacco, prescription medicines and unhealthy foods could use product placement to circumvent existing bans and restrictions on television advertising. Somewhat curiously perhaps, even the advertising industry itself is divided over product placement.

A powerful camp of product placement supporters, however, includes not only (and unsurprisingly) the market-friendly Conservatives but also the Liberal Democrat party, along with heavy-weight voices from the broadcasting world including the former Executive Chairman of ITV plc (and one-time Chairman of the BBC Trust) Michael Grade, ITV's current Director of Programmes (and former BBC-1 Controller) Peter Fincham, and the doyen of independent television producers Peter Bazalgette, who averred that the existing ban "flew in the face of all common sense" in an visual environment which for years has had the placement of props (on an unpaid basis) as a regular ingredient in programme production.

These counter-arguments would doubtless find small support within the groups and constituencies comprising CCPSB; nevertheless the case may properly be taken as an example of the complex and divisive environment in which the new grouping will have to fight its cause and demonstrate a capacity to deliver even a small portion of its stated objective.

Andrew Taussig

Quality TV or not? This is *La Question!*

For someone living in France, this year's MacTaggart lecture by James Murdoch at the Edinburgh International Television Festival made very interesting reading. Not only was it thought-provoking but it was a full frontal attack on the BBC. One might or might not approve of what Mr M. said but the debate he generated was great!

As I was listening to the speech on the internet, I realised how unique the television industry is in the UK. It resists pressure from state interference and its creativity and reputation are known the world over. That is not something that can be said about television in France, where the industry is driven by politics, ratings and advertising. This year the French media landscape, or the PAF (*Paysage Audiovisuel Français*) as it is called, has seen key changes which will affect it for many years to come.

The first is the nomination of the Directors General of all public broadcasters. Until now they were appointed by the CSA (*Conseil Supérieur de l'Audiovisuel*), the equivalent to Ofcom. Through the passing of an act in parliament the appointment of the heads of public channels has become the sole prerogative of the French President who, since his election in 2007, has cynically applied one of his personal dicta: It is good to have close friends and allies in key places. The CEOs of France's two leading private sector channels, TF1 and M6, are known to be bosom buddies of President Sarkozy.

Removal of advertising

The second revolution in France's public broadcasting landscape has been the recent partial removal of advertising from French public channels. Advertising will be banished entirely as of 2012. Many have applauded the move saying it would improve programme quality but have failed to realise that this is the first step towards privatising the public TV sector.

With the gradual disappearance of advertising and the recent €20 million reduction of state aid for the next financial year, can public service broadcasters really be expected to be creative and bring programmes of excellence to their viewers?

And more importantly, is it acceptable to allow advertising spending, which was originally destined for *France Télévisions*, to go to its private sector competitors? I hope readers will agree that the answer to these questions is *Non!*

Unfortunately this is the reason why FTV has been forced into the ratings war, a race to try and grab the few remaining viewers it can win back from private channels. Since private broadcasters tend to dish out fare that is easy both on the eye and on the brain, with programming dominated by reality TV, game shows, cheap soaps and other 'light' entertainment, public broadcasters in France, like their counterparts in Italy before them, have begun to adopt similar formulae.

It is obvious that in the UK Mr Murdoch's interests go against those of the BBC. A private commercial channel versus an organisation catering to all walks of life and putting its viewers at the forefront of its remit.

I can understand Mr M's frustration at the fact that the public sector in the UK has not yet been hit by the Sarkozy or Berlusconi phenomenon; this has prevented him from imposing his ideas on the entire media industry.

But he and others in the British television business must be part of a healthy equilibrium of choice, and I urge him to understand that this should remain the case for as long as possible. There is nothing wrong with entertainment on television but we all have a moral responsibility to society to provide high quality programmes for all.

Sanjay d'Humieres

Deadlock in Budapest: Is Public Service Television Finished?

Since March 2000 the Hungarian public service station MTV has not had a Chairman because, in relation to the published job advertisement, the *Kuratorium* (Governing Board) has not made a new appointment.

Representatives of the political parties occupy the *Kuratorium* Presidency; representatives of other, mainly civil, organizations make up the numbers of the full *Kuratorium*. The reason for the inability to make a decision is either, that the Presidency cannot settle upon a nominee from among the candidates, or that the *Kuratorium* – in which the civil society representatives are, to a large extent, politically obligated – does not accept the Presidency's proposal.

Furthermore, for the past year and a half, an acting Head has been running MTV-1 with limited powers. During that time the company has had to move into new headquarters, and it was also required to pay for the technical outfitting of this building. Beyond that no more money was

available; so programme mixing and direction is actually being carried out from a communications vehicle located outside the building.

To purchase the necessary technical equipment, MTV would have liked to take out a loan with a government guarantee; however the *Kuratorium* Presidency didn't permit this since MTV was in unable to pay back a previous loan for which it was required to reimburse the state. After this request was refused, the MTV acting director cancelled the programme production agreement currently in force with several external programme producers; despite an appeal from the *Kuratorium* he would not rescind this measure. These programme suppliers also have certain political connections at their disposal.

Since the *Kuratorium* made its request in its capacity as the representative of MTV's proprietor (i.e. the Parliament) and the acting Director had failed to comply, Parliament – on the proposal of the governing party - reduced MTV's 2010 budget subsidy by 9.4 billion forints, equivalent to a nearly 30% reduction compared with MTV's 2009 budget. Resource consumption will remain at planned levels; and to some degree without security and backing from public funds.

It is well known that for some years, MTV has only been able to meet part of its obligations towards providing public service programmes. MTV's link with the public is now quite weak, and the public at large is quite weak in resisting the withdrawal of public money. This applies, even though the current opposition party has promised that, in the event of their winning the elections, the situation will change. The opposition, however, has not been specific – on this, or indeed other topics. Viewers watch MTV in fairly meagre numbers – by comparison with those who view commercial stations. MTV's audience share is a mere 6%-8% compared with the leading commercial stations.

The two market leaders each have between 30% and 40% audience share. These are TV2, which was privatised out of MTV in 1997 and is now owned by the German *Pro Sieben* Group, and *RTL-Klub* (which is also German-owned, in this case by the Bertelsmann Group) which also started broadcasting in 1997 at almost the same time.

Against a background of such poor viewing figures, MTV can only expect quite limited support from the public at large in resisting the withdrawal of public money. This applies even though the current opposition party has given notice that in the event of their winning the elections, the situation will change. The opposition, however, has not been specific – on this or indeed other. Meanwhile the Prime Minister has indicated that, provided that MTV's 2010 programme delivery plan meets certain standards of budgetary transparency and prudence, the government will be ready to re-consider MTV's financial situation. Elections must be held not later than May this year.

A few protest statements of support have come from representatives of church and minority groups. The European Broadcasting Union [EBU], of whose council MTV's former Chairman is a member, has appealed to the Hungarian government to normalize the situation, but so far this appeal has had no perceptible effect. It appears that the only winners from what is happening are the commercial television players. Being a winner, though, implies some kind of competition with those who lose; MTV is in danger of no longer being regarded as a serious player. Meanwhile Hungary's citizens – or those of them who want to see an assured future for public service television – are certainly losing out.

Kiss József

From Listeners and Viewers to Consumers of Digital Services

-This conference is a follow up to last year's conference in Madrid, which established a consensus

around a necessary drive for improved media education, which was designed to achieve a high level of media literacy, which would maximize the community value of new services, and the trust which citizen-users placed in them.

One of the conclusions at the Madrid conference was *that there should be regular, systematic and effective monitoring of citizens' trust in the credibility and relevance of all electronic media platforms*. Three years ago, EURALVA created some important guidelines for our common efforts with the title "aims and values". For me, one of the most important parts of these guidelines is, that together we shall *"support the right of all citizens to express themselves through the media in a public dialogue, which is respectful of diversity and pluralism"*.

I consider that it is very important that this right to public dialogue will also be part of the digitalisation at the national, regional and local levels, because this development is not only about new technical solutions, but it must allow space for quality, and provide the best possible conditions for the individual man or woman.

We have always underlined, in the listeners- and viewers organisations, that we and our members are not only consumers of some electronic goods, but that we are all members of a civil society with wishes and demands related to the content of these so called goods. We must fight for the right for the public service broadcasters to be a central part of the new audiovisual media marketplace, and the same time demand high quality content, whether we are talking about radio or television.

The current European regulatory framework for public service broadcasting allows activities, other than the broadcasting of television programmes in the traditional sense, to be part of the public service remit, provided that they serve the same democratic, social and cultural needs of society as before.

In this regard, our demands are consonant with the provisions of the Prague Declaration on public service broadcasting, which was agreed by the Committee of Ministers of the Council of Europe in 1994. This Declaration included a provision that *"public service broadcasters should be able to exploit new technologies necessary for the fulfilment of their missions."*

But pressed by big lobby groups from the commercial media and the audiovisual industry, we have seen politicians, at both national and European levels; attempt to stop the public service stations from being an important part of these the new media. It must not happen, and we shall support our public service stations in their fight for freedom also for their new platforms in the future.

It is important for us all to remember that digitalisation provides platforms both on new channels, but also the internet, for public service media and public access to be important parts of the media, which we all want – and need - in our respective societies.

We can also use here our proposal from another EURALVA-Conference, that of *"building a circle of trust"* in order to get a common result. Partly because of the fast technological development, a growing number of people everywhere are coming to the conclusion, that it is important for the public to be critically aware of the media policy - not only in terms of programming, but also in regard to various determinants of policy, such as institutional structure, funding and regulation. This also applies to policy issues at a European level. We must be an organised part of this development, both as active citizens, but also as representatives of the people in their roles as listeners, viewers and consumers.

***Preben Sorensen President of EURALVA
(EURALVA Conference DR Byen, Copenhagen, 6.October 2009)***

