

# Digital Media and the Future of Quality Broadcasting<sup>1</sup>

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I FEEL VERY PRIVILEGED to address this gathering today. I can't claim that your founder, Benjamin Franklin, invented public service broadcasting—though I do feel that somewhere between his printing presses and his experiments with electricity and lightning, and above all in his passionate belief in the liberating and civilising power of useful knowledge—he was only a couple of transistors short of *that* discovery as well.

Franklin was fascinated by the unfolding Enlightenment in the British Isles. The organisation I work for, the British Broadcasting Corporation, is in some ways the last of the major Enlightenment institutions that transformed the intellectual and cultural life of the United Kingdom. It was founded just over eighty years ago in the belief that—by giving the public universal access to accurate and impartial news, valuable knowledge, and outstanding culture and entertainment—the new technology of wireless could enrich and transform lives not just in Britain but around the world.

Today, in common with every other established broadcaster, the BBC faces a revolution in many ways as dramatic as the original invention of radio. This afternoon I'm going to sketch out some of the features of this revolution and then turn to what I take to be its implications for broadcasting of quality and ambition.

## A HYBRID WORLD

The revolution has been *enabled* by digital technology but what is *driving* it is new consumer *demand* and new consumer *behaviours*. So what does it entail?

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1. Greatly increased *choice*—more platforms, more channels, more ways to access audio-visual content
2. Improved *quality*—HD, 5.1 Dolby sound, digital radio
3. *On demand*—media when you want, where you want, on the device you want
4. Related to this, *personalisation*—media that fits around *you*, your tastes, your needs
5. *Socialisation*—media you can play around with and share and discuss with your friends
6. *Self-made content*—TV and radio made by individuals and communities themselves

Once, the means of production, especially of television, were in the hands of the professionals. Now anyone with a few hundred dollars can make a movie and use the Internet to distribute it round the world.

But this is not just a story of the new replacing the old, or of one set of consumer behaviours giving way to another. We will be living—perhaps forever, certainly for many years—in a *hybrid* world. I illustrate it here with two waves (fig. 1). The first represents *linear* media, characterised by conventional narrative and generally pretty passive consumption. We don't believe this kind of consumption is finished; on the contrary, we believe that improvements in quality like HD will continue to make relatively passive audio-visual consumption very attractive to audiences around the world.

Digital distribution helps classic media reach audiences. Once, people believed that TV would replace radio. Today, on digital, on satellite, on the Web, radio has a great future. Once, people believed that TV would replace the movies. Today we're living through the golden age of the Hollywood blockbuster.

But you can see my second wave—the wave of *non-linear, participative media* as I've called it. This is where many of those themes of on demand, personalisation, socialisation, and user-generated content will play out.

The most important feature of this model, though, is that the waves *coexist*. For a broadcaster like the BBC—and I believe the same is true of the big broadcasters in this country and around the world—most of the difficult choices we face are about the allocation of resources and creative energy between the two waves.

Audiences want and expect outstanding quality from us in our existing linear services. But they are also eager for the new. Over the past ten years, at the BBC, we've invested heavily in the new media, and especially in the Web. Today, our Web site is used each month by nearly 60 percent of those who have access to the Web in the U.K. as well as

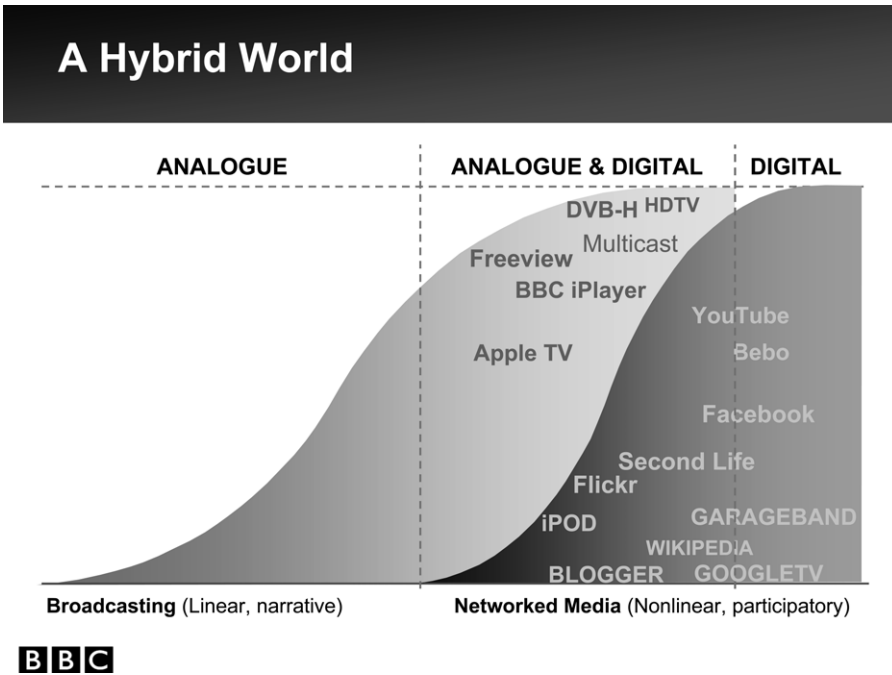


FIGURE 1.

by tens of millions of people abroad. But to date, the site has had relatively limited use of audio-visual material.

This autumn we are launching a new application, the BBC i-player, which in various guises will eventually give audiences both at home and around the world immediate and on-demand access to much of our core TV and radio content.

Demand for these new services is spread across virtually every audience group. We have in the U.K. a long-running radio drama series—a soap—called *The Archers*. It's a slice of life in rural England, so it's a little different from *The Sopranos*. Dramatic peaks tend to involve debates about sheep dip or Europe's Common Agriculture Policy.

Anyway, a few weeks ago, we made *The Archers* available as a podcast. The last time I looked, this most traditional of all BBC offerings was number 2 in the U.K. i-Tunes podcast chart.

### OBSTACLES

The digital revolution in broadcasting is not without its obstacles. The first—rather counter-intuitive—problem is a transitional bottleneck of spectrum and existing infrastructure.

Ultimately, moving media files between makers and users and from

location to location and device to device may well become a trivial matter. Right now we face a number of challenges.

Media files are typically very large and need formidable bandwidth and processing power if they are to be consumed in real time—which is the way most people want to consume them. Peer-to-peer technologies have transformed the exchange of music files, and in recent years we've been able to use Digital Rights Management or DRM wrappers to protect the intellectual property involved in these transfers. But the sheer size of audio-visual files means that peer-to-peer requires high speed upload as well as download. Real time peer-to-peer delivery of live television down the Internet is not yet with us—and may anyway be out-gunned by more conventional server-client transfer given the tumbling cost of server capacity and I.P. distribution networks.

Spectrum remains a constraint in some broadcast applications. In the U.K., as in many European countries, we're in the process of switching from analogue to digital terrestrial television transmission—multiplexed digital signals transmitted from towers to aerials on people's homes.

But quality improvements in TV are putting a strain on this capacity. We typically broadcast a *standard definition* BBC TV channel at between 3 and 4.5 megabits a second on DTT and satellite. A *high definition* channel currently requires as much as 16 megabits, though we expect improved compression algorithms to reduce this to below 10 over time. Even then each high def channel will require the spectrum equivalent of three standard def channels. It is for the same reason that some U.S. cable companies are currently *reducing* the number of standard definition channels they offer their subscribers—in order to make room for a smaller number of high definition channels. Quality versus choice—a trade-off that will be with us for some time.

NHK, the Japanese public broadcaster, by the way, have developed an experimental *super* high definition standard, which I've seen. It looks superb but it runs at no less than 2.4 *gigabites* per second with 22.2 separate sound channels and a set of ten-foot-long acoustic cannon subwoofers that look as if they should be strapped under the wing of a B-52. The challenge of cramming state-of-the art media into available bandwidth is not going away any time soon.

But there's a second, in some ways more intractable, obstacle, which is around *prevailing business models* and *uncertainty about future consumer behaviour*.

You can see this as a battle between bundlers and unbundlers. All conventional broadcasters have begun as *bundlers*, packaging up all sorts of content into unified linear networks. The predominant cable and digital satellite models around the world depend on bundling: large tiers of content, some of which you want, some of which you

probably don't, which you buy access to with an all-you-can-eat monthly subscription.

The point is that my second wave—the wave of non-linear, networked media—makes radical unbundling eminently possible. Steve Jobs has done it with i-Tunes. Instead of being forced to buy an entire CD to get the two songs you actually want, why not just download those two songs? And download them, not on the basis of a monthly subscription, but for 99 cents apiece.

Now, if you are a business used to the steady cashflows of monthly subscriptions, the idea of switching to a spot-buying model may seem unappetising. And the bundlers have some strong advantages: a substantial number of existing customers they understand and have a strong relationship with; a strong relationship, too, in many cases both with content providers and with advertisers.

Some of them believe that, at least on some platforms or devices, it may be possible to sustain *walled gardens* that give consumers access only to a proprietary subset of the content available in the market, or to allocate bandwidth on a preferential basis, making proprietary content easier to access: this is what the “net neutrality” debate has been about. My own view is that the Internet is rapidly leading consumers to expect *open* access to content of every kind; that virtually all walled gardens will ultimately fail; and that bundling will continue to succeed only when it offers tangible benefits to consumers—because it's behaviourally or navigationally useful. A good example would be radio, which I predict will still be working for consumers many decades from now.

#### THE FUTURE OF QUALITY BROADCASTING

But the combination of the multiplication of choice and the fragmentation of audiences, of uncertainty about consumer behaviour, especially with new services and devices and consequent uncertainty about business models: all this adds up to unprecedented disruption in my industry—a disruption many believe will spell the end of quality broadcasting.

Clearly there are threats. Uncertainty may undermine investment in quality content. Unbundling and the multiplication of channels and platforms may make it harder for audiences to find—or just to *bump into*—quality programmes. Despite these threats, I remain a strong optimist about quality in broadcasting—and in my last few minutes I want to explain why, touching first on the BBC and its admittedly extremely privileged position and then on the industry as a whole.

At the BBC, we focus on technology only as a means to an end. That end is our ambition to get outstanding content to as many people as possible. Creating and distributing exceptional content is the only

point of the BBC. Among other benefits, we receive more than \$6 billion from the British public every year to enable us to do just that.

Like pretty much every broadcaster around the globe, we are seeing some attrition of our audiences in our home market—though we continue to attract around 42 percent of all TV and radio listening in the U.K. alongside our non-linear offerings. Globally, however, we see not a set of *threats* but a set of *opportunities*.

The BBC was set a global mission well before the Second World War. Our motto, borrowed from Isaiah, is “Nation shall speak peace unto nation.” Dependable news and information. The creation of a space in which different cultures can encounter each other in all their similarities and differences. A global town square in which anyone and everyone can debate the problems that face us all. At the BBC, we have always believed that all of these things can help foster mutual understanding and tolerance.

Until quite recently, however, our main means of delivering this mission was via one platform—shortwave radio. Today we have multiple ways of reaching global audiences: the Web, mobile devices, local FM re-broadcast, global TV news channels, and so on. Each week *BBC News* reaches more than 250 million people around the world—more people than at any time in our history. More people in the U.S. watch, listen to, and read *BBC News* than ever before.

This is one of the paradoxes of the debate about quality broadcasting. Pressure on audiences and investment in home markets, falling barriers to entry abroad.

The same is true of non-news content. Once, the only way of getting BBC programming—natural history, science, history, the arts, drama, comedy—to international audiences was via other broadcasters—in this country PBS, Discovery, and so on. So the BBC’s *Planet Earth* narrated by Sir David Attenborough in the U.K., becomes *Planet Earth* from Discovery narrated by Sigourney Weaver here. We value our partnerships and our partners. But on-demand technology offers us the opportunity to get *our* quality content *directly* to consumers around the world.

I believe that these themes apply to other providers of quality broadcasting as well. HBO, for instance, has found global markets for outstanding programmes—*The Sopranos*, *Six Feet Under*—that were originally conceived for the U.S. subscription market.

Investment in some forms of quality broadcasting *is* at risk. Global newsgathering is an example. “People in the U.S. find global news complex and rather dispiriting,” one senior U.S. executive said to me recently. Another said, “Soon international newsgathering is going to come down to the agencies—AP, Reuters—and you.”

But overall the hunger for distinctive, original, worthwhile content is high and our means of delivering it to audiences more varied, more effective than ever before. I don't want to suggest that *all* broadcasting is going to move upmarket: of course not. The brash, the noisy, the demotic will all thrive in this new world as well—though even here I think it will be the stand-out pieces, the *American Idols* or the *Dancing with the Stars* (a show we make for the ABC network), that succeed. What will *diminish* is the middle ground, the schedule-filler, the safe. In an on-demand world, the public want the exceptional, whether it's entertainment, news, or content that builds their knowledge of the world. Across the board, fortune will favour those who take the real creative risks.

And there's something else. Broadcasting used to be about the ephemeral—programmes seen or heard once and then either thrown away or consigned to a dusty vault. What the new digital media offer us is *persistence* of content, content with the longevity of books. At the BBC we have a treasure-store in our archive, which for the first time we can truly share with our audiences. New business models will emerge from this development, but it's something that changes the nature of broadcasting itself. No longer just something for today or today's tastes, but something that can deliver value forever. That may turn out to be the most profound effect that this revolution has on broadcasting.

Like every other revolution, this one is going to be disruptive and messy. Many existing media companies and institutions will fall by the wayside. But I believe that a revolution that puts *knowledge, choice, and creative control* into the hands of the public can, in the end, only be a *good* thing. I think that Benjamin Franklin would have believed that too. Thank you.